



**FIERA MILANO**

**FIERA MILANO S.p.A.**  
**REPORT ON CORPORATE GOVERNANCE AND**  
**OWNERSHIP STRUCTURE AT 31 DECEMBER 2017**

*prepared in accordance with Article 123-bis of Legislative Decree 24 February 1998, no. 58*

*approved by the Board of Directors on 12 March 2018*

*Company website: [www.fieramilano.it](http://www.fieramilano.it)*

*(Investor Relations/Corporate Governance section)*

**This document contains a true translation in English of the document in Italian "Relazione sul governo societario e gli assetti proprietari al 31 dicembre 2017".  
However, for information about Fiera Milano reference should be made exclusively to the original document in Italian.  
The Italian version of the "Relazione sul governo societario e gli assetti proprietari al 31 dicembre 2017" shall prevail upon the English version.**

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## 1. Foreword

In this Report on Corporate Governance and Ownership Structure (hereinafter the "**Report**"), Fiera Milano S.p.A. (hereinafter the "**Company**" or "**Fiera Milano**") provides an account of its corporate governance system, information regarding the ownership structure, and disclosure on its compliance with the recommendations under the principles and application criteria of the Borsa Italiana Self-regulatory Code for Listed Companies, as amended in December 2011, July 2014, and in July 2015 (hereinafter the "**Self-regulatory Code**"). The term corporate governance is used to identify the body of rules and procedures for managing and controlling joint stock companies. An effective and efficient corporate organisation model must be capable of using the correct means to manage the business risks and potential conflicts of interest that can arise between Directors and shareholders and between shareholders with a controlling interest and those with a non-controlling interest in the Company. These aspects are of even greater significance in listed companies with a wide shareholder base.

The indications given by Borsa Italiana in the *Format for the Report on Corporate Governance and Ownership Structure* issued in January 2018 have been taken into account in the preparation of this Report.

## 2. Administration order under Article 34 of Legislative Decree 159/2011

In order to ensure a full understanding of the reference context, the main events relating to the administration order imposed on Fiera Milano and its subsidiary Nolostand S.p.A. (hereinafter "**Nolostand**") in 2016 and which extended into 2017 have been summarised below. The administration orders for Nolostand and Fiera Milano were revoked on 20 June 2017 and 28 September 2017 respectively by the Antimafia Division of the Milan Court.

\* \* \* \*

On 6 July 2016, Nolostand, a subsidiary of Fiera Milano operating in the stand-fitting sector, was notified of an order by the Milan Court – Prevention Court Independent Section placing it under administration, under Articles 34 and following of Legislative Decree 159/2011 (anti-mafia laws and prevention measures, including new provisions covering anti-mafia documentation in accordance with Articles 1 and 2 of Legislative Decree of 13 August 2010 no. 136), for a period of six months due to its contractual relations with a supplier.

On 11 October 2016, Fiera Milano was issued with a similar order from the Milan Court – Prevention Court Independent Section placing it under administration for a period of six months although this order was limited to the "exhibition stand-fittings" business division. In accordance with the Court order, the Court-appointed Administrator of Nolostand, Mr. Piero A. Capitini, collaborated with the executives of Fiera Milano in authorising the termination of contracts and the stipulation of new contracts and orders with suppliers in the aforementioned operating area for amounts in excess of Euro 10,000. In October 2016, at the request of the Court-appointed Administrator, the Milan Court clarified certain aspects of its decision and detailed the roles and responsibilities of the Court-appointed Administrator and the boundaries of the "exhibition stand-fitting" sector.

Subsequently, at the end of the first hearing on the above matter held on 22 November 2016, the Milan Court ordered that the aforementioned administration procedures be unified as they involved matters that were closely connected.

On 1 December 2016, Fiera Milano communicated to the market that, together with its subsidiary Nolostand, it had requested that it be allowed to bring a civil action at the first hearing of the accelerated legal proceedings against certain persons connected with the "Consorzio Dominus" (a supplier of Nolostand, links with which had given rise to these circumstances) for aggravated fraud aimed at facilitating the mafia.

On 20 December 2016, the Milan Court – Prevention Court Independent Section extended for a further six months the administration order for NoloStand that was due to expire on 5 January 2017.

On 27 January 2017, following a hearing on 26 January 2017, the Milan Court – Prevention Court Independent Section:

- refused the request of the Public Prosecutor to extend the prevention measures of the administration order “to full control of the management bodies”;
- decreed that the administrative and management functions should remain in the hands of the Board of Directors;
- at the same time, gave the Court-appointed Administrator further powers over the following corporate activities: *i)* approval of operating procedures to safeguard the legality of administrative actions already requested of third-party consultants; *ii)* approval, in particular as far as concerns the means and timing of contract renewals, of the operating procedures for the procurement of goods and services already requested of third-party consultants; *iii)* monitoring of the efficacy and timeliness of the measures implemented by the Company, also through the use of external consultants, to ensure the legal safeguards for administrative actions during the period of the administration order; *iv)* quantitative and qualitative upgrading of the internal audit structure; *v)* revision of the audit plan and supervision of related activities; *vi)* revision of the corporate responsibility structure exclusively for procurement and compliance; *vii)* appointment and removal of the head of the compliance department, deciding the responsibilities of this role also for reputational checks on suppliers of goods and services and on the procedures governing whistleblowing.

As regards the implications of the above for the corporate governance and internal audit system of the Company, it should be noted that the Milan Court, in its judgement following the hearing of 26 January 2017, indicated that the Court-appointed Administrator “will act with the necessary collaboration of the administrative bodies” and that “the administration and management of the Company remain the domain of the Board of Directors of Fiera Milano S.p.A.”. Therefore, this judgement did not change or introduce any restrictions on the corporate assets of Fiera Milano or on the bodies appointed to manage the Company.

On 28 March 2017, the Antimafia Division of the Milan Court extended for a further six months the administration order imposed on the stand-fitting business division of the Company that was due to expire on 11 April 2017.

On 20 June 2017, the Antimafia Division of the Milan Court lifted the administration order imposed on the subsidiary NoloStand.

On 28 September 2017, the Antimafia Division of the Milan Court lifted the administration order imposed on the stand-fitting business division of Fiera Milano. The Company, in collaboration with the Court-appointed Administrator, implemented a series of initiatives aimed at optimising, correcting and introducing new rules to ensure more efficient and secure business management based on the introduction of new operational models and methodologies. Considerable work was done, in particular, on adopting Group procedures, controls required under Legislative Decree 231/01 and the new Supervisory Committee, as well as contracts with and management of suppliers.

\* \* \* \*

The Company gave immediate notice to the market of the administration orders and collaborated fully with the Court-appointed Administrator until the administration orders were lifted.

### 3. Description of the Issuer

Fiera Milano, an issuer of shares listed on the Italian Equity Market (MTA – *Mercato Telematico Azionario*) regulated by Borsa Italiana S.p.A. (hereinafter "**Borsa Italiana**"), uses a corporate governance system that meets the requirements of enacted laws, existing regulations and those of the Borsa Italiana Self-regulatory Code.

The Company uses a traditional administration and control model based on the existence of a Board of Directors and a Board of Statutory Auditors.

The Company qualifies as a Small and Medium Enterprise (hereinafter "**SME**") under Article 1, paragraph 1, section *w-quater.1* of Legislative Decree of 24 February 1998 no. 58 (hereinafter the "**Consolidated Finance Act**").

\* \* \* \*

It should be noted that, following the administration orders described in the Foreword, on 4 November 2016, the Board of Directors approved a request to Borsa Italiana for the voluntary withdrawal of the Company shares from the Segment of the Italian stock market for companies that meet the highest requirements of Borsa Italiana (the STAR segment) whilst maintaining their listing on the MTA. Following receipt of the formal request from the Company, on 7 November 2016, Borsa Italiana formally withdrew Fiera Milano from the STAR segment effective from 15 November 2016.

However, the Company has stated that it will continue to adhere to the corporate governance, information transparency, and liquidity requirements that are the qualitative standards of the STAR segment and that it intends to request Borsa Italiana to include its shares once more in the STAR segment when circumstances permit its readmission.

\* \* \* \*

Before analysing individual aspects that characterise the corporate governance of Fiera Milano, it should be noted that the Extraordinary Shareholders' Meeting of 21 April 2017, on the proposal of the majority shareholder, Fondazione Ente Autonomo Fiera approved several amendments to the Company Articles of Association.

The decision to amend the Company Articles of Association arose from the need to strengthen – also in consideration of the administration orders referred to in the previous section – the existing corporate governance provisions. The amendments were designed to ensure that the corporate governance model in the Company Articles of Association met best practice in the sector and the provisions of the Self-regulatory Code for Listed Companies issued by Borsa Italiana S.p.A., whilst also reinforcing the organisational and internal control structures within Fiera Milano.

The amendments to the Articles pertained primarily to the functioning of the Board of Directors and its members (Articles 14, 15, 16, 17 and 18 of the Company Articles of Association), and of the Board of Statutory Auditors (Article 20 of the Company Articles of Association) as illustrated in subsequent paragraphs of this Report.

Among the main innovations regarding the Board of Directors of the Company was the express adoption of a rule governing its functioning (adopted during the Board of Directors meeting of 10 July 2017) that specified, *inter alia*, the criteria for carrying out a periodic self-appraisal and imposed limits to the total number of administrative roles that can be held by Directors. The rules concerning independent directors were also amended. The list of responsibilities that are the exclusive domain of the Board of Directors was increased, a requirement to establish an

Appointments and Remuneration Committee was established and the responsibilities of the Chairperson were more clearly defined.

As regards the Board of Statutory Auditors, the total number of administrative roles that could be held by each member and the requisites of independence of its members were specified by extending the requirements governing Board Directors to members of the Board of Statutory Auditors. The new version of the Company Articles of Association indicates the roles and responsibilities of the Board of Statutory Auditors.

The updated text of the Company Articles of Association of Fiera Milano S.p.A. is available on the Company website [www.fieramilano.it](http://www.fieramilano.it) in the section *Investor Relations/Corporate Governance/Articles of Association*.

\* \* \* \*

#### **4. Disclosure on the ownership structure**

##### **Share capital**

The paid in share capital is Euro 42,445,141.00 (forty-two million four hundred and forty-five thousand one hundred and forty-one) and comprises 71,917,829 (seventy-one million nine hundred and seventeen thousand eight hundred and twenty-nine) registered shares with no nominal value.

The shares are indivisible and each carries one voting right except in the case of treasury shares held directly and indirectly, which do not have this right.

The Company has issued no other financial instruments with rights to subscribe to newly issued shares.

At 31 December 2017, the Company had no share-based incentive schemes involving an increase, even without payment, of the share capital. Although there is no mandate for a share capital increase, the Shareholders' Meeting of 28 April 2016 approved the 2017-2023 Stock Option Plan aimed at using up to a maximum of one million treasury shares. Given the managerial and corporate governance changes in Fiera Milano and consistent with the remuneration policy of the Company, the meeting of the Board of Directors of 12 March 2018 decided to submit a proposal to the next Shareholders' Meeting for approval, in accordance with Article 114-*bis* of the Consolidated Finance Act, of a new medium/long-term incentive scheme, comprising both cash and performance shares, to be called the "Performance Share Plan 2018-2019". Further information on the Performance Share Plan 2018-2019, which replaces the previous "2017-2023 Stock Option Plan" is given in the Report on Remuneration prepared in accordance with 123-*ter* of the Consolidated Finance Act.

##### **Restrictions on the transfer of shares**

There are no restrictions on the transfer of shares.

##### **Significant shareholdings**

The Company is classified as an SME and, therefore, under Article 120, paragraph 2, of the Consolidated Finance Act the relevant level for the communication of significant shareholdings is 5%.

According to the shareholders' register and communications received pursuant to Article 120 of the Consolidated Finance Act, the shareholders that at 12 March 2018 held, directly or indirectly, shares equal to 5% or more of the share capital were as follows:

Declarant	Direct shareholder	No. of shares	% of ordinary share capital	% of voting capital
Fondazione E.A.Fiera Internazionale di Milano	Fondazione E.A.Fiera Internazionale di Milano	45,898,995	63.821	64.666
	<b>Total</b>	<b>45,898,995</b>	<b>63.821</b>	<b>64.666</b>
Camera di Commercio Metropolitana di Milano-Monza-Brianza-Lodi (ex Camera di Commercio Industria Artigianato e Agricoltura di Milano)	Parcam S.r.l.	4,689,316	6.520	6.607
	Camera di Commercio Industria Artigianato e Agricoltura di Milano	1	0.000	0.000
	<b>Total</b>	<b>4,689,317</b>	<b>6.520</b>	<b>6.607</b>

### Shares with special rights

No shares with special rights have been issued.

### Employee stock options: mechanism for exercising rights

At 31 December 2017, there were no employee stock option plans.

### Restrictions on voting rights

There are no restrictions on voting rights.

### Shareholder agreements

There are no shareholder agreements pursuant to Article 122 of the Consolidated Finance Act.

### Change of control clauses and provisions in the Articles of Association regarding tender offers

There are no change of control clauses pursuant to Article 123-*bis*, paragraph 1, section h) of the Consolidated Finance Act.

As regards tender offers, the Company's Articles of Association meet current regulations on the passivity rule and do not provide for the application of the neutralisation measures under Article 104-*bis*, paragraphs 2 and 3 of the Consolidated Finance Act.

### Mandates to increase the share capital and authorisations for the acquisition of treasury shares

In the course of the 2017 financial year, the Shareholders' Meeting gave the Board of Directors no mandate to increase the share capital under Article 2443 of the Italian Civil Code.

The Ordinary Shareholders' Meeting of 21 April 2017 gave the Board of Directors authority to acquire treasury shares for a period of 18 months. The authorisation stipulated that (i) the maximum number of shares acquired, including those already owned by the Company and its subsidiaries, could not exceed 20% of the share capital of the Company, (ii) the acquisition price could not be higher than the greater of the highest price of the last independent transaction and the



current highest independent offer price on the trading date on which the acquisition is made, whilst respecting the requirement that the unit price of the shares not be 10% higher or 10% lower than the reference price of the shares on the Italian stock market on the trading day preceding any single transaction, (iii) shares could be disposed of in one or more transactions even before the authority to acquire the shares had been completed, and (iv) the disposal price could not be lower than the lowest price at which the shares were acquired; this restriction on the disposal price does not apply if the shares are disposed of as part of a stock option plan.

The Company did not use the buy-back mandate.

At the date of this Report, Fiera Milano SpA holds directly and indirectly 939,018 treasury shares, equal to 1.31% of the share capital.

Of the total figure for treasury shares, 920,768 directly held shares were acquired before the 2017 financial year under previous authorisations given to the Board of Directors and 18,250 treasury shares are held indirectly through Ipack Ima S.p.A. following the acquisition of the latter in 2015.

\* \* \* \*

### **Direction and coordination**

As approved by the General Council of its controlling shareholder Fondazione Ente Autonomo Fiera Internazionale di Milano on 26 July 2004, Fiera Milano has organisational and management autonomy and is not subject to any direction or coordination, pursuant to Article 2497 and following of the Italian Civil Code, by the controlling company.

Any presumption of direction and coordination is negated by the fact that Fondazione Ente Autonomo Fiera Internazionale di Milano exerts no decisive influence on the long-term strategic plans or annual budgets of Fiera Milano or on its investment decisions, nor does it determine its policies regarding the acquisition of goods and services on the market, or coordinates any business initiative or activity in the sectors in which the Company and its subsidiaries operate.

### **5. Compliance**

Fiera Milano adheres to the Self-regulatory Code, approved by the Corporate Governance Committee of Borsa Italiana in March 2006 and modified in December 2011, July 2014 and again in July 2015.

The Self-regulatory Code is publicly available on the website of the Committee for Corporate Governance at <http://www.borsaitaliana.it/comitato-corporategovernance/codice/2015clean.pdf>.

The governance structure of Fiera Milano is not affected by the jurisdictions of countries other than Italy.

### **6. Board of Directors**

The Board of Directors has a central role in the Company organisation and is responsible for its activities and its strategic and operating guidelines, as well as for verifying that the necessary controls exist to monitor Company and Group performance.

The paragraph on the composition of the Board of Directors gives changes that have occurred in the course of the financial year and the current structure of the Board.

### **Appointments and replacements**

As required by law and by the Company Articles of Association, the appointment of members of the Board of Directors is made from lists presented by shareholders who, either alone or in association with other shareholders, hold at least 2.5% of the share capital of the Company, as required by both the Company Articles of Association and by Consob Resolution no. 20273 of 24 January 2018.

The lists must be deposited at the registered office of the Company at least twenty-five days preceding the date set for the first convocation of the Shareholders' Meeting and must be made publicly available at least twenty-one days prior to this date in compliance with enacted regulations.

Ownership of the minimum amount required to present lists is based on the shares that are registered to the shareholder on the day on which the lists are deposited with the Company. To prove ownership of the minimum number of shares required to present lists, shareholders must provide within the time required for the publication of the lists by the Company the relative certification released by authorised intermediaries in accordance with law.

Each list must be accompanied, within the aforementioned time, by (i) information concerning the identity of the shareholders that have presented the list and the percentage of the company held by these shareholders, (ii) statements in which each candidate agrees to be a candidate and declares that there is no cause that would make them ineligible or incompatible and that they meet the necessary requirements under enacted law to be appointed, including any requirements of independence for Statutory Auditors required by law and by the Self-regulatory Code, and that they do not exceed the limit to the total number of administration and control positions held in other companies, including those that are not listed; the statements must indicate that each candidate possesses the capacity for free expression and must also include a specific undertaking from each candidate that he/she will maintain his/her ability for independent judgement free of any external influence for the duration of the mandate, as well as a specific undertaking to dedicate an amount of time to the position consistent with a correct and diligent fulfilment of the role and not to assume other administration and control positions that violate the internal regulation of the Company regarding the limit to the total number of positions held; (iii) a *curriculum vitae* of the business career of each candidate, indicating administrative and control and executive positions currently held and those held previously.

It is also a legal requirement that at least one Director be appointed from the list with the greatest number of votes presented by minority shareholders and that is in no way connected, even indirectly, with the shareholders who presented, or joined together to present, or voted for the list that received the highest number of votes.

With reference to the appointment and replacement of members of the Board of Directors, the Company Articles of Association, in compliance with the requirements of Article 147-*ter*, paragraph 1-*ter*, of the Consolidated Finance Act and Article 144-*undecies* 1 of the Consob Regulation approved with Resolution 11791 of 14 May 1999 and subsequent amendments and modifications (hereinafter the "**Listing Rules**"), requires that:

- the number of Directors respects the principle of gender balance and guarantees that the least represented gender has at least one third of the seats on the Board;
- the way in which the lists are drawn up and the substitution mechanisms for replacing persons during their mandate guarantee that the approved principle of gender balance is adhered to;
- the mechanisms used should the elected body not respect the approved principle of gender balance ensure that some or all of the last three persons elected from the list that obtained the highest number of votes and that are of the gender most represented must step down to ensure the principle of gender balance is respected and must be replaced by the first persons that failed to be elected on the same list that belong to the less represented gender.

The Directors must possess the requisite professionalism and probity under relevant prevailing laws, under penalty of ineligibility or forfeiture of appointment should these requisites be found to be lacking subsequent to their appointment. The composition of the Board of Directors must reflect an adequate level of diversity in terms of competences, experience, age, gender and international profile.

To co-opt Directors to the Board, the Board of Directors must ascertain in advance the optimum qualitative and quantitative composition in order to identify and ensure the correct theoretical profile (including their proven and continuing professionalism and independence) of the candidates.

The majority of the members of the Board of Directors must possess the necessary independence required of Statutory Auditors under enacted law and also under the Self-regulatory Code of Listed Companies of Borsa Italiana S.p.A.. Independent Directors must possess, according to documentary proof, the professionalism to ensure a high level of internal discussion in the Board of Directors and to make an effective contribution to the decision-making process of the Board.

The Board of Directors will ascertain that the requirements for independence have been met: (i) on the initial appointment of a new Director who qualifies as independent; and (ii) when any Director who qualifies as independent has his/her position renewed. The Board of Directors will ascertain annually that the requirements for independence of Directors that have already been appointed are still being met. In all cases, an assessment that each Director who is authenticated as independent meets the requirements of independence must be carried out by the Board of Directors under the principle of substance over form. Should the requirements for independence, as defined above, be found to be lacking in one of the independent Directors he/she will forfeit his/her position except when the majority of the Board of Directors still meets the requirements for independence. The independent Director that fails to meet the requirements of independence during his/her mandate must immediately inform the Board of Directors. Furthermore, the requirement of independence will be considered not to have been met if a Director has held three consecutive mandates as a Director of the Company.

It should be noted that, for information purposes, the full text of the Company Articles of Association, with the requirements given above, is available on the Company website [www.fieramilano.it](http://www.fieramilano.it) in the section *Investor Relations/Corporate Governance/Company Articles of Association*.

The number of independent Directors on the current Board of Directors exceeds the requirements of enacted law (the Consolidated Finance Act) and/or regulations (the requirements for the STAR segment of the Italian stock exchange and the Self-regulatory Code).

As indicated in the Self-regulatory Code, a Director of a listed company is not normally considered independent if:

- a) the Director, directly or indirectly, even through a subsidiary, fiduciary company or intermediary person, controls the issuer or is capable of exercising significant influence over it, or is part of a shareholding agreement through which one or more parties can exercise control or have a significant influence over the issuer;
- b) a Director has, or has held in the previous three financial years, a significant role (Chairperson, Executive Director, executive with strategic responsibilities) in the issuer or in one of its subsidiaries of strategic importance or in a company that is subject to common control by the Company, or in a company or entity which, also with others through a shareholding agreement, controls the issuer or is capable of exercising significant influence over it;
- c) in the preceding financial year, the Director has or has had, directly or indirectly, a significant business, financial or professional relationship with:
  - the issuer, one of its subsidiaries or any of its top management;
  - someone who, also together with others through a shareholding agreement, controls the issuer, or – if a company or entity – is connected with any of the relevant top management;

or who is, or in the last three financial years has been, an employee of any of the aforementioned entities;

- d) a Director receives or has received in the previous three financial years from the issuer, or one of its subsidiaries or from a parent company, significant additional remuneration to the compensation agreed for a non-executive Director of the issuer or remuneration for being a member of a committee under the Self-regulatory Code, including any incentive plans linked to company performance, comprising those that are share-based;
- e) a Director has been a Director of the issuer for more than nine of the previous twelve years;
- f) a Director is an executive Director in another company in which an executive Director of the issuer is also a Director;
- g) a Director is a shareholder or Director of a company or entity belonging to the group of the company that is appointed as legal auditor to the issuer;
- h) a Director is closely related to a person in any of the situations described above.

### **Succession plans**

The Company has not adopted a formal plan for the succession of the executive Directors as the regulations governing the Board of Directors includes specific rules for the co-option of Directors to the Board that are over and above those required by law and regulations.

If for any reason one or more Directors is no longer able to exercise their responsibilities, the Board of Directors, on proposals put forward by the Appointments and Remuneration Committee, will, under Article 2386 of the Italian Civil Code while respecting the rules governing the composition of the Board of Directors under the law and the Company Articles of Association, identify and assess that the replacement candidates meet the specific requirements in the aforementioned Code.

Lastly, the Appointments and Remuneration Committee as part of its advisory responsibilities, both pro-active and consultative, should, where necessary, examine and assess the criteria governing the succession plans for management.

### **Composition**

The mandate of the current Board of Directors was given it by the Shareholders' Meeting of 21 April 2017 following the dissolution of the previous Board, appointed by the Shareholders' Meeting in 2015, caused by the resignation of the majority of its members on 13 January 2017 effective from the date of the Shareholders' Meeting held to approve the financial statements at 31 December 2016. The mandate of the current Board will expire at the Shareholders' Meeting convened to approve the financial statements at 31 December 2019.

The Shareholders' Meeting of 21 April 2017 approved a Board of Directors composed of eight members with the right to increase the number of Directors at a subsequent meeting. Following this decision, the Board of Directors gave the Director Ms Marina Natale responsibility for the ordinary management of the Company.

On 25 July 2017, the Shareholders' Meeting increased the number of members of the Board of Directors to nine and the latter then appointed Mr Fabrizio Curci as the new Director with a mandate that ran from 1 September 2017 until the expiry date for the mandate of the other Directors. Following the Shareholders' Meeting, the Board of Directors met and appointed Mr Fabrizio Curci as Chief Executive Officer and General Manager of Fiera Milano S.p.A. effective from 1 September 2017.

Therefore, the Board of Directors is currently composed of nine Directors. A brief *curriculum vitae* for each Director in office at 12 March 2018 giving his/her main personal and professional details, as well as a list of positions held is given below.

- **Lorenzo Caprio**, Chairperson, in office since 2 May 2017. (**Independent Non-executive Director**)  
Born in Milan on 19 November 1957, he graduated in Business and Economics from the Università Cattolica del Sacro Cuore in Milan. He is currently a tenured Professor of Corporate Finance in the Economics Faculty of the Università Cattolica del Sacro Cuore; he is also a Chartered Accountant registered in Milan and an External Auditor; since May 2007 he has been the Chairman of the Board of Statutory Auditors of Banca ITB S.p.A. and, from 23 April 2015, Chairman of the Board of Statutory Auditors of RCS Mediagroup S.p.A.; he is a member of the scientific committees of the *Journal of Management and Governance*, *Il controllo nelle società e negli enti*, *Banca Impresa e Società*, and the *Journal of Financial Markets and Institutions* and is a member of the Board of Governors of the Centro di Ateneo for the social doctrine of the Church at the Università Cattolica del Sacro Cuore.
  
- **Fabrizio Curci**, Chief Executive Officer, in office since 1 September 2017. (**Executive Director**)  
Fabrizio Curci, Chief Executive Officer and General Manager of Fiera Milano S.p.A., was born in Barletta on 28 November 1972. He graduated in Economics, with a specialisation in marketing, from the Università Commerciale Luigi Bocconi in Milan and then attended its Intensive Managerial Programme in General Management.  
At FCA – FIAT Chrysler Automobiles he headed up the EMEA after sales business unit and was responsible for the international launch of the Alfa Romeo brand and for Brand Operations in Europe, the Middle East and Africa.  
At Olivetti – Tecnost he held several marketing and sales roles; in the Fiamm S.p.A. group, he was involved in sales, marketing & communication, and modern distribution for the automotive division.
  
- **Alberto Baldan**, Director, in office since 2 May 2017, meeting the requirements for independence under Article 148, paragraph 3 of the Consolidated Finance Act (**Independent Non-executive Director**)  
Born in Venice on 21 October 1960, he graduated in Business and Economics. He is currently Chief Executive Officer of Grandi Stazioni Retail S.p.A. and a Board member of La Rinascente S.p.A., Illy Caffè S.p.A., Finiper S.p.A. and Iper Montebello S.p.A.
  
- **Stefania Chiaruttini**, Director, in office since 2 May 2017, meeting the requirements for independence under Article 148, paragraph 3 of the Consolidated Finance Act (**Independent Non-executive Director**)  
Born in Este (Padua) on 11 August 1962, she has been a Chartered Accountant since 1997 and is a founding partner of the firm Chiaruttini & Associati.  
She has always specialised in corporate crises and has been a consultant on behalf of business executives; she has acted both for the Public Prosecution Service and for the defence in cases of bankruptcy, corporate crimes and market fraud. She has played a part in significant company restructurings and has prepared and assessed financial, industrial and corporate strategies for companies undergoing problems in the roles of both advisor and expert witness.  
She has held and still holds positions as Statutory Auditor, Director and Receiver in various companies and is an Official Receiver under Law 270/99 and the Marzano Law no. 347/03.

She was a member of the Committee of Experts of the Financial Information Unit of the Bank of Italy under Article 6 of Legislative Decree 231/07 and a member of the Commission set up to reform the competition procedures of the Justice Ministry. She has been a speaker at many congresses, lectured as part of university courses and is the author of numerous books and articles.

- **Gianpietro Corbari**, Director, in office since 2 May 2017, meeting the requirements for independence under Article 148, paragraph 3 of the Consolidated Finance Act and under the Self-regulatory Code (**Independent Non-executive Director**)  
Born in Paderno Ponchielli (Cremona) on 15 November 1961, he graduated in Aeronautical Engineering from the Polytechnic of Milan in 1986. During his career, he has held increasingly responsible positions in important Italian companies that include Galbani S.p.A., Esselunga S.p.A. and Granarolo S.p.A.. He is currently the Chief Executive Officer and General Manager of Pam PANORAMA S.p.A..
  
- **Francesca Golfetto**, Director, in office since 2 May 2017, meeting the requirements for independence under Article 148, paragraph 3 of the Consolidated Finance Act and under the Self-regulatory Code (**Independent Non-executive Director**)  
Born in Mirano (Venice) on 4 October 1950, she graduated in Economics and Business from the University of Venica Ca' Foscari. She was a Visiting Scholar at the Said Business School, Oxford University, and at the University of Toronto. She is currently a tenured Professor of Management and a Director of the Osservatorio Fiere of the Università Bocconi of Milan. She has taught and been a researcher in business finance, corporate strategy and business marketing at the Universities of Turin, Venice, Toronto and Oxford. She is a management consultant in corporate and market strategy. She is the author of numerous international publications - also on the exhibition sector. She has gained significant experience as a consultant in the organisation of international exhibitions.  
She is a Chartered Accountant and External Auditor and is on the register of consultants of the Milan Court for corporate valuations. In particular, she has wide experience of valuing companies, IPO analyses, damages assessment, arbitration processes and technical consultancy. She has been a member of boards of directors, both of listed and unlisted companies, of control and risk management committees, remuneration committees, and supervisory committees of companies in extraordinary administration. She is currently an independent director of Dea Capital S.p.A. and of Caleffi S.p.A.
  
- **Angelo Meregalli**, Director, in office since 2 May 2017, meeting the requirements for independence under Article 148, paragraph 3 of the Consolidated Finance Act and under the Self-regulatory Code (**Independent Non-executive Director**)  
Born in Milan on 17 October 1967, he holds a degree in Aeronautical Engineering from the Polytechnic of Milan and took an MBA at the Università Bocconi of Milan. Following eleven years of national and international responsibility and experience in the Retail Banking Division of Unicredit Group and three years as a management consultant with Booz Allen & Hamilton, in 2012, he took a job with PayPal. In his four years as the General Manager of PayPal Italia, he guided the local office to reach new and challenging business targets, increasing the success of the brand on the Italian market. Since March 2017, he has been the Senior Director Commercial Solutions, Continental Europe, Middle East and Africa for PayPal while continuing in the role of Managing Director of PayPal Italy SE.
  
- **Marina Natale**, Director, in office since 2 May 2017 (**Non-executive Director**); Ms Natale was the Chief Executive Officer of the Company until 31 August 2017.  
Born in Saronno (Varese) on 13 May 1962, she graduated *summa cum laude* in Economics and Business from the Università Cattolica del Sacro Cuore in Milan.

In the course of her career, she has held numerous important positions in Unicredit S.p.A., and, in particular, has followed all the most significant M&A transactions of the Unicredit Group acquiring considerable corporate finance experience.

She is currently a member of the Investor Committee of the Italian Recovery Fund (ex Atlante II), a member of the Board of Directors of Valentino and, since July 2017, has been CEO of the fund management company S.G.A. S.p.A.

- **Elena Vasco**, Director, in office since 2 May 2017, meeting the requirements for independence under Article 148, paragraph 3 of the Consolidated Finance Act and under the Self-regulatory Code (**Independent Non-executive Director**)

Born in Hartford (USA) on 31 December 1964, she graduated *summa cum laude* in Economics and Business in Naples in 1989 and in 1991 received a Masters in Economics from Northeastern University, Boston.

She has been the General Secretary of the Milan-Monza-Brianza-Lodi Chamber of Commerce since 2015 and has worked there since 2009. Prior to that, from 1992 to 1997, she worked in Mediobanca Servizio Partecipazioni e Affari Speciali (consultancy, M&A and corporate finance). She then held several executive positions in the Hdp-RCS Group and was a member of numerous boards of directors within the Group including Valentino, RCS Editori, RCS Libri and RAI Sat.

She is currently a member of the board of directors of the listed companies DeA Capital S.p.A., Parmalat S.p.A. and Terna S.p.A..

With the exception of the Chief Executive Officer, all other members of the Board are non-executive Directors since none has any management responsibility.

For information on positions as Director or Statutory Auditor held by members of the Board of Directors in other companies listed on regulated markets, also foreign, or in financial, banking or insurance companies or companies of significant size, please refer to the section above and Table 1 of the present Report.

It should be noted that the number of independent Directors shown above exceeds the minimum ratio to the total number of Board Directors that is required under prevailing law and regulations.

The Board of Directors verified the requisite independence of the Directors at its Board meeting on 2 May 2017. On the aforementioned date, the Board of Statutory Auditors, as part of their duties under the law, verified that the Board of Directors had correctly applied the criteria and procedures for ascertaining and evaluating the independence of its own members.

The Chairperson of the Board of Directors and the Chairperson of the Board of Statutory Auditors therefore authenticated the existence of the requisite independence of the Directors based on declarations given to this end in accordance with enacted law.

Profiles of the members of the Board of Directors may be found on the Company website [www.fieramilano.it](http://www.fieramilano.it) in the section *Investor Relations/Corporate Governance/Corporate Bodies*.

Table 1, Structure of the Board of Directors and of the Committees, of the present Report also gives the names of Directors who ceased to hold this position during the financial year under review.

## Diversity

In the financial year under review, the following measures were implemented regarding the Company's strategy of diversity in the composition of the administration, management and control bodies.

Under the current Company Articles of Association, the composition of the Board of Directors must meet the requirements for gender balance under the law. Moreover, the composition of the Board must reflect an adequate diversity in terms of competences, experience, age, gender and international profile.

On 10 July 2017, the Board of Directors adopted the *Rules governing the Board of Directors of Fiera Milano S.p.A.*, prepared in accordance with the provisions of enacted law and the Self-regulatory Code for Listed Companies issued by Borsa Italiana S.p.A., which identifies - *inter alia* – further requirements for the Directors in addition to those required by law.

As a result, specific areas of competence were identified that were considered essential within the Board of Directors. These were:

- knowledge of the exhibition sector and the management procedures and risks of this business;
- experience of corporate management and/or corporate organisation acquired through administration, management and control experience in companies or groups of similar size;
- an ability to read and understand financial statements acquired through years of experience of corporate administration and control or in a professional capacity or through teaching at university level;
- an understanding of corporate governance (audit, legal and corporate aspects, etc.) acquired through years of audit or management control experience in companies of significant size or gained in a professional capacity or through teaching at university level;
- international experience and knowledge of foreign markets acquired through years of business or in a professional capacity in companies or groups with an international profile.

## Total number of positions held in other companies

As required under the Company Articles of Association, the *Rules governing the Board of Directors* stipulate the maximum number of administration and control positions that can simultaneously be held by any Director and ensure that he/she carries out his/her responsibilities effectively as a Director of the Issuer.

The *Rules governing the Board of Directors* specifies the total number of positions that may be held by all members of the Board of Directors without prejudice to any more rigorous limits under existing laws and regulations. The Board of Directors assesses annually that the limit to the total number of positions that may be held is respected. Any Director that becomes aware that he/she exceeds this limit must, within ten days of learning this fact, communicate to the Company how the limit has been exceeded and, within ninety days, resign from one or more of the positions that he/she holds. Within five days of resigning, the member of the Board of Directors must communicate the position or positions from which he/she has resigned.

The limit to the total number of administration, direction and control positions under the Rules governing the Board of Directors are summarised in the following table.



Fiera Milano S.p.A.	Listed companies and/or banks, financial or insurance entities and/or those of material size (Italian/Foreign)		
	Executive positions	Non-executive positions or positions without control	
<b>Chief Executive Officer</b>	no	2	
	Executive positions	Non-executive positions or positions without control	
<b>Chairperson</b>	no	In companies in which Fiera Milano S.p.A. has NO shareholding	In companies in which Fiera Milano S.p.A. has a shareholding
		3	5
	Executive positions	Non-executive positions or positions without control	
<b>Non-executive Directors</b>	3	When executive positions are also held	
		5	
		When executive positions are NOT held	
		7	
		8	
		10	

Under the *Rules*:

- executive positions means: Chief Executive Officer, Member of the Management Committee, Chairperson of the Board of Directors or of the Supervisory Committee; General Manager;
- non-executive positions and positions without control means: members of the Board of Directors having no executive responsibilities, members of the Supervisory Committee; and members of the Board of Statutory Auditors;
- companies of material size mean those with consolidated revenues in excess of Euro 500 million or with a total number of employees exceeding 500.

Lastly, in addition to any other incompatibilities under the law, political or trade union positions are also considered incompatible.

### **Induction program**

In the course of the 2017 financial year, the Chairperson and the Chief Executive Officer were diligent in informing the Board of Directors of market conditions in the exhibition sector in which Fiera Milano S.p.A. operates, of corporate trends and their evolution and of the reference legal framework.

Moreover, due to the important actions implemented during the period of the administration order, the Board of Directors was given constant and timely notification of measures to update the corporate processes and procedures, as well as of the development of the organisational structure of the Fiera Milano Group.

### **Role and responsibilities of the Board of Directors**

The Board of Directors is vested with the widest possible powers for ordinary and extraordinary management of the Company. In particular, it has the power to take any action it deems

appropriate or useful for the achievement of corporate aims, with the exception of those actions that, by law, are the prerogative of the Shareholders' Meeting.

In addition, under Article 17.1 of the Company Articles of Association, responsibility for the following is also attributed to the Board of Directors:

- (i) merger decisions in cases indicated in Articles 2505 and 2505-*bis* of the Italian Civil Code;
- (ii) creation and closure of secondary branches;
- (iii) reduction in share capital in the case of withdrawal by shareholders;
- (iv) amendment of Company Articles of Association to meet regulatory requirements;
- (v) transfer of the Company's registered office within the Province.

Under Article 17.2 of the Company Articles of Association, in addition to the responsibilities that by law may not be delegated, the Board of Directors also has exclusive responsibility for:

- (a) the purchase, subscription, and transfer, taking direct responsibility for the same, of shares, shareholdings or interests in other companies, including newly constituted companies, and transfer of option rights, with the exception of transactions concerning mere investment of liquidity;
- (b) approval of all risk assumption and risk management policies, with no exceptions, as well as evaluation of the functionality, efficiency and efficacy of the internal control system of the Company;
- (c) the spin-off of property and movable assets to other companies, both those in the process of being constituted and those already constituted;
- (d) any form of loan taken out by the Company exceeding the limit of 30% of net equity;
- (e) agreements for mortgages, encumbrances or other guarantee rights of any type whatsoever on all or relevant parts of the Company's bonds, property or assets;
- (f) budget approval;
- (g) the granting by the Company of bank guarantees to third parties;
- (h) the stipulation of contracts concerning property assets, with the sole exception of building leases taken out for the activities of the Company for periods not exceeding six years;
- (i) the purchase, sale, creation, rental and stipulation of licenses for patents, trademarks, models, internet domains and/or sites, satellite or cable TV channels, publications, copyrights and similar items, and all intellectual property rights in general, relating to the corporate purpose;
- (j) the award of appointments, consulting assignments and other service assignments exceeding Euro 100,000 (one hundred thousand) not envisaged in the budget to parties in any case extraneous to the Board;
- (k) the appointment of the General Manager and eventually a Deputy General Manager on the proposal of the Chief Executive Officer, if appointed, and decisions regarding his/her responsibilities; other senior managers, including in the internal control department, may be appointed by the Chief Executive Officer as long as the Board of Directors is informed promptly of any such appointments;
- (l) the appointment or termination of the position of Manager responsible for preparing the Company's financial statements;
- (m) the appointment of the Supervisory Committee;
- (n) the constitution and disbanding of internal Committees of the Board of Directors, the appointment and removal of their members and approval of their operating procedures;

- (o) appointment and removal of the person responsible for the internal audit as proposed by the Chief Executive Officer, after having obtained the opinion of the Board of Statutory Auditors and of the Independent Directors.

The Board of Directors also decided that it should have exclusive responsibility for the following:

- preparing and approving the business plan, as proposed by the Chief Executive Officer, and the strategic objectives contained therein, as well as the budget for the financial year;
- as regards top management (meaning those executives reporting directly to the Chief Executive Officer with gross annual earnings in excess of Euro 200,000), the power to employ, promote, transfer, discipline and dismiss them, establishing their responsibilities, placement, remuneration, both fixed and variable, and any eventual attached and/or ancillary agreements to the employment contract while respecting the employment policy under Article 17.2 paragraph b) of the Company Articles of Association;
- all extraordinary administrative measures.

On 10 July 2017, the Board of Directors approved *Rules* aimed at bringing the organisation and functioning of the Company Board of Directors in line with enacted law, the Company Articles of Association, the Self-regulatory Code of Listed Companies issued by Borsa Italiana S.p.A., and with internal governance procedures.

These *Rules governing the Board of Directors*, with the attachments that form an integral part of them, govern the appointment and composition, the functioning, responsibilities, powers and means of the Board of Directors and how to introduce amendments to the *Rules*. Any omission in the *Rules* is covered by the provisions of law and regulations *ratione temporis*.

Meetings of the Board of Directors are usually held according to a timetable that is approved at the start of the year in order to ensure maximum attendance at the meetings. They are also held whenever required or if there is a request from at least one third of the members of the Board or from a Statutory Auditor and in any circumstances under the law.

The corporate calendar is available on the Company website [www.fieramilano.it](http://www.fieramilano.it) in the section *Investor Relations/Financial Calendar*.

The Chairperson ensures the correct functioning of Board meetings and is supported by the Secretary in ensuring the timely delivery and adequacy of the documentation supplied ahead of the Board meetings and in ensuring that the confidentiality of the data and information given is maintained. In the absence or impediment of the Chairperson, meetings of the Board of Directors are chaired by the most senior independent Director by age.

Under the Company Articles of Association, the majority of the current members of the Board of Directors must be present for any Board decision to be valid. Decisions are taken using an absolute majority of those Directors present. In case of a split outcome, the chairperson of the meeting will have the casting vote.

Under Article 2391 of the Italian Civil Code, each Director must notify the Board of Directors and the Board of Statutory Auditors of any interest he/she may have or may have on behalf of third parties in any given transaction and must provide adequate information of such an interest as required by law.

Board Directors and Statutory Auditors receive the documentation and information sufficiently in advance of the date of the Board of Directors meeting to allow them to speak knowledgeably on the arguments submitted to them for discussion and approval.

The Board of Directors decided that the appropriate advance period for documentation given to Directors and Statutory Auditors ahead of Board meetings was three days prior to the date of the meeting, except in emergency cases when the documentation will be made available as soon as possible. The Chairperson ascertains that the aforementioned information has been

provided to the Directors and the Statutory Auditors and affirms this at the start of the meeting.

The relevant Company department prepares support documentation by compiling information and/or deliberation sheets that provide all the elements necessary for the Directors to make informed decisions.

The support documentation is considered available when it may be viewed and downloaded from the Restricted Area (<https://filebox.fieramilano.it>- *Cartella Consiglio di Amministrazione*). The members of the Board of Directors and interested entities are notified by the Chairperson that the documents are available in the Restricted Area through the appropriate corporate departments and the documents are accessed using the accreditation methods set up by these departments.

Communications made and decisions taken at meetings of the Board of Directors are minuted. Under the Company Articles of Association, the Secretary to the Board prepares the minutes of the meetings. Following a Board meeting, a draft of the minutes is given to all Directors and Statutory Auditors for their comments. These are then communicated to the Secretary. The definitive version of the minutes, prepared by the Secretary, are approved at the next Board meeting and are signed off by the Chairperson and the Secretary to the Board and included in the Company records.

During the financial year to 31 December 2017, the Board of Directors met twenty-five times with a high attendance rate for all Directors (the number of meetings attended by each member of the Board of Directors is shown in Table 1). The average duration of the Board meetings was approximately two hours. At the date the present Report was approved, two Board meetings had been held in the current financial year.

The members of the Board of Directors have declared and have guaranteed that they will effectively carry out their roles and dedicate to them the necessary time. This was evidenced by the significant number of Board meetings held in the 2017 financial year and by the high attendance rate of Directors at the Board meetings.

Group executives, who are responsible for the corporate activities pertaining to matters that are on the agenda, are invited to attend Board meetings and provide additional information on matters under discussion.

### **The Chairperson of the Board of Directors**

Under Article 18 of the amended Company Articles of Association (the text proposed by the majority shareholder Ente Autonomo Fiera Internazionale di Milano and approved by the Shareholders' Meeting of 21 April 2017), the Chairperson of the Board of Directors is appointed from the Directors who meet the requirements for independence under the same Article. In addition to the responsibilities he/she has under the law, the Chairperson of the Board of Directors, in accordance with specific requirements contained in the Articles of Association, as recognised in the relevant resolutions approved by the Board of Directors on 2 May 2017 and 10 July 2017, has further duties; he/she sets the agenda for Board Meetings, promotes internal discussion, ensures the effective functioning of the corporate governance system and guarantees the balance of power with the Chief Executive Officer. The Chairperson of the Board of Directors coordinates the work of the Board and ensures that adequate information regarding items on the agenda of meetings is provided to all members. Specifically, the Chairperson ensures that (i) the Directors receive suitably in advance any documentation regarding matters to be discussed at the meeting or, at least, basic information on these matters; (ii) the documentation on matters to be discussed and, in particular that provided to the Non-executive Directors, is both qualitatively and quantitatively sufficient as regards the items on the agenda.

The Chairperson is the direct point of contact between the Board of Directors and the internal control bodies and the committees within the Board of Directors.

Therefore, he/she must possess, in addition to the requirements for Independent Directors, the specific competences necessary to fulfil his/her duties.

The Chairperson of the Board of Directors supervises and coordinates with the Chief Executive Officer institutional relations and may not be given any executive responsibilities.

Under Article 13 of the Company Articles of Association, the Chairperson manages shareholder meetings, verifies the proper constitution of the meeting, ascertains the identity and eligibility of those present, regulates meeting proceedings - including the order and duration of spoken contributions, stipulates the voting system, the counting of votes – and scrutinises the results of any voting.

Lastly, under Article 19 of the Company Articles of Association, the Chairperson of the Board of Directors represents the Company before any judicial or administrative authority and has the corporate signing authority.

### **Chief Executive Officer**

On 13 January 2017, the Chief Executive Officer, Mr Corrado Peraboni, appointed on 29 April 2015, resigned and the Board of Directors gave responsibility for the ordinary management of the Company to the Chairperson, Mr Roberto Rettani.

On 2 May 2017, the first meeting of the Board of Directors appointed by the Shareholders' Meeting of 21 April 2017 was held. At that meeting, the Director Ms Marina Natale agreed to assume temporary responsibility for the ordinary management of the Company until a new Chief Executive Officer could be found.

On 25 July 2017, the Ordinary Shareholders' Meeting of Fiera Milano approved an increase in the number of Board Directors to nine and appointed Mr Fabrizio Curci as the new Director effective from 1 September 2017 and until the mandate of the other Directors expired, which is at the Shareholders' Meeting to approve the financial statements at 31 December 2019. The Board of Directors met at the end of the Shareholders' Meeting and appointed Mr Fabrizio Curci as Chief Executive Officer and General Manager of Fiera Milano S.p.A. effective from 1 September 2017.

The Chief Executive Officer is invested with all the powers necessary for the management and ordinary administration of the Company except for those that are reserved by law to the Board of Directors and those indicated in Article 17.1 and 17.2 of the Company Articles of Association and any further matters that are the responsibility of the Board of Directors.

On 25 July 2017, the Board of Directors effective from 1 September 2017 with further additions on 18 September 2017, invested Mr Curci with the following powers:

1. as part of the corporate activities to specify, amend and conclude property leases with annual rental of no more than Euro 2,000,000 for each lease and for periods not exceeding six years;

2. to specify, amend and conclude consultancy and collaborative contracts, contracts for the use of intellectual property and professional services in general for a contract amount not exceeding Euro 1,000,000 without prejudice to the fact the Board of Directors is responsible for appointments, consultancies and services for over Euro 100,000 that are not part of the budget and that are given to third parties outside the Board of Directors;
3. to negotiate and carry out cash transactions in foreign currencies for a maximum amount of Euro 2,000,000;
4. to acquire, dispose of and negotiate derivative contracts (swaps, futures and options) with the proviso that such transactions may only be done to cover interest rate, price, and exchange rate risks and to cover stock exchange movements in shares or other financial instruments held by the Company and always for a notional amount not exceeding Euro 2,000,000 per transaction;
5. to fulfil provisions under the law that govern the circulation of shares and dividend distributions with the ability to sign declarations;
6. to give mandates to banks, credit institutions, financial and trust companies to carry out share services on behalf of the Company negotiating the relative conditions and making the necessary payments;
7. to reach agreements concerning the receivables of the Company including the payment conditions of contracts with third parties for amounts not exceeding Euro 1,000,000 per transaction;
8. to negotiate and finalise, under any form, mortgage agreements and financing, including discounting and factoring transactions, for single transaction amounts representing no more than 30% of the net equity of the Company, as well as to request and accept guarantees for a maximum amount not exceeding 30% of the net equity of the Company;
9. in the interests of the Company and/or in the interests of and/or in favour of directly or indirectly controlled companies or entities and for sums not exceeding Euro 5,000,000, to request bank and/or insurance guarantees, letters of guarantee and, in general, reliance letters, to sign the relative agreements, give guarantees of all types, sign indemnities and/or warranties, endorsements, comfort letters, and finalise and sign financing transactions and/or bank guarantees;
10. to ask without limits bank and/or insurance guarantees, letters of guarantee and general reliance letters in compliance with a request for repayment of taxes and/or duty to the Company;
11. to represent the Company both in Italy and abroad in all matters and requirements relating to taxes, duties, and national insurance contributions and, for example, sign as the legal representative the annual tax returns, the VAT returns, the annual withholding tax forms; sign, present and negotiate statements, appeals, claims and disputes with the Tax and Customs Authorities, the Tax Commissions of all levels, including the Central Tax Commission, and the Judicial Authority, negotiate and settle tax disputes, appointing and dismissing as necessary solicitors, defence lawyers, consultants and expert witnesses;
12. to represent the Company, both actively and passively, in Italy and abroad, before judicial, civil and criminal authorities, administrative and financial authorities in any area and level of jurisdiction also before courts of appeal and the high court, appointing and dismissing as necessary defence lawyers, solicitors, counsellors, consultants and expert witnesses and all with the power to table formal complaints on behalf of the Company;

13. to negotiate and settle legal and out-of-court disputes, make out-of-court settlements for a maximum of Euro 1,000,000 per dispute; submit disputes to formal or informal arbitration;
14. to represent the Company in individual labour disputes governed by Chapter IV, Book II of the Civil Procedure Code, represent the Company in the aforementioned actions, taking part in hearings under Articles 420 and following of the Civil Procedure Code with full powers to settle or agree disputes in the role, for this purpose, of public prosecutor in accordance with the aforementioned Article 420 of the Civil Procedure Code;
15. for employees that are not part of management and those managers that are not top managers (top managers being those that report directly to the Chief Executive Officer and that have gross annual salaries in excess of Euro 200,000), to employ, promote, transfer, discipline and dismiss, determine their duties, placement, remuneration, both fixed and variable, and any ancillary and/or extra agreements to the employment contract, while respecting the employment policies under Article 17.2 paragraph (b) of the Company Articles of Association;
16. to release certificates and returns for employee income, wage slips and any other matters concerning employees and social security and social and national insurance agencies and other public and/or private entities;
17. to represent the Company, in Italy and abroad, before social and welfare agencies, trade unions and organisations for employers and employees, law enforcement agencies, social security agencies, the ASST (*Azienda Socio Sanitaria Territoriale*), ATS (*Agenzia di Tutela della Salute*), IRCCS (*Istituto di Ricovero e Cura a Carattere Scientifico*), employment offices and mediation and arbitration organisations, and to sign national, local and company trade union agreements and negotiate as part of any related disputes;
18. to represent the Company, in Italy and abroad, in matters under Legislative Decree no. 58 of 24 February 1998 and before Borsa Italiana S.p.A., the Commissione Nazionale per le Società e la Borsa (Consob) or other bodies that manage and/or govern regulated financial markets, the Ufficio Italiano dei Cambi, Monte Titoli S.p.A., the Italian Monopolies and Mergers Authority, the Bank of Italy, courts, Business Registers, Chambers of Commerce and Industry, government ministries and any other organisational bodies, government departments, associations, and legal entities or individual, shareholders and with the power to sign any declarations, documents and/or communications, statements, and certificates considered necessary and/or appropriate;
19. to represent the Company at meetings of shareholders, associations, foundations, consortia and entities in which the Company has a shareholding and with the power to delegate such representation;
20. to stipulate, amend and cancel purchase, exchange and sales contracts and those for the supply of goods, raw materials, finished and semi-finished products and any product required for the Company business limited to a value of Euro 2,000,000 for any transaction;
21. to stipulate, amend and cancel tender contracts of any kind, including services, works, and transport contracts, commission agreements, deposit contracts, agency contracts, distribution, loan for use, hire, agency and carrier services agreements for sums not exceeding Euro 20,000,000 for any transaction;
22. to represent the Company in tenders and, in general, any procedures for the award of contracts of any kind, for concessions or sub-concessions from public or private entities and their agents and sub-agents, stipulating and signing contracts in the name of and on behalf of the Company, giving expressions of interest, applications, financial quotations or any other relevant statement or declaration defining prices, agreements and conditions and signing these concession or sub-concession agreements;

23. to dispose of, destroy or scrap machinery, equipment, plant, vehicles and any other type of asset having completed any formalities required by the public registers for ownership and including the cancellation of mortgages;
24. to stipulate, amend and cancel insurance contracts covering all types of risks, lease and factoring contracts for sums not exceeding Euro 5,000,000 for any single transaction;
25. to stipulate, amend and cancel contracts to acquire IT, electronic, telecommunications and office automation technology, products and services for sums not exceeding Euro 2,000,000 for any single transaction;
26. to carry out banking transactions, including opening bank accounts, making deposit agreements, transferring cash and cash equivalents among banking institutions and using the current account and overdraft facilities within the credit limits previously requested and obtained by the Company;
27. on behalf of the Company, to instigate any preventive or enforcement, seizure, and injunction measures, attachment orders and revoke these; to protest against bills of exchange; to issue a garnishee statement to the judicial authorities while adhering to the provisions of prevailing law, with special reference to the provisions of Article 547 of the Civil Procedure Code and following;
28. to intervene in bankruptcy procedures, inject money into bankrupt companies, sign agreements, demand partial or final distribution, intercede in arrangements with creditors and approve or reject them;
29. to represent the Company, in Italy and abroad, in bids and tenders to provide and supply public and private, government and quasi-governmental and local entities stipulating and signing in the name of and on behalf of the Company all the relevant papers, determining prices, agreements and conditions, granting and redeeming guarantee deposits, cashing the money agreed and issuing valid receipts and liability release declarations to the accounts offices, departments and persons responsible for making the payments;
30. to represent the Company, in Italy and abroad, instigating any compliance or transaction with any public, government or private entity including any municipal, provincial, regional or state entity, the ASST (*Azienda Socio Sanitaria Territoriale*), ATS (*Agenzia di Tutela della Salute*), IRCCS (*Istituto di Ricovero e Cura a Carattere Scientifico*), the tax authorities, business registers, railway companies, post office, land, sea and air transport companies with all necessary powers and to the full extent permitted by law;
31. to sign statements regarding regulatory status or compliance, consular invoices, import and export certificates and forms, and to carry out any required transactions with customs with the authorisation to make and collect any necessary deposits, sign application statements and forms;
32. to sign reports regarding inspections of any kind by public officials with the power to instigate disputes, make declarations, express reservations and provide corrections and clarifications;
33. to take all measures and sign all statements regarding compliance with Legislative Decree 196/2003 on the processing of personal data and data protection and appoint one or more persons to be responsible for processing personal data;
34. to assign and revoke responsibilities and general and/or special powers for specific acts or category of acts within the limits of the powers assigned;
35. to have, in accordance with Article 19 of the Company Articles of Association, the signing authority and legal representation on behalf of the Company, either with third parties or in legal matters concerning Fiera Milano for all matters delegated him by the Board of Directors preceding his name with the words "Chief Executive Officer";



36. to assume the responsibilities of the "Director appointed to oversee the internal control and risk management system" in accordance with Article 7 of the Self-regulatory Code;

37. and any other management or representation powers for the ordinary management of the Company but specifically excluding any related to the extraordinary management of the Company.

The Board of Directors gave further roles and responsibilities to the Chief Executive Officer as part of his role as the Director appointed to oversee the internal control and risk management system as indicated in the Self-regulatory Code; the appointment as Statutory Employer of Fiera Milano under Article 2, paragraph 1, letter B) of Legislative Decree 81/08 and designated the same person as the person responsible for environmental safety and protection, giving him all the necessary executive, management and decision-making powers and funds required to ensure that the laws regarding environmental safety and protection are respected.

The Chief Executive Officer reports to the Board of Directors at least quarterly and whenever the Board meets on his activities, the general trend and outlook of the business, as well as the main economic, financial and equity transactions or those of most significant size and nature carried out by the Company and its subsidiaries.

The Board of Directors also gave Mr Curci specific responsibilities regarding his role as General Manager of Fiera Milano and required him to report to the Board of Directors on these responsibilities at least quarterly.

Specifically, as General Manager, Mr Curci is responsible for:

1. implementing the business plan approved by the Board of Directors;
2. implementing the decisions taken by the Board of Directors, also through coordination of subordinate bodies, and ensuring their timely execution;
3. instituting all necessary measures to ensure the regular operating of the Company;
4. defining the corporate organisational chart and supervising activities so that all departments act in coordination with each other;
5. coordinating the conduct of all corporate functions, assigning responsibilities, setting targets and ascertaining if these targets are met;
6. identifying and appointing those responsible for the services and sectors and coordinating their activities;
7. managing all services and the operating units of the structure through the implementation of policy-making, coordination and administrative supervisory functions for employees and external collaborators;
8. making available and/or authorising the payment of the salaries and monthly contributions of the employees of Fiera Milano, and taking any action to ensure the above and carrying out and/or subscribing to any means useful or necessary to compile the forms for the payment of costs related to the monthly wages (i.e. national insurance contributions and statutory deductions) and the payment of these costs;
9. coordinating and optimising all Company operations and projects to enhance their efficiency and ensure they work towards the aims of the Company;
10. carrying out investigations, studies and analyses aimed at formulating proposals for increased efficiency and defining the responsibility matrix and the organisational structure;
11. supervising the work organisation;
12. ensuring strict respect of laws, internal regulations and instructions;
13. overseeing the scheduling of periodic assessments of workloads, service productivity and of the operating units.

## Self-appraisal by the Board of Directors

At least once a year, the Board of Directors carries out a self-appraisal of the functioning, composition and size of the Board of Directors and of its committees, providing information of any professional qualities it deems should be present in the Board of Directors.

The appraisal is carried out under the *Rules* governing the Board of Directors of Fiera Milano.

The present Report includes notification that the appraisal has been done and, where considered appropriate, the results of the self-appraisal.

The Chairperson of the Board of Directors instigates and manages the self-appraisal and identifies any internal and/or external persons that should be involved in the process. The self-appraisal takes place as follows:

- identification of the appraisal parameters for the current financial year and the quantitative and qualitative valuation criteria;
- gathering of qualitative information on the Directors, including updating *curricula vitae*, the list of positions held by each Director, training courses followed and any related-party transactions;
- gathering information on attendance at Board meetings, the length of the meetings and the subjects discussed at the meetings;
- the use of anonymous questionnaires to ascertain the opinion of the Directors regarding the assessment parameters for the composition and *modus operandi* of the Board itself and the internal committees of the Board. The questionnaires are updated and/or amended annually depending on the aim of the self-appraisal for that financial year;
- assessment of the qualitative information received regarding compliance with the law, good governance and the *Rules governing the Board of Directors* and regarding the profiles of the Board members;
- final assessment of information deriving from the self-appraisal questionnaires;
- formalisation of the results in the relevant document giving the methodology used and the results obtained.

The Chairperson, with the support of the relevant company departments, prepares the self-appraisal report of the Board, which describes the methodology used and the different stages that constitute the self-appraisal process; lists those involved in the self-appraisal; the results obtained, highlighting any strengths or weaknesses; the remedial actions suggested by the Directors; and describes the progress or state of implementation of remedial actions stemming from the previous self-appraisal. The self-appraisal document is presented to the Board of Directors for its approval.

The Board of Directors carried out a self-appraisal of the functioning, composition and size of the Board of Directors and of its committees for the 2017 financial year.

The self-appraisal, instigated by the Chairperson of the Board of Directors, was carried out by each Director anonymously completing a questionnaire; the results were presented during the Board Meeting of 12 March 2018.

The questions were designed to analyse (i) the size and composition of the Board of Directors with reference to the nature and professional experience of the Directors; (ii) its *modus operandi*, (iii) the composition and responsibilities of the internal committees of the Board; (iv) the knowledge of the legal framework of the sector and the participation of Directors at meetings and in the decision-making process.

Each Director completed this questionnaire and the results were aggregated and presented to the Board of Directors in an anonymous format.

The results of the questionnaire showed that the Board of Directors believes that the composition and *modus operandi* of the Board meet the organisational and administrative requirements of the Company. The self-appraisal also confirmed the diversity of the professional qualifications of the

Directors and that their competences and experience contributed to the decision-making process. There was also a positive assessment of the working environment of the Board that implied an appropriate degree of agreement on the decisions taken. A positive opinion was expressed on the frequency of the meetings. There was also a positive evaluation of the internal committees concerning the role guaranteed by these committees within the Board.

### **Independent Directors**

During the 2017 financial year, the Independent Directors contributed actively to the corporate decisions taken. It should be noted that, as detailed below, the Appointments and Remuneration Committee is primarily composed of Independent Directors and the Committee for Internal Control and Risk Management is composed entirely of Independent Directors.

Moreover, the Independent Directors discerned no circumstances necessitating a meeting to be held without the presence of the other Directors as, *inter alia*, the Directors always received well in advance all the information necessary to ensure their participation at the Board meetings was effective and informed and not merely a formality; this enabled them to formulate any appropriate comments on the advisability and correctness of decisions put forward for the approval of the Board.

### **Lead Independent Director**

Under the provisions of the Self-regulatory Code, companies that are not part of the FTSE-Mib index must appoint a Lead Independent Director in the following cases: (i) if the Chairperson of the Board of Directors is also the Chief Executive Officer and (ii) if the position of Chairperson is held by the person who controls the issuer.

Therefore, there is no obligation for Fiera Milano S.p.A. to appoint a Lead Independent Director and, at its meeting on 2 May 2017, the Board of Directors decided not to appoint such a person.

## **7. Internal Committees of the Board of Directors**

The Board of Directors, in compliance with the provisions of the Self-regulatory Code has set up internal committees to assist the Board in carrying out its role.

Specifically, the Board of Directors has set up the Control and Risk Management Committee and the Appointments and Remuneration Committee; their roles in offering advice and/or making recommendations are in line with the standard required by the Self-regulatory Code, with best practice and correct corporate governance.

Rules approved by the Board of Directors govern the work of these Committees.

The Committees report periodically on their activities to the Board of Directors.

## **Appointments and Remuneration Committee**

An Appointments and Remuneration Committee was set up within the Board of Directors.

The Appointments and Remuneration Committee comprises at least three Non-executive Directors, the majority of which are Independent Directors, in compliance with the Company Articles of Association. At least one member of the Committee has adequate knowledge and experience of financial matters or remuneration policies. This is assessed at the time of his/her appointment.

The Committee assists the Board of Directors in preparatory work, advises, makes recommendations and specifically:

- a. presents the Report on Remuneration to the Board of Directors for its approval and also the remuneration strategy to that will be presented to the Shareholder's Meeting convened to approve the financial statements as required by law;
- b. prepares proposals for the remuneration of the Chairperson and the Executive Directors covering all forms of remuneration and salary payments;
- c. prepares proposals for the remuneration of Directors appointed to the internal Committees of the Board of Directors;
- d. examines any proposals from the Chief Executive Officer and suggests:
  - d.1 annual and long-term incentive schemes, also equity-based;
  - d.2 criteria for all types of remuneration of top management and those that could be part of the long-term incentive scheme;
  - d.3 identifies performance targets and the corporate results achieved in relation to the performance targets and their effect on the variable remuneration of Directors with specific responsibilities and on the implementation of the incentive scheme;
- e. monitors the implementation of the decisions taken by the Board of Directors, in particular, verifying the effective achievement of any performance targets;
- f. periodically evaluates the overall adequacy, coherence and implementation of the strategy adopted as described above in paragraph a) and prepares relevant proposals for the Board of Directors;
- g. puts forward to the Board of Directors the names of possible candidates to be a Director should one or more Directors be unable to carry out his/her duties in the course of the financial year (Article 2386, paragraph 1, Italian Civil Code) ensuring that the requirements for both a minimum number of Independent Directors and gender balance are met;
- h. advises the Board of Directors on the latter's size and membership making recommendations on the type of professional profile it deems appropriate be included in the Board;
- i. without prejudice to the *Rules governing the Board of Directors* of Fiera Milano (paragraphs 1.3. and 3.1), it offers its opinion to the Board of Directors on the total number of positions as director or statutory auditor that can be held in listed companies, financial companies or those of material size that is compatible with effectively carrying out the responsibilities of a Director of Fiera Milano, taking into account each Director's membership of one or more of the Committees within the Board of Directors;

j. it gives its opinion regarding any eventual problems that could arise from general and prior authorisations by the Shareholders' Meeting for exceptions to competing activities under Article 2390 of the Italian Civil Code,;

k. reports to the Board of Directors on its activities at least every six months and before the latest dates for the approval of the full-year and six month interim financial statements in a meeting indicated by the Chairperson of the Board of Directors;

l. at the request of the Chief Executive Office, examines and assesses the criteria for management succession.

At its meeting on 29 April 2015, the Board of Directors appointed the Deputy Vice Chairperson, Mr Attilio Fontana, as a member and Chairperson of the Remuneration Committee with the other two members being the Non-executive Directors Ms Licia Ronzulli and Mr Romeo Robiglio.

Following its appointment by the Shareholders' Meeting of 21 April 2017, the Board of Directors proceeded to appoint the members of the internal committees.

On 2 May 2017, the Board of Directors, also to comply with the new legal requirements, replaced the previous Remuneration Committee with an Appointments and Remuneration Committee and appointed as its members the Directors Mr Alberto Baldan, Ms Elena Vasco and Mr Gianpietro Corbari with the latter as Chairperson of this Committee. Subsequently, on 23 October 2017, given the resignation of Mr Gianpietro Corbari as a member and Chairperson of this Committee, the Board of Directors had to appoint a new member to this Committee. From the candidates proposed by its Chairperson, it appointed Ms Marina Natale as the new member of the Committee to replace Mr Gianpietro Corbari and appointed Ms Elena Vasco as Chairperson.

Members of the Appointments and Remuneration Committee are remunerated for their work.

During the financial year ended 31 December 2017, the Committee held eight meetings that were minuted and carried out its responsibility to table proposals to the Board of Directors. The average duration of the meetings of this Committee was approximately one hour and ten minutes.

At the date of the present Report, two meetings had been held in the current financial year.

Detailed information on the composition, role and functioning of the Appointments and Remuneration Committee are given in the Report on Remuneration prepared in accordance with Article 123-*ter* of the Consolidated Finance Act.

During the financial year under review, the work of the Appointments and Remuneration Committee concerned:

- for appointments:
  - approval of the Regulations governing the Appointments and Remuneration Committee;
  - assessments for the appointment of the new Chief Financial Officer of Fiera Milano S.p.A.;
  - assessments ahead of the appointment of a new Chairperson for Nolostand S.p.A.;
- for remuneration:
  - within the time limits required by law, examining the Report on Remuneration and, in particular, the remuneration policy to be presented for approval to the Board of Directors and the Shareholders' Meeting convened to approve the financial statements for the year;

- acknowledgement of the remuneration paid to the corporate bodies of Fiera Milano S.p.A. and the Italian subsidiaries of the Fiera Milano Group;
- establishing the remuneration of the Chief Executive Officer, the Chairperson of the Board of Directors and the members of the Control and Risk Management Committee and the Supervisory Committee appointed during the financial year;
- examining the payments for the MBO (Management by Objectives) scheme in the 2016 financial year;
- examining proposals for short-term and long-term incentive schemes;
- acknowledgement of the renunciation of remuneration by the members of the Board of Directors of La Fabbrica del Libro S.p.A.

### **Remuneration of the Board of Directors**

Reference should be made to the Report on Remuneration published in accordance with Article 123-*ter* of the Consolidated Finance Act for:

- the general policy on remuneration;
- remuneration of Executive and Non-executive Directors;
- remuneration of executives with strategic responsibilities;
- compensation payable to Directors on resignation, dismissal or termination of employment.

### **Control and Risk Management Committee**

The Board of Directors set up a Control and Risk Management Committee composed of independent and non-executive Directors.

The Committee is composed of a minimum of three Non-executive Directors that, under the Company Articles of Association, must all be independent. At least one member of the Committee must have appropriate experience in accounting and finance and the Board of Directors must ascertain this at the time he/she is appointed.

The Board of Directors appoints one of the independent members of the Committee as Chairperson to coordinate the work of the Committee.

The Committee has an advisory role, makes proposals and carries out preliminary research to aid the Board of Directors in its decisions and assessments of the internal control and risk management system, as well as the approval of the financial statements and the six month interim financial statements and the disclosure of non-financial information (hereinafter "NFD" – Non-financial disclosure).

The Committee meets regularly and as frequently as required to carry out its responsibilities. It meets to approve the annual financial statements and the six month interim financial statements and the NFD.

The responsibilities of the Control and Risk Management Committee are the following:

- to give a preliminary opinion to the Board of Directors regarding:
  - (i) the definition of the guidelines of the internal control and risk management system so that the main risks faced by the Company and its subsidiaries are correctly identified, quantified, managed and monitored while assessing the compatibility of these risks with management of the company in a way that is consistent with the stated strategic objectives;
  - (ii) the annual assessment of the adequacy and efficacy of the internal control and risk management system given the nature of the business and its risk profile;

- (iii) the description, which forms part of the Report on Corporate Governance, of the main features of the internal control and risk management system and the assessment of its adequacy;
- to express a considered opinion on the interests of the Company and on the substantial correctness of conditions regarding significant related-party transactions, pursuant to the prevailing *Procedures for Related-Party Transactions* adopted by the Company in accordance with Consob Resolution no. 17221/2010 and the existing relative organisational procedures;
  - to express a considered opinion on specific aspects regarding the identification of the main corporate risks;
  - to assess, in collaboration with the Manager responsible for preparing the Company accounts and having requested the opinions of the Independent Auditors and the Board of Statutory Auditors, the correct application of accounting principles, as well as their consistent application across the Group in preparing the consolidated financial statements;
  - to express a preliminary opinion regarding the appointment or removal of the Head of Internal Audit, ensuring that he/she has the necessary resources to carry out his/her role, as well as on whether his/her remuneration is consistent with Company policy;
  - to express its opinion regarding the adoption and subsequent updating of the guidelines for the Manager responsible for preparing the Company accounts;
  - to express a preliminary opinion to the Board of Directors on the annual approval of the work schedule prepared by the Head of Internal Audit and to examine the periodic assessment reports of the internal audit department assessing the internal control and risk management system, and any other important evaluations;
  - to give a preliminary opinion to the Board of Directors on the results of the independent audit expressed in any eventual letter of comments and in the report on any fundamental matters under Article 19, paragraph 3 of Legislative Decree no. 39/10 that have emerged as part of the independent audit;
  - to express an obligatory but non-binding opinion on any intra-group service contracts that could come under the rules governing the exercise of direction or coordination by the Parent Company;
  - to monitor the independence, adequacy, efficacy and efficiency of the internal control procedures;
  - to report at least every six months at the time of the approval of the annual financial statements and the six month interim financial statements to the Board of Directors on its work and on the adequacy of the internal control and risk management system;
  - having done preliminary research, to support the assessments and decisions of the Board of Directors on matters concerning the risk management of prejudicial events that have come to the attention of the Board of Directors;
  - to request that the internal control department carries out checks on specific areas of operations and, at the same time, notify the Chairperson of the Board of Statutory Auditors;
  - oversee matters regarding the sustainability of company activities and the interaction with all stakeholders so that a true and fair assessment of the information can be included in the NFD under Legislative Decree 254/2016 and as further amended;
  - to report to the Board of Directors at the time the NFD is approved on the work of the Committee and the adequacy of the internal control and risk management system as regards the sustainability of the Company's activities.

The Chairperson of the Board of Statutory Auditors (or a member of the Board of Statutory Auditors delegated by the Chairperson) and the Head of Internal Audit for Fiera Milano attend meetings of the Control and Risk Management Committee. Other Statutory Auditors may also attend.

If considered appropriate, the Committee may invite Directors and executives of Fiera Milano or of Group companies to attend its meetings so that they may give their opinion on specific matters; it may also invite other persons who may be able to assist in the business of the Committee.

The Control and Risk Management Committee has access to all the information and Company departments required to carry out its responsibilities and may also use external consultants.

At its meeting on 29 April 2015, the Board of Directors appointed the following as members of the Control and Risk Management Committee: Ms Joyce Victoria Bigio (Chairperson), Mr Renato Borghi and Ms Patrizia Rutigliano, all independent Non-executive Directors. At the time of these appointments, the Board of Directors expressed a positive opinion on the professional accounting and financial experience of the Director, Ms Bigio.

On 17 February 2017, the Director Mr Renato Borghi resigned from the Control and Risk Management Committee.

Following its appointment by the Shareholders' Meeting of 21 April 2017, the Board of Directors appointed the members of its internal committees.

On 2 May 2017, the Board of Directors appointed the Control and Risk Management Committee with the Director Prof. Lorenzo Caprio as its Chairperson and Ms Stefania Chiaruttini, Ms Francesca Golfetto and Mr Angelo Meregalli as the other members. At the time of these appointments, the Board of Directors, without the presence of the interested party, gave a positive assessment of the accounting and finance experience of the designated Chair of the Committee, Prof. Lorenzo Caprio, based on his professional *curriculum vitae* shown to the Directors.

Subsequently, on 23 October 2017, the Board of Directors, having accepted the resignation of Prof. Caprio as Chairperson and member of the Control and Risk Management Committee of the Company and having considered the qualitative and quantitative competence of the remaining members of the Control and Risk Management Committee, and on the proposal of the Chairperson of the Board of Directors, approved that the Control and Risk Management Committee should be made up of three members and, having assessed her independence and professional qualifications, appointed Ms Stefania Chiaruttini as the new Chair of the Control and Risk Management Committee of the Company to replace Prof. Caprio.

Members of the Control and Risk Management Committee are remunerated for their work.

During the financial year to 31 December 2017, the Control and Risk Management Committee held fourteen meetings, minuted in accordance with the regulations. The average duration of the meetings of this Committee was approximately one hour and thirty minutes. At the date of the approval of the present Report, four meetings had been held in the current financial year.

During the financial year under review, the Control and Risk Management Committee expressed, within its own competence, its opinion on the following:

- the appointment of the new Director of Internal Audit of the Company;
- the work schedule prepared by the Head of Internal Audit that included periodic reports on the audit activity;
- work schedule proposed by the independent audit firm, the relevant audit reports and the report on key matters;
- the system for delegating responsibilities and authorisations;



- evidence of direction and coordination in La Fabbrica del Libro S.p.A.;
- on information regarding the administration orders issued by the Milan Court to the subsidiary Nolostand and the stand-fitting business division of the Parent Company;
- preliminary and preparatory analyses of the Board decisions regarding extraordinary financial transactions made in the financial period under review;
- the monitoring of the functioning of Group shared services;
- the monitoring of the corporate project to review the Group information systems;
- prepared and expressed its opinion on revisions to the internal regulations, manuals and policies of the Company including those newly adopted;
- the process for preparing the quarterly and six-month reports on operations, as well as that for the annual Financial Statements, and evaluated the adequacy of the accounting standards used with particular attention to the methodology used for any impairment tests, also through meetings on this matter with the Manager responsible for preparing the Company accounts;
- on the acknowledgement of updates to the internal control and risk management system and studied any preliminary and related documents;
- the periodic reports on operations.

The Control and Risk Management Committee also exercised its prerogative to provide the Board of Directors with a preliminary analysis identifying, quantifying, managing and monitoring the main risks to the Company and, as part of its annual assessment, the adequacy of the internal control and risk management system given the characteristics of the business and its risk profile, as well as its effectiveness.

On the subject of related-party transactions, the Committee examined the suitability and substantive correctness of the main economic, capital and financial transactions with related parties.

## **8. Internal Control and Risk Management System**

The internal control and risk management system of the Company and the Group is made up of rules, procedures and organisational structures that are designed to identify, quantify, manage and monitor the main risks. It contributes to the conduct of the Company and the Group as it is consistent with the corporate purposes established by the Board of Directors of the Parent Company and favours the adoption of informed decisions. It also contributes to guaranteeing: *(i)* the protection of shareholder equity, *(ii)* efficient and effective corporate procedures, *(iii)* reliability of financial reporting, and *(iv)* compliance with applicable laws and regulations, the Company Articles of Association, and internal procedures.

Fiera Milano Group has developed an integrated risk management model based on internationally recognised Enterprise Risk Management (ERM) standards.

The main aim is to have a systematic and pro-active approach to identifying the principal risks to which the Group is exposed and to identify as early as possible any potential negative effects, taking suitable action to mitigate these effects while continually monitoring the relevant exposure.

In order to achieve this, Fiera Milano Group has compiled a catalogue of Group risks linked to the strategies being implemented, together with a risk mapping and risk scoring methodology, and has made the necessary organisational changes in order to identify the roles and responsibilities of those involved.

Since the previous financial year, the Group has updated the system as follows:

- introduced the role of Risk Manager, who is responsible for guaranteeing the design and implementation of a global corporate risk management process;
- introduced, as part of a specific policy, a process for systematic identification, assessment, management and reporting of corporate risks in the Fiera Milano Group - also in order to meet the corporate governance requirements on risk management in listed companies.

Specifically, the Group integrated risk management process entails an annual *(i)* update of the risk catalogue according to the strategies implemented and the management and business model used; *(ii)* assessment of the risks by the management of Fiera Milano and the companies in which it is a shareholder; *(iii)* consolidation of information and prioritisation of the risks and the consequent course of action; *(iv)* tolerance analysis of any exposure identified and formulation of the appropriate management strategies/actions and the identification of those responsible for implementing such actions; *(v)* monitoring over time of any exposure that has been identified.

The results of the aforementioned procedure are presented to the Control and Risk Management Committee and the Board of Statutory Auditors.

### **Risk management and internal control system for financial reporting**

The aforementioned integrated risk management model cannot be considered separately from the internal control system used for the financial information process as both are elements of the overall internal control and risk management system of Fiera Milano Group. It should be noted that the process for preparing the annual and interim financial statements and, in particular, the procedures to describe the principal risks and uncertainties to which Fiera Milano and the Group are exposed, are strictly linked and coordinated to the information flows deriving from the Enterprise Risk Management (ERM) processes of the Company and of the Group, which aim to identify, evaluate and mitigate any corporate risks.

In recent financial years, Fiera Milano has modified its internal control system for financial reporting in keeping with the provisions of Law 262/05 so as to document, where necessary, the administrative and accounting control model adopted and to schedule and implement periodic checks on the operational efficacy of the controls that are behind the certification processes of the Manager responsible for preparing the Company accounts.

The aforementioned administrative and accounting control model combines the internal procedures and methods used by the Company to attain the corporate targets of integrity, accuracy, reliability and timeliness of financial information. The approach of Fiera Milano in formulating, implementing and continually updating the aforementioned administrative and accounting control model follows a development process in line with generally accepted best practice, with the guidelines for the duties of the Manager responsible for preparing the Company accounts under Article 154-*bis* of the Consolidated Finance Act issued by Confindustria, and with the control elements identified in the Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission.

This reference model, based on the components of the internal control system (Control environment, Risk assessment, Control activities, Information & Communications, and Monitoring) necessary to attain the aforementioned financial reporting objectives favours, *inter alia*, the identification of coordination opportunities and the development of synergies among, for example, Enterprise Risk Management activities, activities undertaken to comply with Decree Law 231/2001 and the activities of the Head of Internal Audit.

The internal control system phases relating to the financial reporting system of Fiera Milano can be divided into the following macro-categories:

- identifying procedures, risks and controls;
- defining and updating administrative and accounting procedures;
- monitoring administrative and accounting procedures.

As part of the responsibilities and powers given him/her by the Board of Directors, the Manager responsible for preparing the Company accounts must effectively implement any actions falling into the above categories.

The main activities under the model used, and included in the macro-categories listed above, are summarised below.

### **Identifying procedures, risks and controls**

This category includes all activities concerned with identifying or updating the extent of analysis and monitoring carried out, the identification and assessment of risks, the planning of administrative and accounting procedures and the formulation and assessment of checks aimed at mitigating those risks.

At least once a year, the Manager responsible for preparing the Company accounts decides the areas of the Company and Group processes that will be subject to risk analysis and to monitoring of the controls existing in the administrative and accounting control model. This is done using both quantitative and qualitative parameters to ensure that the most significant areas and/or those that pose the greatest risk of failing to meet the objectives of the financial reporting controls are included in the aforementioned areas.

Defining the areas to be analysed and monitored necessitates identification of the relevant accounts, disclosures and associated procedures so that the subsequent identification and assessment of controls, both at entity level and at procedure and transaction level, can effectively mitigate the risks inherent in the process of preparing financial information.

With regard to identifying and assessing risk in financial reporting, the approach adopted considers both the risk of unintentional errors and those that may be caused by fraudulent activity, providing for the formulation and monitoring of checks and balances that address these types of risk, as well as coordinating the controls implemented with others in the overall internal control system.

Without prejudice to the main elements of the administrative and accounting control model already implemented in previous financial periods, the continuous activity of updating the monitoring model carried out by the Manager responsible for preparing the Company accounts also includes, where they affect the administrative accounting procedures, any changes the Company may introduce to the entity level controls of the various parts of the overall Internal Control and Risk Management System, for example, those pertaining to compliance, organisation and risk prevention.

To support the assessment of inherent risk levels, the reference criteria used are based on the following main potential risk indicators, generally recognised by reference best practice: changes in information systems, processes and procedures and other complex elements, for example, the complexity of information processing required by a certain procedure, a high level of transactions, or, for example, in processes that employ a considerable amount of estimates and valuations, the adequacy of the documentation and the reliability of the assumptions made.

When significant risks in financial reporting are identified, the administrative and accounting control model provides for the appropriate identification of controls to mitigate these risks. Specifically, the approach adopted takes adequate account of both manual controls and the data system controls in the administrative and accounting procedures, the so-called automatic system controls application, the general IT control that govern system access, control of developments and amendments to the application systems, and the adequacy of the information structures.

The administrative and accounting model, in line with reference best practice, ensures that the surveillance procedures for the processes, risks and controls is updated for significant changes in the Group administrative and accounting procedures whenever necessary.

### **Defining and updating administrative and accounting procedures**

Based on the results of monitoring the processes, risks and controls, the Manager responsible for preparing the Company accounts defines or updates the administrative and accounting procedures and guarantees their adequacy as regards the internal control model and monitors the various phases of the identification or updating of the procedures.

In particular, the updating of the administrative and accounting procedures is done in conjunction with an assessment of the form and design of the controls and the continuous monitoring of their implementation.

### **Monitoring the administrative and accounting procedures**

The Manager responsible for preparing the Company accounts constantly monitors the administrative and accounting procedures, with particular reference to those linked to the preparation of the financial statements, the consolidated financial statements and the summary six-month interim financial statements, as well as any action or communication of a financial nature that requires statements, attestations and declarations under paragraphs 2 and 5 of Article 154-*bis* of the Consolidated Finance Act, so as to ensure the adequacy and effective implementation of these procedures.

To achieve this, special verification actions to ascertain the correct implementation of the controls incorporated in the administrative and accounting procedures exist. The checks, analyses, and verification of the administrative and accounting procedures are based on defining a test strategy that determines the *modus operandi*, the controls and ways of monitoring the procedural systems implemented

The timetable of the monitoring activity is prepared in such a way as to give priority to verifications of identified "key" controls, and to balance the objectives of efficiency with the requirement of achieving adequate coverage of the verification activities, introducing rotational tests for the significant processes and sub-processes of subsequent important end of financial period dates.

During the 2017 financial year, as part of the continuous development of the administrative and accounting control model, given the organisational development of the Company, without prejudice to the role and responsibilities of the Manager responsible for preparing the Company accounts regarding declarations under Article 154-*bis* of the Consolidated Finance Act, the responsibility of carrying out the key control tests of the administrative and accounting processes was given to the Internal Control department of the Company.

On the basis of the information received from the Manager responsible for preparing the Company accounts, the Head of Internal Audit, with the support of his/her department, identifies the timing and operating means for carrying out the tests on the key controls identified by the Manager responsible for preparing the Company accounts.

Following the tests, the Head of Internal Audit advises the Manager responsible for preparing the Company accounts of the outcome of the tests carried out on each key control and indicates any shortfall and/or areas of improvement arising therefrom.

With regard to the organisational aspects and to the roles involved in the various phases of formulating, implementing, monitoring and updating over time the administrative and accounting control model, it should be noted that specific information flows have been defined between the Head of Internal Audit and the corporate, administrative and control committees and the corporate executives and/or areas that, outside the Department of Administration, Finance and Tax, are involved in compiling, preparing and circulating the annual financial statements, the consolidated financial statements, the summary half-year financial statements, the interim management reports and, more in general, any information subject to attestation/ declaration by the Manager responsible for preparing the Company accounts. The accounting and administrative model also covers specific information flows among Group companies and internal attestations/declarations.

In preparing the annual and interim financial statements and describing the principal risks and uncertainties to which Fiera Milano and the Group are exposed, the Manager responsible for preparing the Company accounts works with the Enterprise Risk Management of the Company and of the Group in order to identify and assess all corporate risks.

### **Governance of subsidiaries with registered offices in countries outside the EU**

In accordance with the provisions of Article 36, as referred to in Article 39, paragraph 3 of the Stock Market Regulations, the Company and its subsidiaries have administrative and accounting systems which make public the accounting procedures used to prepare the consolidated financial statements of the companies to which this law is applicable and which permit the regular communication of the data required to prepare the Consolidated Financial Statements to the Parent Company management and its independent auditors.

Therefore, the conditions exist under the aforementioned Article 36, paragraphs a), b) and c) of the Stock Market Regulations issued by Consob.

### **Director responsible for the internal control and risk management system**

The Board of Directors is responsible for internal control and risk management and, with the help of the Control and Risk Management Committee, for establishing its guidelines and periodically verifying that it is fit for purpose and is functioning effectively, ensuring that the principal corporate risks are identified and managed in an appropriate manner.

On 25 July 2017 – effective from 1 September 2017 – the Board of Directors delegated the responsibilities under Article 7 of the Self-regulatory Code governing internal control and the risk management system to the Chief Executive Officer Mr Fabrizio Curci.

Section 6 provides information on the changes to the structure of roles and responsibilities at the start of the 2017 financial year. Specifically, as regards the role of Director responsible for the internal and risk management system, it should be noted that prior to the appointment of the current administrative body, this position was held by the Chairperson Mr Rettani. At the Board meeting of 2 May 2017, this role passed to Ms Marina Natale, who had taken over temporary responsibility for the ordinary management of the Company until a new Chief Executive Officer could be appointed.

## **Head of Internal Audit (the “Internal Audit Department”)**

The Head of the Internal Audit Department is responsible for verifying that the internal control and risk management system is fit for purpose and working; he/she is not hierarchically answerable to anyone in charge of an operating area but reports directly to the Board of Directors in the person of its Chairperson so that independence and autonomy are guaranteed. There is also a system for functional reporting to the Control and Risk Management Committee. The Head of the Internal Audit has direct access to all the information necessary and adequate means to carry out his/her role.

Under the Company Articles of Association and the Self-regulatory Code, it is the responsibility of the Board of Directors, on the suggestion of the Chief Executive Officer prepared in conjunction with the Chairperson, and having received the opinion of the Board of Statutory Auditors and the Independent Directors, to appoint or dismiss the Head of the Internal Audit Department, to ensure that the latter has all the resources required to carry out his/her duties and is remunerated in line with Company policies. The Board of Directors is also responsible for annually approving the work schedule prepared by the Head of the Internal Audit Department, having considered the opinion of the Control and Risk Management Committee, consulted the Board of Statutory Auditors, the Chairperson and the Chief Executive Officer.

The Head of the Internal Audit Department reports regularly to the Chairperson and periodically to the corporate control bodies, the Control and Risk Management Committee and the Board of Statutory Auditors.

## **Organisational model pursuant to Legislative Decree no. 231/01**

The Company has adopted an Organisation, Management and Control Model in accordance with Legislative Decree no. 231/01.

As a result of its desire for transparency and correctness in the conduct of its corporate affairs, the Company adopted an Organisation, Management and Control Model under Legislative Decree 231/01 (hereinafter the “Model 231”), which was most recently updated on 11 September 2017 to bring it in line with:

- changes in legal requirements since approval of the previous Model 231 (February 2016);
- changes in the organisational structure of the Company and the related system of assigned responsibilities and powers that had taken place in the intervening period;
- significant changes to procedures adopted by the Company for its operating activities.

The adoption and maintenance of the Model 231 aims to create a business strategy based on the principles of correctness and legality; for this reason the Company has organisational and management control protocols and an internal control system aimed at preventing any risk that the crimes referred to in Legislative Decree 231/01 are committed.

The Company Model is composed of:

- a general section, which describes the contents of Legislative Decree no. 231/2001; the governance system and the organisational structure of the Company; the methodology used to identify and map the processes/ vulnerable activities, gap analysis and preparation of the Model 231; the characteristics and *modus operandi* of the Supervisory Committee; training and information activity; and the penalty system;

- fifteen special sections that complete the information in the general section with the aim of: illustrating the rules that must be adhered to ensure the correct application of the Model 231 and providing the Supervisory Committee and other control departments with the necessary tools to carry out monitoring, control and verification activities. Each section is dedicated to a category of offence under Legislative Decree no. 231/2001: (i) crimes against the public administration, (ii) corporate crimes, (iii) market abuse crimes, (iv) transnational offences, (v) crimes against persons in violation of workplace health and safety, (vi) crimes concerning receiving, laundering and the re-use and self-laundering of money and goods of unlawful origin, (vii) IT crimes, (viii) crimes of organised crime, (ix) crimes against industry and trade and crimes involving counterfeiting distinctive marks, (x) crimes of copyright infringement (xi) inducements not to make statements or to make false statements to the court (xii) environmental crimes (xiii) employment of citizens from outside the EU who do not have a legal right to be in the country (xiv) private bribery; (xv) illicit brokering and labour exploitation. the *Code of Ethics* (hereinafter the "**Code of Ethics**" or the "**Code**") of the Fiera Milano Group, included as an attachment that is an integral part of the Model, completes the Model.

The *Code of Ethics* clearly defines the values recognised, accepted and shared by the Company and the responsibilities it assumes both internally and externally. Observance of the *Code* by the employees of Fiera Milano is of fundamental importance to the functioning, reliability and reputation of the Company - factors that are a decisive asset in the success of the Group. The employees of Fiera Milano, in addition to meeting the normal requirements of loyalty, correct behaviour, and acting in good faith under the terms of the employment contract, must avoid carrying out any activity that is in competition with Fiera Milano, must respect the company rules and comply with the requirements of the *Code of Ethics*. All those who have business relations with the Company are made aware of the *Code*.

The general section of the Model 231 of the Company is available on the Company website [www.fieramilano.it](http://www.fieramilano.it), in the section *Investor Relations / Corporate Governance / Model 231* and the *Code of Ethics* is in the section *Investor Relations / Corporate Governance / Code of Ethics*.

Following the update to the Model 231 and, in order to continue the training of recent years, information and training initiatives for all corporate stakeholders were implemented.

To guarantee the functioning, efficacy and adherence to the Model 231, the Company has set up collective body known as the Supervisory Committee. The current Supervisory Committee, appointed on 29 May 2017, is made up of its Chairperson Mr Piero Antonio Capitini and the other members Mr Luigi Bricocoli and Mr Jean-Paule Castagno. This Body is charged with the control and update of the Model 231 to ensure that it is both efficient and effective and with coordinating its own activities with those of other bodies and departments involved in internal control.

The members of the Supervisory Committee are remunerated for their work.

The Model 231, under the provisions of Article 6 paragraph 2 of Legislative Decree no. 231/01, provides for specific information flows to the Supervisory Committee so that the supervision and monitoring of the functioning of the Model 231 is more effective.

With reference to the unlisted companies of the Group that have adopted their own organisational model, the Supervisory Committee has conducted research on each of these in order to identify adequate technical/operational solutions that, while respecting the mandate and powers reserved for the same by the prevailing regulations, are appropriate to the dimensions and organisational context of each corporate entity, also taking account of the relevant guidelines issued by the Parent Company.

As regards subsidiaries operating under foreign jurisdictions, which are not required to adhere to the provisions of Legislative Decree no. 231/01 and which do not have their own Organisational, Management and Control Models pursuant to the aforementioned Decree 231, these have adopted

the *Code of Ethics*, the guidelines for anti-corruption and other compliance programmes in order to have a systematic reference framework of crime prevention regulations and standards.

### **Independent audit firm**

Accounting audit and control has been entrusted to EY SpA (previously known as Reconta Ernst & Young S.p.A.), a company registered in the specific Consob Register, in compliance with prevailing law. The mandate was conferred by the Shareholders' Meeting of 29 April 2014 and relates to the financial years ending 31 December 2014-2022.

### **Manager responsible for preparing the company accounts**

The current Board of Directors of the Company, appointed on 29 April 2017, having previously sought the opinion of the Board of Statutory Auditors, on 2 May 2017, appointed Mr Sebastiano Carbone as Manager responsible for preparing the company accounts. The latter had carried out this role since 4 November 2016 as approved by the previous Board of Directors that at the same time conferred on him, through the appropriate delegation of responsibilities, adequate means and powers to carry out the duties attributed to this position under enacted law. The Board of Directors also supervises the effective compliance with administrative and accounting procedures. The Company's Articles of Association require the Manager to be an expert in matters of administration, finance and control and to possess the same characteristics of personal probity required of Statutory Auditors under current legislation. The Manager's appointment is for three financial years and must not exceed the mandate of the Board of Directors that made the appointment.

### **Coordination among persons involved in the internal control and risk management system**

The coordination of persons involved in the internal control and risk management system is through a series of mechanisms and means of interaction: *i)* scheduling and holding joint meetings of the various corporate bodies and departments responsible for internal control and risk management; *ii)* attendance at meetings of the Control and Risk Management Committee by the Chairperson of the Board of Statutory Auditors and other members of the Board of Statutory Auditors and by the Head of Internal Audit; *iii)* attendance by the Head of Internal Audit at the meetings of the Supervisory Committee under Legislative Decree 231/01.

## **9. Board of Statutory Auditors**

### **Appointment of Statutory Auditors**

The Company's Articles of Association currently require that the appointment of the Statutory Auditors is made on the basis of lists presented by the shareholders; the Articles state that the position of Chairperson of the Board of Statutory Auditors is granted to the first candidate on the second list by number of votes and who is in no way related, even indirectly, to those shareholders who presented, or combined to present, or voted for the first-placed list by number of votes. Only those shareholders who, individually or together, represent at least 2.5% of the share capital and are entitled to vote in the ordinary shareholders' meeting have the right to present a list, as required by the Company's Articles of Association and by Consob Resolution no. 20273 of 24 January 2018. A shareholder who intends to present a list of candidates and who does not own a controlling shareholding or the relative majority of the share capital of the Company must deposit a declaration stating the absence of any relationship with the controlling shareholder, as required by the regulatory provisions. The lists must be deposited at the Company's registered office at least twenty-five days before the date fixed for the first convocation of the Shareholders' Meeting and



must be made public by the Company at least twenty-one days before the date fixed for the first convocation of the Shareholders' Meeting.

Ownership of the minimum shareholding required to present lists is based on the shares that are registered to the shareholder on the day on which the lists are deposited with the Company. To prove ownership of the minimum number of shares required to present lists, the shareholders must provide within the time for the publication of the lists by the Company the relative authentication given in accordance with law by authorised intermediaries.

Each list, deposited at least twenty-five days before the date fixed for the first convocation of the Shareholders' Meeting, must be accompanied by a declaration in which each candidate accepts the candidacy and declares that no reasons of ineligibility or incompatibility exist also with reference to the accumulation of positions referred to below, that the requirements of prevailing law relating to the assumption of the position are fulfilled, and must include a *curriculum vitae* of the candidate that gives the administration and control positions held

The lists presented by shareholders must have two sections: one part for the appointment of Standing Statutory Auditors and the other for Substitute Statutory Auditors. The lists should not contain more candidates than there are positions to be filled, and should be numbered sequentially. The lists must include candidates of both genders. Each candidate may only appear on one list under penalty of ineligibility.

The Articles of Association also provide that, without prejudice to situations of incompatibility under prevailing law, any person who is already an acting Statutory Auditor in four companies listed on regulated markets may not take up a position as Statutory Auditor and, if elected, their mandate is nullified, except where different limits are established by laws which may periodically be introduced.

To meet the requirements of Article 148, paragraph 1-*bis* of the Consolidated Finance Act and Article 144-*undecies* of the Listing Rules regarding the appointment and replacement of members of the Board of Statutory Auditors, the Company Articles of Association contain the same criteria and requirements as those for the appointment and replacement of members of the Board of Directors described above.

The complete Company Articles of Association is available on the Company website [www.fieramilano.it](http://www.fieramilano.it) in the section *Investor Relations/Corporate Governance/ Articles of Association*.

## **Diversity**

Under Article 20 of the Company Articles of Association, the Board of Statutory Auditors must be composed of three Standing Statutory Auditors, of which at least one must belong to the least represented gender, and two Substitute Statutory Auditors, one of each gender.

The replacement procedure respects the requirement for gender balance.

The members of the Board of Statutory Auditors must also possess the probity, professionalism and independence required by law and regulations; they must also be independent under the criteria required of directors in the Self-regulatory Code for Listed Companies of Borsa Italiana S.p.A..

An indication of further requirements to be appointed as a Statutory Auditor was considered unnecessary as enacted rules and regulations ensure the identification of persons that have the necessary competences and experience to carry out the role.

## **Composition of the Board of Statutory Auditors**

The Board of Statutory Auditors was appointed by the Shareholders' Meeting of 29 April 2015, based on a single list presented by the controlling shareholder, Ente Autonomo Fiera Internazionale di Milano, and will remain in position until approval of the Financial Statements to 31 December 2017.

The following is a short *curriculum vitae* indicating the personal and professional experience of each Statutory Auditor on the Board of Statutory Auditors:

**Federica Palmira Nolli**, Chairperson of the Board of Statutory Auditors of Fiera Milano since 29 April 2015

Born in Cremona on 3 February 1959, Ms Nolli graduated in Business Economics from the University of Pavia. She has been a Chartered Accountant since 1981 and is on the Consob list of those able to carry out audits under DPR 136, an independent audit.

She is a partner in F.P. & Partners, a consulting company for corporate management and organisation and is Head of its Administration and Control Division. She is also Chair of the Board of Statutory Auditors of Fiera Milano Congressi S.p.A., Chair of the Board of Statutory Auditors of Fiera Milano Media S.p.A., Chair of the Board of Statutory Auditors of Ipack Ima S.p.A. and Sole Auditor of Mico DMC Srl

Relevant positions under Article 148-*bis* of the Consolidated Finance Act and the relevant implementation provisions under Consob Listing Rules: Chair of the Board of Statutory Auditors of Fiera Milano SpA.

**Antonio Guastoni**, Standing Statutory Auditor of Fiera Milano since 29 April 2015

Born in Milan on 11 January 1951, Mr Guastoni has a degree in Economics and Business from the Università Commerciale Luigi Bocconi. He is qualified as a Chartered Accountant and is on the National Register of Auditors. He holds several administrative and supervisory positions: he is a Standing Statutory Auditor of Rina S.p.A., Chair of the Board of Statutory Auditors of Azimut Libera Impresa Sgr S.p.A., Chair of the Board of Statutory Auditors of Parcam S.r.l. and an Independent Board Director of CO.MO.I. Sim S.p.A.

**Carmine Pallino**, Standing Statutory Auditor of Fiera Milano since 29 April 2015

Born in Milan on 20 March 1967, he holds a degree in Economics and Business from the Università Commerciale Luigi Bocconi of Milan and is on the Register of Chartered Accountants of Milan and Rome. He is currently an Official Receiver of Asam S.p.A. on behalf of the Lombardy Region; the controlling shareholder of Milano Serravalle and of the Azienda Pedemontana Lombarda. He is an accountant for the Associazione della Croce Rossa Nazionale, Chairperson of the Commissione Associazioni di Promozione Sociale e Organizzazioni di Volontariato, and was previously the auditor of the Agenzia per i beni Confiscati e Sequestrati alla Criminalità Organizzata on behalf of the Ministry of the Interior.

**Francesca Maria D'Alessandro**, Substitute Statutory Auditor of Fiera Milano since 29 April 2015.

Born in Naples on 19 October 1970, she has a degree in Business and Economics from the Università Cattolica del Sacro Cuore of Milan, Ms d'Alessandro is a qualified Chartered Accountant and enrolled on the Register of Auditors. She is a member of the Crises, Restructuring and Company Recovery Commission and of the Business Insolvency Procedure Commission of the Milan Association of Accountants and Accounting Experts.

She has considerable consultancy experience in corporate restructuring and business crisis management. She has been a Statutory Auditor of several important national companies and entities.

**Alessandro Carlo Galli**, Substitute Statutory Auditor of Fiera Milano since 29 April 2015

Born in Busto Arsizio (Varese) on 11 May 1973, Mr Galli has a degree in Economics and Business from the Università Commerciale Luigi Bocconi and is qualified as a Chartered Accountant and enrolled on the Register of Auditors. He is a member and Chairperson of AdCerta S.r.l. and a partner in AGR & Partners. He holds several administrative and supervisory positions.

During the 2017 financial year, the Board of Statutory Auditors met fourteen times. The average duration of the meetings of the current Board of Statutory Auditors was approximately two hours and forty minutes. At the date of approval of this Report, one meeting had been held in the current financial year.

### **Role and responsibilities of the Board of Statutory Auditors**

The Board of Statutory Auditors, in compliance with Article 149 of the Consolidated Finance Act and the powers invested in it by Article 2403-*bis* of the Italian Civil Code, monitors the Company's activities to: ensure compliance with the principles of correct administration; ensure the adequacy of the company's organisational structure regarding positions and responsibilities, the internal control system and the administrative/accounting system, as well as the reliability of the latter in accurately representing management information; ensure there exist the means of concrete implementation of the rules of corporate governance provided by the codes of conduct prepared by the companies responsible for the organisation and management of regulated markets and to ensure the adequacy of the regulations prepared by the Company and applicable to its subsidiaries, in accordance with Article 114 paragraph 2 of Legislative Decree 58/98. In compliance with Article 19 of Legislative Decree 39/2010, the Board of Statutory Auditors also oversees the legal auditing of the annual financial statements and the consolidated financial statements and the effectiveness of the internal control and risk management systems, as well as the process for financial reporting. The Board of Statutory Auditors also oversees compliance with the provisions for the disclosure of non-financial information under Legislative Decree 254/2016 and reviews this in its annual report to the Shareholders' Meeting.

Under Article 20.1 of the Company Articles of Association, in addition to its responsibilities under Article 2403, paragraph 1 of the Italian Civil Code and the powers it has under Article 2403-*bis* of the Italian Civil Code, the Board of Statutory Auditors must also monitor:

- (a) the capacity of the whole internal control system to ascertain the efficacy of all the structures and departments making up the control system and that they coordinate adequately while instigating corrective measures for any shortfall or irregularity that comes to light;
- (b) the corporate information process;
- (c) the independent audit of the annual financial statements;
- (d) the independence of the independent auditor or independent audit firm, in particular as regards services provided to the Company that are not part of the audit.

The Board of Statutory Auditors also monitors the independence of the independent audit firm, ensuring compliance with existing regulations, and the nature and scale of the various accounting services provided to the Company and its subsidiaries by the independent audit firm and its network of entities. To carry out its responsibilities the Board of Statutory Auditors also works in conjunction with the internal audit department and with the Control and Risk Management Committee on matters of common interest through meetings and exchanges of information.

## **10. Procedures adopted by the Company**

### **Internal Dealing Code**

The Company has adopted an *Internal Dealing Code*, prepared in accordance with EU Regulation of 16 April 2014 no. 596 (Market Abuse Regulation – “MAR” ), Commission Delegated Regulation (EU) 2016/522 of 17 December 2015, Commission Implementing Regulation (EU) 2016/523 of 10 March 2016 and of Consob Resolution no. 0061330 of 1 July 2016 (all together "Internal Dealing Regulations").

Under the *Internal Dealing Code*, a number of relevant persons, and persons close to them, who have regular access to inside information and the power to make management decisions that could affect the performance and prospects of the listed issuer, are obliged to inform the market of any transaction involving listed financial instruments issued by the company. The relevant persons that come under the *Internal Dealing Code* are those with administrative, direction and control responsibilities within the Company Fiera Milano.

The relevant persons identified above must communicate to the Company and to Consob any transactions they have made or that have been made by persons closely connected to them within three trading days of the date of the transaction.

Consistent with the requirements of the MAR, the current *Internal Dealing Code* provides for a black-out period of thirty days preceding the public announcement of interim results or year-end financial statements during which the relevant persons are prohibited from trading in financial instruments issued by the Company.

The *Internal Dealing Code* was initially approved by the Board of Directors on 8 November 2002 and enacted from 12 December 2002; it was updated on 29 July 2016 to meet the requirements of the new EU regulations. The text of this *Code* was temporary as it awaited the decision of the Italian authorities regarding laws and/or rules and final decisions on the means of implementation. Consob – in its Deliberation issued in 2017 changed the Listing Rules extending the category of relevant persons and amending some aspects governing transactions by persons exercising powers of administration, control and direction, as well as by relevant persons and those closely connected to them.

As a result, the Board of Directors at its meeting on 15 December 2017 approved an updated text for the *Internal Dealing Code* so that it met the new legal and regulatory requirements.

Communications made in compliance with the *Internal Dealing Code* (filing models) and the *Internal Dealing Code* itself are available on the Company website [www.fieramilano.it](http://www.fieramilano.it) in the section *Investor Relations/ Corporate Governance/ Internal Dealing*.

## **Procedure for the management of insider information**

The Company has adopted a *Procedure for internal management and public disclosure of inside information*, which incorporates the provisions of regulations on market abuse and also governs the setting up of a register of persons having access to inside information.

On 29 July 2016, the Company adopted the updated version of the aforementioned *Procedure* that incorporated the requirements of Regulation (EU) no. 596/2014 of 16 April 2014 governing market abuse ("MAR"), the Commission Implementing Regulation (EU) 2016/347 of 10 March 2016, the Commission Implementing Regulation (EU) 2016/959 of 17 May 2016, the Commission Delegated Regulation (EU) 2016/960 of 17 May 2016, and of the Commission Implementing Regulation (EU) 2016/1055 of 29 June 2016.

The *Procedure* contains specific sections covering the definition of inside information, the related procedures for managing inside information, ways of managing so-called market rumours, and also governs instances of delays in communication to the market, the approval process for press releases, the setting up of a register of persons having access to inside information, persons authorised to maintain external relations and persons obliged to maintain confidentiality. In incorporating the requirements of the new EU regulations, the term Inside Information now includes the intermediary phase of a prolonged process. The measures governing delayed communication of inside information to the market and those regarding maintenance of a Register of those with inside information were also updated to comply with the relevant EU laws.

With adoption of the updated *Procedure*, the pre-existing *Procedure for the maintenance and updating of the register of persons having access to insider information* (the "Insider Register") that identifies the responsibilities and ways of maintaining and updating the Insider Register was incorporated into the *Procedure*. It identifies the individual responsible for managing the register, an inside information committee and the individuals registered within it; it also governs the procedures for initial inclusion and subsequent updating of the register, as well as aspects regarding confidentiality obligations.

## **Procedures for Related-Party Transactions**

The Company has a *Procedure for Related-Party Transactions* (hereinafter the *Procedure*). The *Procedure* was adopted on 5 November 2010 and implemented from 1 January 2011. It was prepared in compliance with the provisions of the Rule governing related-party transactions approved by Consob Resolution no. 17221 of 12 March 2010, subsequently modified by Consob Resolution no. 17389 of 23 June 2010 (hereinafter the "Rule"), and with the guidelines for the application of the Rule governing related-party transactions issued by Consob with Communication no. DEM/10078683 of 24 September 2010. The Board of Directors amended the *Procedure* during the 2015 financial year.

The current *Procedure* was revised and approved by the Board of Directors at its meeting held on 19 February 2018 also in order to align the provisions of the *Procedure* with the new corporate organisational structure.

The *Procedure* provides rules and measures to be adopted to ensure transparency and the substantial and procedural correctness of related-party transactions carried out directly by Fiera Milano or through its subsidiaries. The Control and Risk Management Committee has been identified as the body designated to express a considered opinion on the interests of the Company and the substantial correctness of the relevant conditions for the completion of related-party transactions.

The *Procedure* takes advantage of the dispensation given in the Rule that, without prejudice to the requirements regarding the dissemination of information to the public, allows smaller listed companies – or for those with balance sheet assets or revenues that do not exceed Euro 500 million as shown in the most recently approved Financial Statements - the possibility of applying to

Transactions of Greater Importance the guidance and approval procedures for Operations of Lesser Importance.

The Board of Directors of the Company will periodically evaluate, and anyway at intervals of not more than three years, whether to update the *Procedure* taking into account, *inter alia*, any eventual changes to its assets, as well as the efficacy of the application of the rules and guidance in use.

The *Procedure* is available on the Company website, [www.fieramilano.it](http://www.fieramilano.it), in the section *Investor Relations/Corporate Governance/Related-parties*.

The Company has also adopted Organisational Implementation Instructions with regard to the *Procedure for Related-Party Transactions* – that were updated during the Board of Directors meeting of 19 February 2018 – in order to:

- (i) establish the methods and timing for the preparation and updating of the related-party database compiled specifically for the *Procedure*;
- (ii) monitor the rules for identifying related-party transactions before they are finalised and oversee the preliminary procedures by identifying those persons that should give and/or receive information, the subjects appointed to ascertain if a specific transaction comes under the application of the *Procedure*, as well as the means of guaranteeing the traceability of the transaction under examination;
- (iii) establish the methods, timing and responsibility for managing the process of informing the public as required by the *Procedure*.

## **11. Investor Relations**

The Company has adopted a communication policy with the aim of establishing a continuous dialogue with all shareholders and, in particular, with institutional investors, ensuring the systematic and prompt dissemination of exhaustive information regarding its activities, while complying with the regulations on inside information.

The Company has an Investor Relations Manager who is responsible for relations with the financial community.

The means of financial communication are those of systematic contact with financial analysts, institutional investors and the specialist media in order to ensure a full and proper understanding of trends in the Company's strategic direction, the implementation of strategy and the impact on the results of the business.

In addition, the Company believes that dialogue with investors is fostered by providing sufficient information to allow them to make informed decisions when exercising their rights and by organising the content of the Company's website ([www.fieramilano.it](http://www.fieramilano.it) in the *Investor Relations* section) so that they can access economic and financial information (annual financial statements, half-yearly and quarterly interim financial statements, presentations to the financial community), as well as updated data and documents of general interest to shareholders (press releases, the corporate calendar, composition of the Company's governing bodies, the Company Articles of Association, minutes of Shareholder Meetings, an outline of the Group structure, the *Code of Ethics*, the *Internal Dealing Code*, and the related filing models etc.).

## **12. Shareholders' Meetings**

The Shareholders' Meeting represents all shareholders and its decisions, taken in accordance with the law and the Company Articles of Association, are mandatory and binding on all shareholders,

including those who did not attend the Meeting, who abstained or who dissented, although dissenting shareholders have rights of rescission under certain circumstances.

The Shareholders' Meeting of 23 April 2013 adopted, in accordance with the provisions of Article 9.C.3 of the Self-regulatory Code, *Rules of Procedure* that govern the conduct of Ordinary and Extraordinary Shareholders' Meetings. These *Rules* are publicly available on the Company website [www.fieramilano.it](http://www.fieramilano.it) in the section *Investor Relations/ Corporate Governance/ Shareholders' Meetings*.

The aforementioned *Rules of Procedure* define the procedure to be followed to ensure the orderly and correct conduct of Shareholders' Meetings whilst guaranteeing the right of each shareholder to speak on the matters under discussion.

The Shareholders' Meeting is convened and deliberates, under the law and regulations for companies with listed shares, on matters that are its right under the law.

The Shareholders' Meeting is authorised to approve, *inter alia*, in an ordinary or extraordinary meeting (i) the appointment or removal of members of the Board of Directors and of the Board of Statutory Auditors and their relevant remuneration and responsibilities, (ii) the approval of the Financial Statements and the allocation of profits, (iii) the purchase and disposal of treasury stock, (iv) changes to the Company's Articles of Association, (v) the issue of convertible bonds.

Under enacted law, legitimate attendance and the exercise of the right to vote in Shareholders' Meetings is restricted to those who appear as shareholders on the seventh trading day prior to the date of the Shareholders' Meeting and who present to the issuer the relevant communication from an intermediary that accords with the latter's accounting records on behalf of the person having the right to vote at the Shareholders' Meeting using the aforementioned mechanism.

### **13. Other corporate governance procedures**

#### **Management policy for whistleblowing disclosures, including anonymous disclosures, received by Fiera Milano S.p.A. and its subsidiaries**

On 8 November 2016, a *Management policy for whistleblowing disclosures, including anonymous disclosures, received by Fiera Milano S.p.A. and its subsidiaries* was adopted; the policy governs the procedure for the receipt, analysis and treatment of whistleblowing disclosures, including those on possible irregularities made anonymously or in confidence from third parties or from Fiera Milano Group personnel.

The disclosures may concern, amongst other matters: crimes, offences or irregularities and/or behaviour of any kind, also omissive behaviour, regarding employees of the Fiera Milano Group or third-parties that violates the *Code of Ethics*, the Model 231 adopted by the companies of the Fiera Milano Group, internal rules, laws, regulations or requirements issued by the authorities or any act likely to cause damage or detriment of any kind to the Fiera Milano Group.

When the Policy was last revised, a new Whistleblowing Committee was appointed comprising the heads of Security, Compliance and Internal Control. This Committee reports to the Supervisory Committee on any checks that have been carried out when the provisions of Legislative Decree 231/01 have been breached.

Although whistleblowing notifications may be made in any way, the Company has set up different channels of communication that include a website, an e-mail address, a toll-free number, and a postal address. The channels set up for direct disclosure to the Supervisory Committees of Group companies under Legislative Decree 231 remain valid (dedicated accounts).

#### **Regulation of Direction and Coordination**

The Company has regulations governing the exercise of direction and coordination by the Parent Company.

This document was prepared to set guidelines for the direction and coordination activity of the higher authority over the subordinate entity, with the aim of providing a solid base for the research and development of more extensive and more effective interrelationships.

The Regulation identifies precise responsibilities regarding, respectively, the Company and its subsidiaries, within an unambiguous and reciprocal assumption of duties, and it establishes precise governance procedures appropriately gauged to provide an equitable balance between requirements for centralisation and respect for the autonomous management of the subsidiaries.

It also specifies that in the Group's regulatory hierarchy the organisational regulations come below the Parent Company's Articles of Association and those of the various companies of the Group.

The Parent Company Shareholders' Meeting approved this Regulation on 15 April 2010 and, subsequently, in order for it to be adopted, the Regulation was presented to the Shareholders' Meetings of the individual companies of the Group so that each of them could independently approve it as the basis for their own operations.

On 12 January 2011, the individual Italian companies of the Group amended their own articles of association to make specific reference to the exercise of direction and coordination, pursuant to Articles 2497 and 2497-*bis* of the Italian Civil Code, by the Parent Company Fiera Milano, as well as to assess the possibility for the Parent Company to centralise the management and, in the interest of the entire Group, specific functions for the subsidiaries as part of a strategy of shared services.

On 23 April 2013, the Shareholders' Meeting of the Parent Company approved the integration of the Regulation with a recommendation that the members of the Board of Statutory Auditors of the Parent Company, in line with best practice on this matter, should be appointed as Statutory Auditors in the Boards of Statutory Auditors of the subsidiaries. The aim of this change was to rationalise and simplify the organisation and to create important synergies that would guarantee greater efficiency and efficacy of the control systems that would be of benefit to the entire Group.

#### **14. Changes subsequent to the end of the financial year under review**

There have been no changes in the corporate governance of the Company subsequent to the end of the financial year under review.

#### **15. Letter dated 13 December 2017 from the Chairperson of the Corporate Governance Committee**

The recommendations in the letter dated 13 December 2017 from the Chairperson of the Corporate Governance Committee were brought to the attention of the Board of Directors by Prof. Caprio at the Board meeting of 19 February 2018.



## **Tables**

The two tables on the following pages summarise the Company's adherence to the main corporate governance requirements of the Self-regulatory Code.

The first table gives the structure of the Board of Directors and its internal committees. It lists the Directors and the category to which they belong (Executive, Non-executive and Independent). It also shows the composition of the various committees.

The second table gives the composition of the Board of Statutory Auditors. It lists the members of the Board, both standing and substitute, and indicates if they have been nominated from lists put forward by non-controlling interests.

Both tables give information on the number of meetings held by the Board of Directors, the various committees and by the Board of Statutory Auditors and the attendance rate of each individual member. The tables also show the number of administrative positions held in other companies; these are also detailed in the text of this Report.

**TABLE 1. STRUCTURE OF THE BOARD OF DIRECTORS AND OF ITS COMMITTEES**

BOARD OF DIRECTORS												Control and Risk Management Committee □		Appointments and Remuneration Committee □□	
Position	Member	Year of birth	Date first appointed	In carica da /fino a	List	Exec.	Non-exec.	Independent under the Code	Independent under the Cons. Fin. Act	*	No. of other positions held **	***	*	***	*
Chairperson	Lorenzo Caprio	1957	21.04.2017	a	b		X	X	X	14/14	2	□	6/6		
Chief Executive Officer	Fabrizio Curci <sup>o</sup>	1972	25.07.2017	a	b	X				5/5	-				
Director	Marina Natale *	1962	21.04.2017	a	b		X			14/14	3			M	1/1
Director	Alberto Baldan	1960	21.04.2017	a	b		X	X	X	13/14	5			M	4/5
Director	Stefania Chiaruttini	1962	21.04.2017	a	b		X	X	X	13/14		P	8/8		
Director	Gianpietro Corbari	1961	21.04.2017	a	b		X	X	X	12/14	1			□□	4/4
Director	Francesca Golfetto	1950	21.04.2017	a	b		X	X	X	14/14	2	M	8/8		
Director	Angelo Meregalli	1967	21.04.2017	a	b		X	X	X	12/14		M	6/8		
Director	Elena Vasco	1964	21.04.2017	a	b		X	X	X	11/14	3			P	5/5
.....DIRECTORS NO LONGER IN POSITION IN THE FINANCIAL PERIOD UNDER REVIEW.....															
Chairperson	Roberto Rettani •	1953	29.04.2015	c	b	X				11/11					
Deputy Vice Chairperson	Attilio Fontana	1952	16.04.2009	c	b		X	X	X	10/11				P	3/3
Vice Chairperson	Licia Ronzulli	1975	29.04.2015	c	b		X	X	X	11/11				M	3/3
Director	Joyce Victoria Bigio	1954	29.04.2015	c	b		X	X	X	10/11		P	6/6		
Director	Renato Borghi ◊	1948	29.10.2006	c	b		X		X	10/11		◊	1/2		
Director	Pier Andrea Chevallard	1951	08.02.2010	c	b		X	X	X	10/11	2				
Director	Corrado Peraboni ◊	1964	29.04.2015	c	b					10/11					
Director	Romeo Robiglio	1931	27.10.2003	c	b		X			7/11				M	1/3
Director	Vincenza Patrizia Rutigliano	1968	29.04.2015	c	b		X	X	X	10/11		M	6/6		
												Board of Directors	Control and Risk Management Committee	Appointments and Remuneration Committee	
<b>Number of meetings held in the financial year ended 31 December 2017</b>												25	14	8	
<b>Shareholding required by non-controlling shareholders to present lists (under Article 147-ter of the Consolidated Finance Act):</b>												2.50%			

**NOTES**

\* This column shows the attendance rate of Directors at Board Meetings and at Committee Meetings. It gives the number of meetings attended compared to the number of meetings held (no. attended/ no. of meetings held while the Director was in office in the period under review).

\*\* This column shows the number of other positions of Director or Statutory Auditor held in listed companies, banks or in companies of material size on regulated markets, including those outside Italy.

\*\*\* This column shows the role of the Director on the committee: "C" = Chairperson, "M" = member.

□ Professor Lorenzo Caprio was a member and Chairperson of the Control and Risk Management Committee until the date of his resignation from these positions on 23 October 2017. On the same date, the BoD approved that the Control and Risk Management Committee be composed of three members and appointed Ms Stefania Chiaruttini as Chairperson of the Committee.

□□ On 2 May 2017, the Appointments and Remuneration Committee was set up. Prior to this date there was an internal Board committee, the Remuneration Committee. Mr Gianpietro Corbari was a member and the Chairperson of the Appointments and Remuneration Committee until the date of his resignation from these positions on 23 October 2017. On the same date, the Board of Directors appointed Ms Marina Natale as a new member of the aforementioned Committee and Ms Elena Vasco as its Chairperson.

\*This indicates the Director responsible for the internal control and risk management system.

\* Ms Marina Natale held the position of Chief Executive Officer of the Company until 31 August 2017.

a Appointed by the Shareholders' Meeting of 21 April 2017 for a three-year period ending with the approval of the Financial Statements at 31 December 2019. The Board of Directors took office on 2 May 2017. Mr Curci was appointed Chief Executive Officer at the Shareholders' Meeting of 25 July 2017 when the number of Directors was increased to nine. Mr Curci's mandate runs from 1 September 2017 until the date the mandate of the other Directors expires.

b Appointed from the only list presented - that of the controlling shareholder Fondazione E. A. Fiera Internazionale di Milano.

c Appointed by the Shareholders' Meeting of 29 April 2015 until the approval of the Financial Statements at 31 December 2017. The majority of the Directors resigned their positions on 13 January 2017 and the Board of Directors were no longer in position from the date of the Shareholders' Meeting to approve the Financial Statements at 31 December 2016.

• Following the resignation of the Chief Executive Officer, Mr Peraboni, on 13 January 2017, the Board of Directors appointed its Chairperson, Mr Rettani, to be responsible for the ordinary management of the Company. Following this appointment, the Chairperson no longer met the requirements regarding independence both under the Self-regulatory Code of Borsa Italiana and under Article 148, paragraph 3 of Legislative Decree no. 58 of 24 February 1998.

◊ Mr Peraboni held the position of Chief Executive Officer until his resignation on 13 January 2017.

◊ The Director, Mr Borghi, was a member of the Control and Risk Management Committee until his resignation on 17 February 2017. He was present at one meeting of the Control and Risk Management Committee in 2017.

**TABLE 2: STRUCTURE OF THE BOARD OF STATUTORY AUDITORS**

BOARD OF STATUTORY AUDITORS								
Position	Member	Year of birth	Date first appointed	In office from/until	List	Independent under the Code	Attendance at meetings of the Board of Statutory Auditors*	No. of other positions held**
Chairperson	Federica Palmira Nolli	1959	29/04/2015	a	b	X	14/14	-
Statutory Auditor	Antonio Guastoni	1951	29/04/2015	a	b	X	13/14	4
Statutory Auditor	Carmine Pallino	1967	29/04/2015	a	b	X	12/14	-
Substitute Auditor	Francesca Maria D'Alessandro	1970	29/04/2015	a	b			
Substitute Auditor	Alessandro Carlo Galli	1973	29/04/2015	a	b			

<b>Number of meetings held in the financial year to 31 December 2017</b>	14
<b>Shareholding required by non-controlling interests to present lists of candidates (under Article 148 of the Consolidated Finance Act)</b>	2.50%

**NOTES**

\* This column shows the attendance rate at meetings of the Board of Statutory Auditors (no. of times present/ no. of meetings held during the period of appointment).

\*\* This column shows the number of positions held as Director or Statutory Auditor under Article 148-bis of the Consolidated Finance Act.

**a** Appointed by the Shareholders' Meeting of 29 April 2015 for a three-year period ending with the approval of the Financial Statements at 31 December 2017.

**b** Appointed from the only list presented - that of the controlling shareholder Fondazione E. A. Fiera Internazionale di Milano.