

REPORT

**ON CORPORATE GOVERNANCE AND
OWNERSHIP STRUCTURE**

pursuant to article 123-bis TUF

(traditional administration and control model)

Issuer: Nice S.p.A.

Website: www.niceforyou.it

Year to which the Report refers: the financial year ended 31 December 2017

Date of approval of the Report: 14 March 2018

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GLOSSARY

Borsa Italiana: Borsa Italiana S.p.A. (Italian Stock Exchange);

Code/Corporate Governance Code: the Corporate Governance Code for listed companies, approved in March 2006 (as subsequently amended) by the Corporate Governance Committee, and promoted by Borsa Italiana, ABI, ANIA, Assogestioni, Assonime and Confindustria publicly available on the Corporate Governance Committee website at <http://www.borsaitaliana.it/comitato-corporate-governance/codice/codice.htm>.

Civil Code / Civil Code: the Italian Civil Code.

Board of Statutory Auditors: the Board of Statutory Auditors of the Issuer.

Board of Directors or Board: the Board of Directors of the Issuer.

Issuer or Nice or the Company: Nice S.p.A.

Year: the financial year ended 31 December 2017.

Instructions for Stock Market Regulations: the instructions included in the rules of the markets organised and managed by Borsa Italiana.

Stock Market Regulations: regulations of Markets organized and managed by Borsa Italiana.

Issuers' Regulation: the Regulations issued by CONSOB with resolution no. 11971 of 1999 (and subsequent amendments) on the matter of issuers.

Market Regulation: the Regulations issued by CONSOB with resolution no. 20249 of 2017 on the matter of markets.

Related Parties Regulation: the Regulation issued by CONSOB with resolution no. 17221 of March 12, 2010 (as subsequently amended) on the matter of transactions with related parties.

Report: the report on corporate governance and ownership structure that companies are required to draw up in accordance with article 123-*bis* TUF.

Articles of Association: the Nice articles of association currently in force.

TUF: Legislative Decree February 24, 1998, no. 58 as subsequently amended.

1. ISSUER'S PROFILE

The business of Nice S.p.A. ("**Nice**" or the "**Company**" or the "**Issuer**") consists of the design, production and marketing of Home Automation systems that can be integrated and controlled by means of a single radio control unit. The systems provide automation for gates, garage doors and road barriers ('Outdoor line'), as well as awnings, rolling shutters, solar screens and alarm systems ('Indoor line') for residential, commercial and industrial buildings. Nice automation systems are renowned for their high level of technological innovation, smart design and ergonomics.

Nice Group is heavily engaged in developing new products, with solutions that are increasingly practical with attractive, technological and innovative features. Nice is based on a single business model marked, on the one hand, by the centralisation of research & development, design (carried out in collaboration with an external company), quality control, logistics and distribution activities and, on the other hand, by the full outsourcing of production, which is entrusted to qualified third parties. Thanks to this model, Nice combines production flexibility and cost structure efficiency with high quality levels and direct control over what are considered to be the most strategic activities, such as design and technological innovation.

With an export share of over 80% of consolidated revenues, Nice markets its products in more than 100 countries in various geographical areas ranging from Italy to Eastern and Western Europe, to non-European markets, such as China, the United States, the Middle East, Africa and Australia.

The administration model adopted by the Company is the traditional one, where governance is characterised by the presence of:

- a Board of Directors in charge of the Company's ordinary and extraordinary management;
- a Board of Statutory Auditors entrusted the task, among other things, of: (i) monitoring compliance with the law and the Articles of Association as well as compliance with the principles of proper management in the performance of corporate activities; (ii) checking the adequacy of the Company's organisational structure, as regards matters within its responsibility, of the internal audit system, and the administration and accounting system; and (iii) monitoring the procedures for implementing the corporate governance rules specified in the codes of conduct;
- the Shareholders' Meeting, that can pass resolutions, during ordinary or extraordinary meetings, on matters regarding: (i) the appointment and revocation of members of the Board of Directors and of the Board of Statutory Auditors, their fees and tasks, (ii) the approval of the financial statements and profit distribution, (iii) the purchase and sale of treasury shares, (iv) amendments to the Articles of Association and (v) the issue of convertible bonds;
- an Audit and Risk Committee;
- a Remuneration Committee.

The statutory auditing of the accounts is entrusted to B.D.O. ITALIA S.p.A. (previously Mazars S.p.A.) - an audit firm listed in a special register of auditing firms authorised to perform the activities required by articles 155 and 158 of Legislative Decree no. 58 of 24 February 1998, as amended ("**TUF**") kept by CONSOB - specifically appointed by the Shareholders' Meeting subject to prior approval by the Board of Statutory Auditors.

2. INFORMATION ON THE OWNERSHIP STRUCTURE (pursuant to art. 123-bis paragraph 1, TUF) AS AT 31/12/2017

This chapter has been prepared in accordance with and pursuant to article 123-bis, paragraph 1 of the TUF. It should be noted that (i) the information required by said article 123-bis, paragraph 1, letter i) of the TUF (indemnity payable to Directors in the event of resignation, dismissal or termination of their office following a takeover bid) is explained in the chapter of the Report dedicated to directors' remuneration (chapter 9), (ii) the information required by article 123-bis, paragraph 1, letter l) of the TUF (appointment and replacement of directors and amendments to the Articles of Association) is explained in the chapter of the Report dedicated to the Board of Directors (chapter 4.1), and finally (iii) the other information required by article 123-bis, paragraph 1 of the TUF that is not mentioned in chapter 2 herein, is deemed not to be applicable to the Company.

a) Share capital structure (pursuant to article 123-bis, paragraph 1, letter a) TUF)

The share capital of Nice amounts to Euro 11,600,000, fully subscribed and paid-up, consisting of 116,000,000 ordinary shares with a nominal value of Euro 0.10 each (the "Shares"). Shares are traded on the Mercato Telematico Azionario organised and managed by Borsa Italiana, in the STAR segment. This information is also shown in Table 1, an appendix to this Report.

b) Restrictions on the transfer of securities (pursuant to article 123-bis, paragraph 1, letter b), TUF)

As at the date of this Report, Shares are freely transferable *inter vivos* and/or in case of succession *mortis causa* and shall circulate pursuant to the regime applicable to the shares issued by listed companies incorporated under the Italian law.

c) Significant equity holdings (pursuant to article 123-bis, paragraph 1, letter c), TUF)

According to the disclosures received pursuant to article 120 of the TUF, supplemented with the disclosures made pursuant to article 152-octies of the Issuers' Regulation (internal dealing), the shareholders holding at least 5% of the share capital as at 31 December 2017 are (i) Lauro Buoro, through Nice Group S.p.A., with a holding of 70.33%¹; (ii) Edoardo Marcadante, through Parvus A.M. European LTD with a holding of 9.28%². A summary of these significant holdings is also given in Table 1, attached as an appendix to this Report.

d) Securities carrying special rights (pursuant to article 123-bis, paragraph 1, letter d), TUF)

As at the date of this Report, the Company's Shares are registered, indivisible and freely transferable and, except for the following, each of them gives the right to one vote in the Company's ordinary and extraordinary shareholders' meetings. Each share gives the same equity and administrative rights, according to the applicable provisions of the law and of the Articles of Association.

Therefore, as at the date of this Report, the Company has issued no shares carrying special control rights.

On 24 April 2015, the Shareholders' Meeting of Nice amended the Articles of Association in order to introduce the increase in voting rights (as provided for and governed by article 20, paragraph 1, of Italian Law Decree no. 91 of 24 June 2014, converted by Law no. 116 of 11 August 2014), whereby, in case of enrolment of the shareholder in the specific register kept by the Company in relation to a

¹ From 31 December 2017 up to the date of this Report the parent company Nice Group S.p.A. has performed some transactions involving the purchase and/or sale of Nice S.p.A. shares that have been correctly disclosed to the market.

² According to the disclosures received pursuant to article 120 of the TUF, at the date of this Report, Edoardo Marcadante, through Parvus A.M. European LTD, holds 7.7%.

certain number of shares, and following the completion of a period of ownership of such shares of 24 months, the shareholder will be entitled to a double vote in relation to such shares.

During the subsequent meeting on 12 November 2015, the Board of Directors of the Company approved the Regulation relating to shares with increased voting rights that governs, among other things, the procedure for requesting to be registered in the special list pursuant to article 127-*quinquies*, paragraph 2 of the TUF. Further details are available on the Company's website http://ir.niceforyou.com/home/show_man.php?menu=00007&submenu=00007.00005.

It is noted that, on 8 January 2018, pursuant to article 127-*quinquies* TUF and in application of the provisions of the Articles of Association, the increase of voting rights had effect in relation to a total of 80,881,083 ordinary shares of Nice S.p.A., of which 80,879,583 held by Nice Group S.p.A. (company controlled by Lauro Buoro).

It is specified that, pursuant to article 8-*ter*, fourth paragraph of the Articles of Association, the increase shall have no effect on the rights, other than voting, due and exercisable under the possession of specific capital rates and also, among other things, for the determination of the rates of capital required for the submission of lists for the appointment of corporate bodies, for the exercise of liability claims under article 2393-*bis* Civil Code, for the calculation of rates required for the appeal, for any reason and for any cause, of shareholders' meeting resolutions.

As at the date of this Report, the number of Nice shares amounts to 116,000,000, which correspond to a number of voting rights in the Company's ordinary and extraordinary shareholders' meetings equal to 196,881,083.

e) Employee stock ownership: mechanism for exercising voting rights (pursuant to article 123-*bis*, paragraph 1, letter e), TUF)

As at the date of this Report, there are no agreements for employees to hold interests in the Company's share capital.

f) Restrictions on voting rights (pursuant to article 123-*bis*, paragraph 1, letter f), TUF)

As at the date of this Report, there are no restrictions on voting rights.

g) Shareholders' agreements (pursuant to article 123-*bis*, paragraph 1, letter g), TUF)

As at the date of this Report, the Company is not aware of any shareholders' agreements pursuant to article 122 of the TUF.

h) Change of control clauses (pursuant to article 123-*bis*, paragraph 1, letter h), TUF) and provisions in the Articles of Association on takeover bids (pursuant to articles 104, paragraph 1-*ter*, and 104-*bis*, paragraph 1, TUF)

As at the date of this Report, the Company is not aware of any change of control clauses and provisions in the Articles of Association on takeover bids pursuant to articles 123-*bis*, paragraph 1, letter h) and 104, paragraph 1-*ter*, and 104-*bis*, paragraph 1 of the TUF.

i) Powers to increase the share capital and authorisations to purchase treasury shares pursuant to article 123-*bis*, comma 1, letter m), TUF)

The Shareholders' Meeting held on 26 April 2017 revoked the resolution passed by the meeting on 22 April 2016 as it was not used, and authorised the Board of Directors to purchase Company's treasury shares according to the following conditions, pursuant to article 2357 of the Italian Civil Code, to purchase treasury shares of the Company at the amount, price, terms and methods described below:

- the purchase may take place on one or more occasions, within 18 months from the date of the Shareholders' Meeting resolution, and within the limits of available reserves and distributable

- income as resulting from the last approved financial statements and each purchase will be recognised in accordance with the provisions of the law and applicable accounting standards;
- the purchase price of each share shall be no more than 20% lower or higher than the closing price per share for the previous day for any individual transaction and in any case must not exceed the higher price between the last independent trade and the offer price of the highest current independent bid price in the trading venue where the purchase is made, even when the shares are traded in different trading venues;
 - the maximum number of shares purchased may not have a total par value, including any shares owned by subsidiaries, in excess of one fifth of the share capital, taking into account also the shares held by subsidiaries;
 - The purchase of treasury shares shall take place in compliance with current provisions of the law for listed companies, and therefore in accordance with the provisions of articles 144-*bis* of the Issuers' Regulation, 132 of TUF and in accordance with the methods set out by Stock Market Regulation and any other applicable laws, including Regulation (EU) no. 596/2014 of the European Parliament of 16 April 2014 and the relevant European and national implementation rules and, therefore, through the following methods:
 - (i) takeover bid or public exchange offer;
 - (ii) on regulated markets according to the operating procedures established in the organisation and management rules of such markets, which do not permit the direct matching of proposals to buy with predetermined proposals to sell;
 - (iii) purchase and sale of derivative instruments traded on regulated markets that involve the physical delivery of the underlying shares, provided that the organisation and management rules of the market provide for procedures that comply with those set forth in article 144-*bis*, paragraph 1, letter c), of the Issuers' Regulation;
 - (iv) granting to shareholders, in proportion to the shares held, of a put option to be exercised within the period of time established in the Shareholders' Meeting resolution authorising the buyback programme.

The same Meeting also resolved:

- to authorise the Board of Directors, in accordance with article 2357-*ter*, paragraph 1, of the Civil Code, to sell all and/or part of the treasury shares purchased, with no time constraints, even before having completed purchases, where permitted by applicable EU and national provisions; the shares may be sold on one or more occasions, also by means of public and/or Shareholder offer, on the regulated and/or over the counter markets, or out of the market, also by means of public and/or Shareholder offer, institutional placement, placement of purchase bonuses and/or warrants, or as payment for acquisitions or public exchange offers at a price that shall not be 20% lower or higher than the closing price per share recorded in the Stock Exchange during the day preceding every single transaction. These price limits shall not apply if the sale of shares is to employees, including managers, executive directors and partners of Nice and its subsidiaries, within the scope of the stock option plans as incentives specifically targeting them;
- the Board of Directors is authorised to make, pursuant to article 2357-*ter*, paragraph 3, of the Civil Code, all necessary or appropriate accounting entries, relating to transactions involving treasury shares, in accordance with the current law and the applicable accounting standards;
- the Board of Directors, and therefore its Chief Executive Officer, shall have all the powers required to carry out the purchases and sales, and in any case to implement the resolutions

above, including through attorneys appointed as needed, in compliance with any requirements of the relevant authorities.

It is hereby noted that, during the reporting period, the Company neither purchased nor sold any treasury shares. As at the date of this Report, the Issuer holds 5,336,000.00 treasury shares, equal to 4.6 % of the Issuer's share capital.

In its meeting on 14 March 2018, the Board of Directors passed a resolution to propose to the Shareholders' Meeting the renewal of the authorisation to purchase and sell treasury shares under the same terms and conditions as the previous resolution of the Shareholders' Meeting, following revocation of the resolution made by the Shareholders' Meeting on 26 April 2017.

I) Management and coordination (pursuant to article 2497 et seq. of the Civil Code)

Pursuant to article 2497 et seq. of the Civil Code, Nice deems that Nice Group S.p.A. does not perform management and coordination, and operates with corporate and entrepreneurial autonomy in relation to the aforementioned parent company. In particular, by way of example, it should be noted that Nice independently manages treasury and trade relations with its own customers and suppliers and it independently defines its own business plans and/or budgets.

3. COMPLIANCE

Nice adheres to the Corporate Governance Code promoted by the Corporate Governance Committee for Listed Companies and published in March 2006, as subsequently amended, available to the public on the website of the Corporate Governance Committee at the link <http://www.borsaitaliana.it/comitato-corporate-governance/homepage/homepage.htm>.

Corporate Governance is an expression used to identify the set of rules and procedures on which the administration and control system of joint-stock companies is based. Within the initiatives aimed at maximising the value for shareholders and guaranteeing the transparency of management operations, Nice defined a well-structured and homogeneous system for the rules of conduct concerning both its organisational structure and dealings with third parties, especially shareholders, in compliance with the best practices followed by most of listed companies at a national and international level.

It is hereby noted that neither the Issuer nor its strategically significant subsidiaries are subject to any non-Italian rules and regulations by law that have an impact on the Issuer's own corporate governance structure.

4. BOARD OF DIRECTORS

4.1. APPOINTMENT AND REPLACEMENT (pursuant to article 123-bis, paragraph 1, letter I), TUF)

The Shareholders' Meeting determines the number of members of the Board of Directors upon their appointment, within the limits set forth in paragraph 4.2 below. The Directors will remain in office for no more than three years and can be re-elected. The period of office of the Directors appointed in this manner expire on the date of the Shareholders' Meeting called to approve the financial statements for the last year of their office.

The members of the Board of Directors are appointed based on lists of candidates according to the procedures indicated below, also pursuant to current rules and regulations regarding gender balance.

According to article 15.5 of the Articles of Association, the members of the Board of Directors shall be appointed on the basis of lists presented by shareholders who, also jointly, represent at least 2.5% (two point five percent) of Nice's share capital, in line with article 144-*quater* of Issuers' Regulation (2.5% of share capital for companies whose capitalisation is lower than or equal to Euro 1 billion). The notice calling the meeting shall indicate the ownership stake required for the presentation of the lists.

Shareholders and members of the same shareholders' agreement in accordance with article 122 of the TUF as subsequently amended, as well as subsidiaries and jointly-owned companies pursuant to article 93 of the aforesaid decree, even if they act through an intermediary or a trust company, can only present, or contribute to present, and vote for one list. No adhesions and votes expressed in violation of this prohibition shall be attributed to any list.

Each list may present at least three and no more than eleven candidates, ordered by sequential number, and it shall be filed at the Company's registered office at least 25 days prior to the date set for the Shareholders' Meeting on first call. The notice calling the meeting shall indicate at least one remote means of communication for the submission of lists.

Each candidate may appear on only one list under penalty of ineligibility. Each list shall expressly indicate the candidacy of at least one person, or two if the Board of Directors is composed of more than seven members, having the independence requirements established for Statutory Auditors by current legal regulations. The existence of the minimum ownership stake required for the presentation of the list shall be certified according to the procedures and conditions set forth by the applicable legal rules and regulations. If mandatory criteria about gender balance are applicable, each list of at least 3 candidates must contain a number of candidates of the less represented gender that is at least equal to the minimum required by current laws and regulations.

Together with each list, within the term for filing it at the Company's registered office, the following must be filed: (i) information on the identity of the shareholders who presented the list and the percentage holding they possess; (ii) statements by which each candidate confirms its candidacy and states, under its own liability, that there is no ineligibility or incompatibility; (iii) statements that the requirements for holding the office of Company's director set forth by the law have been met, as well as the indication, if any, of the independence requirements envisaged for statutory auditors by current provisions of the law; and (iv) the *curriculum vitae* regarding the personal and professional characteristics of each candidate, with information on the offices as director or statutory auditor held in other companies. Any lists presented that do not comply with the aforesaid provisions are considered void.

The list shall be published by the Company at least 21 days prior to the date set for the Shareholders' Meeting on first call.

After the vote, the following will be appointed: (i) the candidates of the list that obtained the greatest number of votes (the "**Majority List**"), except for the last candidate of said list, and (ii) the first candidate of the list that obtained the second best result and is not related in any way, even indirectly, with shareholders who submitted or were involved in submitting, or voted the Majority List (the "**Minority List**").

The candidate elected in first position on the Majority List shall be appointed the Chairman of the Board of Directors. If the appointment of at least two directors having the independence requirements envisaged for statutory auditors by current regulations is not ensured, the non-independent candidates appointed last in the sequential order based on the list presented by the majority shareholder will be replaced, according to the sequential presentation order, by the first two independent candidates who have not been appointed, taken from the same list.

Furthermore, if the candidates appointed according to the procedures indicated above do not ensure a composition of the Board of Directors in compliance with the applicable laws on gender balance, the candidate of the most represented gender that is appointed last according to the sequential order from the Majority List shall be replaced by the first non-appointed candidate of the less represented gender from the same list or, in his or her absence, from the other lists, according to the number of votes obtained by each of them. This substitution procedure shall take place until the composition of the Board of Directors conforms to the discipline in force *pro tempore* regarding the balance of the two genders. If, on conclusion of said procedure, the last indicated result is not fulfilled, substitution shall take place by Shareholders' Meeting resolution decided by the relative majority, upon the presentation of the candidates that belong to the less represented gender.

If a single list of candidates is presented or if no list is presented, the Shareholders' Meeting shall pass a resolution pursuant to and according to the majorities set forth by the law, without following the procedure provided above and without prejudice to compliance with the gender balance requirements indicated above, where required by the applicable laws and regulations.

For the distribution of directors to be elected, account will not be taken of lists that did not achieve a percentage of votes equal to at least half of as required by the Articles of Association of CONSOB for submission thereof.

Should one or more directors cease to hold office during the year, substitutes shall be appointed according to article 2386 of the Civil Code, from among other candidates of the same list as the director who has left his or her office. If there are no available and eligible candidates for any reason, the Board of Directors shall appoint the substitute or substitutes through co-option, according to article 2386 of the Civil Code, with no restrictions on choice.

Should the Shareholders' Meeting have to appoint directors, according to the law, in order to supplement their number in the Board of Directors subsequent to directors leaving office, the following procedure will be implemented.

If the Director appointed from the Minority List has to be substituted, only (non-appointed) candidates from the said list are proposed for the office and the one who obtains the highest number of favourable votes is appointed. If there are no available and eligible candidates, an option will be given to submit candidacies for the appointment of the substitute of the withdrawn director taken from the Minority List exclusively to those shareholders who, alone or together with other shareholders, represent at least 2.5% and are other than (i) the shareholders who had presented or voted the list that came first in terms of number of votes, (ii) the shareholders that hold, even jointly, a controlling or relative majority interest in the Company's share capital and (iii) the shareholders who are related in any way, even indirectly, to one or more shareholders mentioned in points (i) and (ii) above; the substitute may be chosen exclusively from among the candidates presented by non-controlling shareholders according to the provisions stated above and the candidate that obtains the highest number or favourable votes will be appointed. Should these provisions not be applicable, the Shareholders' Meeting shall pass resolutions according to legal majorities and with no restrictions in terms of lists.

If it is necessary to replace the directors appointed from the Majority List or those appointed by the Shareholders' Meeting, when only one list is submitted, the Meeting shall appoint the substitute/s by choosing from among the non-appointed candidates belonging to the same list. If there are no available or eligible candidates, the Meeting shall pass resolutions according to the legal majorities.

The term of office of the new director shall expire at the same time as that of the directors in office when he or she is appointed and he or she shall be subject to the same provisions of the law and of the Articles of Association that are applicable to the other directors.

In any case, the provisions of this article aimed at ensuring, within the Board of Directors, the presence of the overall minimum number of independent Directors required by current regulations, as well as compliance with the aforementioned gender balance requirement, where required by current laws and regulations, are still applicable.

Whenever the majority of the members of the Board of Directors cease to hold office for any cause or reason, the entire Board of Directors shall resign and the Shareholders' Meeting shall be called without delay by the Directors who have remained in office in order for it to be reconstituted.

It is hereby noted that, given the structure and size of Nice Group, the Board of Directors has not adopted any succession plans for executive directors as it considers that the replacement procedures in place are appropriate for ensuring continuity and stability of the Company's management.

4.2. COMPOSITION (pursuant to article 123-bis, paragraph 2, letter d) and d-bis), TUF)

Article 15, paragraph 1, of the Articles of Association establishes that the Company is managed by a Board of Directors consisting of between three and eleven members, who need not be shareholders, including the Chairman.

The Board of Directors of Nice was appointed by the Shareholders' Meeting of 22 April 2016 and will remain in office until approval of the financial statements for the year ended 31 December 2018.

As at the date of this Report, the Board of Directors consists of eight directors, of which four are executive directors and four are non-executive directors. Two of the non-executive directors are independent. All members were appointed from the only single list submitted by the majority shareholder Nice Group S.p.A.

This list included the following candidates:

- Lauro Buoro, born in Winterthur (Switzerland) on 10 January 1963, Chairman;
- Roberto Griffa born in Concordia (Argentina) on 14 January 1975, Director;
- Denise Cimolai, born in Pordenone on 24 July 1971, Director;
- Emanuela Paola Banfi, born in Milan on 20 January 1969, Independent Director;
- Chiara Mio born in Pordenone on 19 November 1964, Director;
- Giorgio Zanutto, born in Pordenone on 3 October 1961, Director;
- Lorenzo Galberti, born in Ponte di Piave (Treviso) on 25 January 1964, Director;
- Antonio Bortuzzo, born in Spilimbergo (Pordenone) on 11 January 1960, Independent director;

The share capital present with voting rights amounted to 81.36 % of the entire share capital. All the candidates of the single list presented were appointed by vote in favour of 81.09% of the entire share capital.

For information on the personal and professional characteristics of each Director, one should refer to the *curricula vitae* attached as an appendix to this Report.

Directors Antonio Bortuzzo and Emanuela Paola Banfi had qualified as independent when they were appointed pursuant to article 148 of the TUF and pursuant to article 3 of the Corporate Governance Code.

No changes in the composition of the Company's Board of Directors occurred after the 2017 reporting period.

Pursuant to article 123-bis, paragraph 2, letter d-bis), TUF, the Board of Directors intends to adopt - by the end of the next three-year term of the Board of Directors that will take place on the occasion of the approval of the financial statements at 31 December 2018 – specific diversity policies in rela-

tion to the composition of the administrative and management bodies regarding aspects such as age, gender composition and training and professional path.

As a departure from criterion 1.C.3 of the Corporate Governance Code, it should be noted that the Board of Directors did not define general criteria on the maximum number of offices as directors or statutory auditors in listed, financial, banking, insurance companies or companies of considerable size other than those defined by the law, since it did not deem it necessary, in general, to limit the maximum number of offices, as it was considered quite sufficient to carry out checks on a case-by-case basis.

In order to maintain an adequate knowledge of the sector in which the Company operates, the directors receive regularly, and whenever it is necessary, information and updates on the sector in which the Issuer operates, on the principles of correct risk management and on the applicable laws, including material prepared by the Company.

4.3. ROLE OF THE BOARD OF DIRECTORS

The Board of Directors is invested with the widest possible powers for the ordinary and extraordinary management of the Company; in particular, it has the power to carry out all actions that it deems appropriate or useful to achieve the corporate purposes, excluding only those actions that the law or the Articles of Association reserve to the exclusive competence of the Shareholders' Meeting.

Pursuant to the provisions of article 17 of the Company's Articles of Association, and in addition to the tasks that cannot be delegated as set forth by the law, the Board of Directors has responsibility for the following tasks:

- merger decision in the cases envisaged by articles 2505 and 2505-*bis* of the Civil Code;
- establishment and closure of secondary offices;
- share capital decrease in the event of the withdrawal of shareholders;
- adaptation of the Company's Articles of Association to regulatory provisions;
- indication of the directors who are the Company's representatives;
- transfer of the Company's registered office within the national territory.

In addition, the Board of Directors is exclusively responsible for:

- appointing and revoking the Financial Reporting Manager; and
- verifying that the Financial Reporting Manager has adequate powers and means to perform the tasks assigned to him or her according to the law, as well as compliance with administrative and accounting procedures.

In case of urgency, the Board of Directors can approve transactions with related parties that do not fall within the competence of the Shareholders' Meeting or that do not require its authorisation, including transactions through subsidiaries, in derogation from the usual procedural requirements set forth in the internal procedure for transactions with related parties adopted by the Company, provided that the terms and conditions of this procedure are complied with.

The issues indicated in article 1.C.1 of the Corporate Governance Code shall be reserved for the Board of Directors, since they have not been subject to powers of attorney in favour of the Chief Executive Officer. By way of example, the examination and approval of the following shall be reserved for the Board of Directors:

- strategic, business, and financial plans of the Issuer;

- strategic, business, and financial plans of the group which the Issuer heads;
- the corporate governance structure of the Issuer;
- the structure of the group itself.

On 14 November 2017, the Board of Directors assessed the size, composition and operation of the Board itself, of the Audit and Risk Committee and of the Remuneration Committee. On 14 March 2017, the Board of Directors also assessed the appropriateness of the general organisational, administrative and accounting structure of the Issuer with reference to the internal audit system and the management of conflicts of interest.

Such assessments were made by considering the results of the activities carried out during the Year by the internal audit and Management Control departments and the checks performed by the Risk Management Committee on the Issuer and on significant subsidiaries.

With regards to the management of conflicts of interest, the Chairman and the Chief Executive Officer, at least every three months, report to the Board of Directors about the transactions in which the directors encounter potential conflict of interests.

The Board of Directors is responsible for the prior examination and approval of the transactions of the Issuer and its subsidiaries in which one or more directors hold an interest on their own behalf or on behalf of third parties.

In order to comply with article 1 and the relevant criteria to implement the Corporate Governance Code, it should be noted that the Board of Directors approved the Company's general corporate governance system, consisting in particular of internal procedural rules on transactions with related parties in which a Director holds an interest, in addition to the delegation of powers and functions, including the establishment of Board committees as referred below.

The Board of Directors assessed the general trend of operations, especially taking into account the information received from the delegated bodies and periodically comparing the results achieved with those that had been planned.

Given the structure of the Nice Group and the active participation of the Company's subsidiaries in the decision making processes, the Issuer has not set specific criteria for the identification of strategically important subsidiaries and therefore a specific assessment regarding the appropriateness of the general organisational, administrative and accounting structure of those companies was not deemed necessary.

The Board of Directors previously examined and approved any transactions of the Issuer itself and its subsidiaries, that were significant from a strategic, economic and equity point of view for the Issuer. The Issuer has not established specific criteria for the identification of the transactions that are significant at a strategic, economic, equity or financial level for the Company, as these criteria are set individually for each of the transactions at the time they are approved.

Although the Articles of Association do not envisage a minimum frequency of meetings, it is now custom that the Board of Directors meets at least every three months for the approval of the interim accounting reports. The Board of Directors' meetings are scheduled based on a calendar approved at the beginning of the year to favour maximum participation at meetings. The corporate calendar can be found on the Company's website in the 'investor relations' section.

During the Year, the Board of Directors held 7 meetings that saw the regular participation of the Directors. Notably, Directors' overall participation amounted to 83.93% while Independent directors' participation was 85.71%. Each Director's participation was as follows: (i) 71.43% Lauro Buoro (ii) 100% Lorenzo Galberti; (iii) 100% Denise Cimolai; (iv) 85.71% Giorgio Zanutto; (v) 71.43% Chiara Mio; (vi) 71.43% Roberto Griffa; (vii) 71.43% Antonio Bortuzzo; and (viii) 100 % Emanuela Paola

Banfi. All the meetings were convened pursuant to the provisions in the Articles of Association. The average duration of the Board's meetings was approximately forty-two minutes. At least 5 Board of Directors' meetings are expected to take place during the year, three of which had already been held at the date of this Report.

Individuals that are not members of the Board can participate in the Board's meetings if they are invited; specifically, Issuer's managers or group companies' managers who head the departments that are in charge, from time to time, of activities related to the topics on the agenda and can therefore provide in-depth analysis on such topics.

Pursuant to article 16.2 of the Articles of Association, the meetings of the Board of Directors can be convened at least 3 days before the date of the meeting and, in urgent cases, at least 1 day before the meeting by means of a telegram, fax or email to be sent to the Directors and Standing Statutory Auditors. Directors must be notified of the topics on the agenda by means of the above-mentioned notice of meeting and they are also subsequently informed of the documentation concerning such topics.

In addition, Directors and Statutory Auditors receive the necessary documents and information a suitable period of time before the date of the Board's meeting, in order to be able to express their opinion with full awareness of the topics requiring their analysis and approval. The Company generally considers it appropriate to send this documentation at least 1 day before such meeting and, during the Year, these deadlines were duly met.

The organisation of the work of the Board of Directors is the responsibility of the Chairman, who ensures that the items on the agenda are given sufficient time to allow for constructive discussion, and contributions from Directors are encouraged and welcomed during meetings.

The Directors are subject to the prohibition set forth by article 2390 of the Civil Code, except in case they are exempted from that prohibition by the Shareholders' Meeting. As at the date of this Report, the Shareholders' Meeting has not authorised departures from the non-competition clause.

The Board of Directors assesses the appropriateness of the internal audit and risk management system in relation to the business' characteristics. The Board of Directors ensures that its assessments and decisions relating to the internal audit and risk management system, the approval of financial statements and half-year reports and the relations between the Issuer and the Independent Auditors are supported by a suitable inspection activity. To this end, the Board of Directors sets up an Audit and Risk Committee.

The Board of Directors, with the support of the Audit and Risk Committee:

- defines the guidelines of the internal audit system, in order to properly identify, assess, manage and monitor the main risks concerning the Issuer and its subsidiaries, also determining the compatibility criteria of said risks with a Company management in line with the strategic objectives identified;
- assesses, at least once a year, the appropriateness of the internal audit and risk management system in relation to the Company's characteristics and the risk profile assumed, as well as its effectiveness;
- approves, at least once a year, the work plan prepared by the head of the internal audit department, based on the opinion of the Board of Statutory Auditors and the Director in charge of the internal audit and risk management system;
- describes, in the report on corporate governance, the main characteristics of the internal audit and risk management system, expressing its own assessment on the appropriateness of the said system;

- assesses, based on the opinion of the Board of Statutory Auditors, the results presented by the Independent Auditors in the audit letter, if any, and in the report on the fundamental issues that emerged during the Statutory Audit.

Upon the proposal of the Director in charge of the internal audit and risk management system and based on the favourable opinion of the Audit and Risk Committee as well as the opinion of the Board of Statutory Auditors, the Board of Directors:

- appoints and revokes the Internal Audit Manager;
- ensures that this person has the skills required to carry out his or her duties;
- defines his or her remuneration in compliance with corporate policies.

4.4. DELEGATED BODIES

Chief Executive Officers

The Board of Directors assigned powers for the Company's ordinary management to the Chief Executive Officer Roberto Griffa.

The following are the main powers of attorney granted separately and with signing authority by the Board of Directors to the CEO (amount limits were indicated where necessary):

- supervising the production, supply chain, logistics, sales, financial, marketing and communication, and technical sectors of the Company, with full decision-making independence and responsibility, directly and/or through appointed partners, without prejudice to the personal liability of such persons;
- signing and terminating agency, distribution, representation, brokerage and commercial procurement contracts and agreements, even with exclusivity clauses, for the best possible placement of the Company's products;
- buying and selling and generally concluding transactions involving foreign currencies, within the scope of the applicable currency regulations for an amount not exceeding Euro 1,000,000 (one million/00) for each transaction;
- applying for licenses, permits, authorisations and administrative concessions of all types;
- defining, also by way of settlement, the liquidation of claims, including the appointment of experts, doctors, commissioners of damages, lawyers and arbitrators if the value of each liquidation does not exceed Euro 200,000.00 (two hundred thousand/00);
- protesting bills and applying for injunctions; taking preventive measures and enforcements, participating in bankruptcy and insolvency proceedings, lodging claims and declaring their truth; proposing and accepting real offers; taking legal and administrative actions at all levels and types of jurisdiction and, therefore, also at the Court of Cassation and for re-examination; appointing lawyers, attorneys *ad litem* and experts, revoking and replacing them; responding to questioning, deferring, referring and administering oaths; filing and signing any claims, briefs or documents; doing anything else that may be necessary – with any power that may be conferred – for the full representation of the Company in legal proceedings;
- agreeing, settling, reconciling any judicial dispute and waiving judicial acts and accepting the waiver thereof if the value of each case does not exceed the amount of Euro 300,000.00 (three hundred thousand/00);

- negotiating, stipulating, modifying, terminating and settling any deed, document, declaration or request in the interest of the Company if the value of each deed, document, declaration or request does not exceed the amount of Euro 200,000.00 (two hundred thousand/00);
- hiring and dismissing employees, excluding managers, determining their tasks and establishing their salaries in accordance with current provisions; participating in trade union negotiations and signing agreements, including at a corporate level; signing project-based contracts;
- demanding or collecting, for any purpose, including by endorsement, all amounts, receivables, payment orders, guarantee deposits whether from the Issuing Banks, Cassa Depositi e Prestiti, Treasuries, Railway, Post and Telegraph Offices or any public or private office and any individual, whether Italian or foreign, issuing receipts and releases;
- endorsing, including for the purpose of discount and collection, demanding and receipting bills of exchange, cheques and payment orders, including orders concerning State, regional, provincial and municipal Treasuries and any other public entity or Public Treasury;
- issuing cheques drawn on bank current accounts, including overdraft, of the Company up to the credit lines granted by the bank to the Company, in any case up to an amount of Euro 1,000,000.00 (one million/00) per transaction. The power to sign/endorse promissory notes and bills is not included herein;
- representing the Company before any Public or private Body or before any administrative or financial authority, before the Bank of Italy, CONSOB, Borsa Italiana, Customs, railway, tramway, shipping, delivery and transport companies, post and telegraph offices and in all dealings with said bodies, filing petitions, deeds, declarations and documents, receiving and paying amounts, obtaining and issuing valid receipts and releases;
- carrying out any bank transactions – excluding the opening of new credit lines and short-term loans, the opening of current account credits, credit requests in general, including in the form of lending on securities, the establishment of deposits of securities for custody or administration – up to an amount of Euro 1,000,000.00 (one million/00) per transaction. All credit lines may be used within the above limits per transaction and he or she may also terminate relations;
- purchasing, selling, exchanging and carrying out any other negotiation for the purchase of machinery, plants, equipment, vehicles and movable assets in general up to an amount of Euro 500,000.00 (five hundred thousand/00) per transaction, including those recorded in public registers, agreeing conditions, prices and terms of payment. The rights to sign property sale agreements or establishment of rights in rem over the same are not included in the assigned powers;
- signing and terminating service, works and consulting contracts up to an amount of Euro 200,000.00 (two hundred thousand/00) per transaction;
- initiating all factoring transactions, including but not limited to the assignment of receivables, the provision of discounts, the issue of orders for collection and the set-up of guarantees, in all cases without limits on the amount of each transaction; and
- determining the structure and organization of subsidiaries and associates, authorizing the exercise of voting rights (including by proxy) for all matters not reserved for the competence of the Board of Directors in the meetings of subsidiaries, associated companies and investee companies.

jointly with the Chairman Lauro Buoro, the powers for:

- hiring and dismissing managers, determining their tasks and establishing their salaries in accordance with current provisions; participating in trade union negotiations and signing agreements, including at a corporate level; and
- filing trademarks and patents, granting and using industrial property rights, also issuing powers of attorney for this purpose.

In order to carry out his duties and the powers attributed to him, the Chief Executive Officer is entitled to use agents, including third parties, to whom he may grant, in whole or in part, jointly or separately, the powers granted to him.

Furthermore, the Chief Executive Officer is identified as the employer pursuant to Italian Legislative Decree no. 81/08 and, in addition to the powers above, he has also been vested with the power to delegate, in whole or in part, the functions and powers granted to him. He is vested with the broadest decision-making powers and unlimited spending power, in order to implement protection of health and safety at the above-mentioned workplace, ensuring the good execution and effective implementation thereof. These duties also include the adoption and updating of the organisational chart of the individuals in charge of implementing this protection system as delegates of the employer, managers and supervisors pursuant to Italian Legislative Decree no. 81/08, the appointment of the person in charge of the prevention and protection service and, more generally, the assurance of compliance with the provisions introduced by the accident prevention regulations.

At least once every three months, the Chief Executive Officer provides suitable information to the Board of Directors on the general trend of operations and on the outlook, as well as on the most important transactions, in terms of size and characteristics, carried out by the Company and its subsidiaries.

By virtue of the powers granted by the Board of Directors, the Chief Executive Officer is the person who is principally responsible for the management of the business. It is furthermore specified that there is no interlocking as far as the Chief Executive Officer is concerned.

Chairman of the Board of Directors

The Board of Directors appointed Lauro Buoro as Chairman of the Board of Directors. He is also the Company's majority shareholder.

The Chairman directs the proceedings of the Shareholders' Meetings, checks the regular constitution of the Meeting, ascertains the identity and legitimacy of those present, oversees its performance, including regulation of the order and duration of speeches, determination of the voting system and the vote count, and ascertains the results of votes.

The following are the main powers of attorney granted separately and with signing authority by the Board of Directors to the Chairman:

- purchasing, selling, exchanging and carrying out any other negotiation for the purchase of machinery, plants, equipment, vehicles and movable assets in general up to an amount of Euro 1,500,000.00 (one million, five hundred thousand/00) per transaction, including those recorded in public registers, agreeing conditions, prices and terms of payment. The rights to sign property sale agreements or establishment of rights in rem over the same are not included in the assigned powers;
- signing lease contracts of less than nine years, including property leases, rental and extended loans for moveable and immovable property, each insured up to an amount of Euro 700,000.00 (seven hundred thousand/00) per year, including the power to sign the contracts themselves under the terms and conditions that will be set, paying and collecting the

agreed upon amounts, issuing receipts and carrying out and concluding any other related operation;

- signing and terminating service, works and consulting contracts up to an amount of Euro 2,000,000.00 (two million/00) per transaction;
- carrying out any bank transactions – including the opening of new credit lines and short-term loans, the opening of current account credits, credit requests in general, including in the form of lending on securities, the establishment of deposits of securities for custody or administration – up to an amount of Euro 10,000,000.00 (ten million/00) per transaction; all credit lines may be used within the above limits per transaction and he may also terminate relations;
- endorsing, including for the purpose of discount and collection, demanding and receipting bills of exchange, cheques and payment orders, including orders concerning State, regional, provincial and municipal Treasuries and any other public entity or Public Treasury; issuing cheques drawn on bank current accounts, including overdraft, of the Company up to the credit lines granted by the bank to the Company, in any case up to an amount of Euro 10,000,000.00 (ten million/00) per transaction; the power to sign/endorse promissory notes and bills is not included herein;
- issuing comfort letters for subsidiaries up to an amount of Euro 2,000,000.00 (two million/00) per transaction;
- paying taxes and fees to directors without limits on the amount;
- initiating all factoring transactions, including but not limited to the assignment of receivables, the provision of discounts, the issue of orders for collection and the set-up of guarantees, in all cases without limits on the amount of each transaction;
- signing and terminating agency, distribution, representation, brokerage and commercial procurement contracts and agreements, even with exclusivity clauses, for the best possible placement of the Company's products and
- total autonomy in taking and supervising technical decisions connected to the conception, design, development and production of both the electronic and electromechanical components of the products sold or in any case distributed by the Company;
- hiring and dismissing managers, determining their tasks and establishing their salaries in accordance with current provisions; participating in trade union negotiations and signing agreements, including at a corporate level; and
- filing trademarks and patents, granting and using industrial property rights, also issuing powers of attorney for this purpose.

Finally, jointly with the Director Lorenzo Galberti, he is vested with the broadest powers as far as the Company's technical sector (electro mechanics) is concerned. They have total autonomy in technical decisions connected to the conception, design, development and production of the electronic components of the products sold or in any case distributed by the Company.

In order to carry out his duties and the powers attributed to him, the Chairman is entitled to use agents, proxies and special attorneys, including third parties, to whom he may grant, in whole or in part, jointly or separately, the powers for which they have been appointed.

Based on the activities carried out by directors and all company departments, as well as on the trend of operations and the results achieved, the Board believes that the powers of attorney currently granted to the Chairman are appropriate.

Information to the Board of Directors

The Directors promptly refer to the Board of Statutory Auditors, and in any case at least every three months, during the meetings of the Board of Directors, or also through written notice, the most significant transactions at an economic, financial and equity level carried out by the Company and its subsidiaries, in order to put the Board of Statutory Auditors of Nice in a position to be able to establish if the transactions resolved and carried out comply with the law and the Articles of Association and are not manifestly imprudent or in contrast with the resolutions of the Shareholders' Meeting or such as to jeopardize the integrity of the Company assets.

In particular, the Directors report on the transactions in which they hold an interest, on their behalf or on behalf of third parties, or that are influenced by the party that performs management and coordination, if any, and possible atypical, unusual transactions as well as transactions with related parties.

4.5. OTHER EXECUTIVE DIRECTORS

There are four executive Directors in the Company's Board of Directors, who are Lauro Buoro, Chairman (with powers of attorney), Roberto Griffa, Chief Executive Officer, Lorenzo Galberti, Head of research and development for the electromechanical sector, and Chiara Mio, responsible for preparing the "Sustainability Plan" of the Nice Group.

4.6. INDEPENDENT DIRECTORS

The Corporate Governance Code recommends that a suitable number of independent Directors are appointed within the Board of Directors. Based on the information set forth in the Corporate Governance Code, a member is not considered an independent director if he or she:

- directly or indirectly, including through subsidiaries, trustees or intermediaries, controls the Issuer or is able to considerably influence it, or participates in a shareholders' agreement through which one or more individuals may control or considerably influence the Issuer;
- is or has been, during the previous three financial years, an important representative of the Issuer, of one of its strategically important subsidiaries or of a company jointly controlled by the Issuer, i.e. a company or entity that, also with others through a shareholders' agreement, controls the Issuer or is able to considerably influence it;
- directly or indirectly (for example through subsidiaries or companies of which he or she is an important representative, i.e. as a partner of a professional or consulting firm) has or has had, during the previous financial year, a significant business, financial, or professional relationship:
 - with the Issuer, one of its subsidiaries, or any relevant important representatives;
 - with an individual who, also with others through a shareholders' agreement, controls the Issuer or - in case of a company or entity - with the relevant important representatives; or
 - is or has been, during the previous three financial years, an employee of one of the aforementioned entities;
- receives or has received from the Issuer or its subsidiary or parent company, during the previous three financial years, a significant additional remuneration (in addition to the 'fixed' fee as a non-executive directors of the Issuer and the fees for taking part in the committees rec-

ommended in the Corporate Governance Code), also in the form of participation in performance-based incentive plans, including those on a share basis;

- has been a director of the Issuer for more than nine years during the last twelve years;
- holds the office of executive director in another company where an executive Director of the Issuer is a director;
- is shareholder or director in a company or entity belonging to the network of the company appointed to perform the statutory audit of the Issuer's accounts; and
- is a close family member of a person who is in one of the situations mentioned in the previous points.

The current Board of Directors of the Company includes two directors who meet the independence requirements established by the Stock Market Regulation and the Corporate Governance Code. These persons are Antonio Bortuzzo and Emanuela Paola Banfi. The aforementioned directors also meet the independence requirements specified by article 148, paragraph 3 of the TUF. Given the total number of members of the Board of Directors, the number of independent directors is in line with the requirements of article 148 of the TUF and article I.A.2.10.6 of the Instructions to the Stock Market Regulation.

The Board of Directors and the Board of Statutory Auditors assessed the existence of the independence requirements envisaged for the aforesaid directors, also based on the statements they made in accordance with article 148 of the TUF and article 2.2.3, paragraph 3, letter l) of the Stock Market Regulation, on the first suitable occasion after their appointment; the Boards also specified the assessment criteria effectively applied and disclosed the results of their assessment to the market in a press release.

With particular reference to the Independent Director Antonio Bortuzzo, the Board found that, despite serving as Independent Director within the Board of Directors of Nice S.p.A. for more than nine of the last twelve years, he still meets the independence requirement. The Board made this assessment based on the fact that the Corporate Governance Code requires that the assessment of the existence of independence requirements must be carried out with the prevalence of substance over form, merely indicating some non-binding examples, including the requirement referred to under letter e) of criterion 3.C.1.

On 22 April 2016 and on 14 March 2017, the Board of Directors carried out all relevant assessments on the independence requirements of the two non-executive Directors Antonio Bortuzzo and Emanuela Paola Banfi, based on the information provided by them and also applying, inter alia, all the criteria provided for in the Corporate Governance Code. In this meeting, the Board of Statutory Auditors confirmed that it had performed all the necessary checks on the correct application of the assessment criteria and procedures adopted by the Board of Directors to verify the independence of its members. Following these checks, the Board of Statutory Auditors ascertained and confirmed that the procedures followed by the Board of Directors were correct, and disclosed to the market the outcome of these audits in this Report or in their annual report to the Shareholders' Meeting.

The independent directors met seven times during the Year, in the absence of the other directors.

The independent Directors had indicated their fulfilment of the requirements to be independent directors in the lists for appointment to the Board of Directors and, as far as is known to the Issuer, they were committed to maintaining their independence for the duration of their office.

4.7. LEAD INDEPENDENT DIRECTOR

The Board of Directors decided to maintain the position of lead independent director also upon renewal of the corporate bodies (which, it is specified, took place upon approval of the financial statements for the year ended 31 December 2015), given that the Chairman continues to be the Company's majority shareholder. Antonio Bortuzzo, independent Director, was confirmed as lead independent director in the meeting of 22 April 2016. Non-executive directors, and in particular independent directors, report to the lead independent director so as to better contribute to the Board of Directors' activity and coordination.

During the Year, Antonio Bortuzzo coordinated the proposals and contributions of non-executive directors, and in particular of non-executive and independent directors, where required or appropriate.

5. PROCESSING OF CORPORATE INFORMATION

Procedures for internal management and release of privileged information

The Company adopted the procedure for internal management and release of privileged information, in accordance with the provisions set forth in the market abuse legislation, including the recent amendments introduced by the Regulation (UE) no. 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuses and related execution and delegated Regulations, also regulating the establishment of the register of people having access to privileged information, in force since 1 April 2006 and subsequently updated and amended, lastly with resolution of the Board of Directors on 3 August 2017.

The procedure envisages, in general, that the Chairman of the Board of Directors, the Chief Executive Officer and the Head of Finance, separately manage privileged information; it contains specific sections that define privileged information, the recipients of the aforesaid procedure, the relevant management methods, the obligations of conduct of the recipients, the identification of the bodies responsible for the process of managing and externally disclosing privileged information, the procedures for releasing privileged information to the market as well as the process for approving press releases and the procedures for dealing with the so-called market rumours; it regulates the rules governing cases of delay in disclosure to the market, the cases of disclosing privileged information to third parties, the instructions relating to meetings with the media and the financial community, the rules to be adopted during market surveys and the establishment of a register of persons having access to privileged information, persons authorised to have dealings with the outside and the persons who have to comply with non-disclosure requirements.

The procedure is available on the Company's website, in the section on Investor Relations, Corporate Governance, Codes and Regulations³.

Internal Dealing Code

In compliance with the provisions of the market abuse law, the Company has adopted the Internal Dealing Code drafted pursuant to the Regulation (EU) no. 596/2014 of the European Parliament and the Council of 16 April 2014 on market abuse (and related execution and delegated Regulations) and to the articles 152-*sexies* et seq. of the Issuers' Regulation. The Code was adopted for the first time in 2006 and was subsequently amended and integrated on several occasions for constant adaptation to the legislative and regulatory amendments from time to time. The last amendment was in August 2017 with the resolution of the Nice Board of Directors on 3 August 2017.

³ http://ir.niceforyou.com/file_upload/PROCEDURAINFORMAZIONIPRIVILEGIATEITA.pdf

According to the said document, a series of important persons, i.e. those who have regular access to privileged information and the power to make operating decisions that could affect the evolution and outlook of the Company, and also persons strictly in contact with them, are subject to requirements of disclosure to the market with regards to the transactions carried out on listed financial instruments issued by the Company.

The Internal Dealing Code envisages thresholds and terms for disclosure to the market and the relevant sanctions, in line with the specifications in the CONSOB's provisions on the subject. This Code also contains clauses governing the so-called black out period.

The procedure is available on the Company's website, in the section on Investor Relations, Corporate Governance, Codes and Regulations.

During the Year, the Company published thirty-eight press releases on internal dealing, available on the Company's website in the section for Investor Relations, Corporate Governance, Internal Dealing, having received the standard notices on major transactions pursuant to the Regulation (UE) no. 596/2014 of the European Parliament and the Council of 16 April 2014 and to the articles 152-*sexies* et seq. of the Issuers' Regulation.

6. BOARD OF DIRECTORS COMMITTEES (pursuant to article 123-*bis*, paragraph 2, letter d), TUF)

The Board of Directors has established internally a Remuneration Committee and an Audit and Risk Committee; for information on their composition and activities, one should refer to the paragraphs below in this Report.

The Board of Directors has not established a committee that carries out the functions of two or more committees as provided for by the Corporate Governance Code and the functions attributed to the above-mentioned committees were not assigned otherwise than as recommended in the Corporate Governance Code, nor were these functions in any way reserved to the entire Board of Directors. For completeness, it is noted that the Control and Risk Committee also carries out the functions provided by the Related Parties Regulation.

7. APPOINTMENTS COMMITTEE

The Board of Directors resolved to defer the appointment of a specific internal committee for appointment proposals, since no need has arisen so far, particularly in view of the structure of Nice Group and the Issuer's shareholding structure.

8. REMUNERATION COMMITTEE

Composition and operation of the Remuneration Committee (pursuant to article 123-*bis*, paragraph 2, letter d), TUF)

The Board of Directors has appointed an internal Remuneration Committee.

The Board of Directors appointed Antonio Bortuzzo and Emanuela Paola Banfi, both non-executive and independent directors, as members of the Remuneration Committee regularly in office at 31 December 2017. The Committee appointed Antonio Bortuzzo as its Chairman, who is in charge of coordinating the Committee's work.

Upon their appointment on 22 April 2016, the Board of Directors assessed and deemed appropriate the skills of the members of the Committee as regards financial matters and remuneration policies

and, lastly, evaluated the committees as efficient in terms of both size and quality during the meeting of 14 November 2017.

The members of the Remuneration Committee do not receive additional gross compensation on an annual basis for the work they carry out.

During the Year, the Remuneration Committee met 3 times. Meetings lasted approximately one hour on average and all members took part. The meetings of the Remuneration Committee held in the Year discussed the following:

- formulate the proposal for the fixed compensation payable to directors with specific offices for the Year;
- formulate the proposal for the maximum amount of the partially variable remuneration that may be due to the same for the Year as well as the objective parameters to which the variable component of the short-term remuneration must be linked;
- final determination of the partly variable remuneration due to directors with operational powers and executives with strategic responsibilities for 2016;
- formulate the proposal for the maximum amount of partially variable remuneration that may be due to executives with strategic responsibilities for the Year.

At least two meetings of the Remuneration Committee are planned for this year. These meetings have already been held as of the date of this Report. The meetings of the Remuneration Committee were properly minuted and the Board of Directors was informed about the contents of the meetings.

Directors did not participate in the meetings of the Committee that formulated proposals to the Board of Directors relating to their own remuneration.

Functions of the Remuneration Committee

The following duties are assigned to the Remuneration Committee:

- periodically assess the adequacy, overall consistency and concrete application of the remuneration policy of Directors and Key Executives, availing itself, in this latter context, of the information provided by the chief executive officers; formulate to the Board of Directors proposals in regard;
- submitting proposals or expressing opinions to the Board of Directors on the remuneration of executive directors and of other directors holding specific offices, as well as on the establishment of performance targets related to the variable part of said remuneration; monitoring implementation of the Board's resolutions by assessing, in particular, the actual achievement of performance targets.

Given the type of activity carried out by the Remuneration Committee, the Company did not consider it necessary to provide this Committee with predetermined spending powers, and will eventually consider its expenditure needs on a case-by-case basis.

In carrying out its functions, the Remuneration Committee has the right to access all information and company departments necessary to carry out its tasks, in addition to the right to use any external consultants it requires, under the terms set out by the Board of Directors.

It should be noted that the information in this section relating to the functions of the Remuneration Committee is provided by reference to Section I, paragraph 'Remuneration Committee' of the Report on remuneration published pursuant to article 123-*ter* of the TUF.

9. REMUNERATION OF DIRECTORS

It should be noted that the information in this section relating to the general remuneration policy, share-based incentive plans, the remuneration of executive directors, managers with strategic responsibilities and non-executive directors is provided by reference to Section I of the Report on Remuneration published pursuant to article 123-*ter* of the TUF.

It should be noted that there shall be no indemnity paid to directors in the event of resignation, dismissal, or termination of their office following a takeover bid.

10. AUDIT AND RISK COMMITTEE

Composition and operation of the Audit and Risk Committee (pursuant to article 123-*bis*, paragraphs 2, letter d), TUF)

The Board of Directors has appointed an internal Audit and Risk Committee, consisting of non-executive directors, who are mostly independent. At least one member of the committee has suitable experience on accounting and financial subjects, which is assessed by the Board of Directors upon appointment.

The Board of Directors appointed Antonio Bortuzzo and Emanuela Paola Banfi, both non-executive and independent directors, as members of the Audit and Risk Committee. The Committee appointed Antonio Bortuzzo as its Chairman, who is in charge of coordinating the Committee's work.

Upon their appointment on 22 April 2016, the Board of Directors assessed and deemed appropriate the skills of the members of the Committee as regards financial and accounting matters and, lastly, evaluated the committees as efficient in terms of both size and quality during the meeting of 14 November 2017.

The members of the Audit and Risk Committee do not receive additional gross compensation on an annual basis for the work they carry out.

During the Year, in total the Audit and Risk Committee met ten times, five of which involved the Audit and Risk Committee carrying out the functions provided for in the Related Parties Regulation.

Meetings lasted approximately three hours on average and 100% of members in office took part. The meetings of the Audit and Risk Committee were properly minuted and the Board of Directors was informed about the contents of the meetings.

During the Year, the Audit and Risk Committee examined the activities of the Internal Audit department, aimed at supporting the monitoring and improvement of the internal audit system and the organisational model established by Italian Legislative Decree no. 231/2001. The Committee also examined the other actions carried out by the Company to improve the whole internal audit and risk management system, with specific reference to the procedures relating to business trends, structure and organisation, control procedures, the management of commercial credit risk, warehouse management, the Treasury structure, tax risks and exchange rate risks, and assisted the Board of Directors wherever necessary. The Chairman of the Board of Statutory Auditors, the Controller (Ms Cimolai) and the Chief Financial Officer (Nicola Biondo) took part in these meetings, on invitation from the Committee.

In particular, the 5 meetings dedicated to the ordinary functions of the Audit and Risk Committee had the following agenda:

- summarising the work carried out by the Internal Audit Manager and the Controller in coordination with the Audit and Risk Committee in the months under review;

- checking the Company's compliance with the obligations set forth in the Corporate Governance Code as far as the internal audit and risk management system is concerned;
- verifying the processes, procedures and risks in the reference months.

The Audit and Risk Committee also carried out the functions provided for in the Related Parties Regulation and the Company's procedure for transactions with related parties, meeting five times during the year to perform checks relating to transactions carried out by the Company with related parties.

The meetings in which the Audit and Risk Committee carried out the functions envisaged by the Related Parties Regulation concerned the audits relating to the transactions performed by the Company with related parties in the months audited.

For the current year, at least 8 meetings are planned (including those that the Audit and Risk Committee will hold under the role of the Related Parties Committee), one of which already held at the date of this Report.

Functions attributed to the Audit and Risk Committee

In addition to assisting the Board of Directors and carrying out the duties as per paragraph 4.3 above, the Audit and Risk Committee:

- assesses, together with the Financial Reporting Manager and with the favourable opinion of the Independent Auditors and the Board of Statutory Auditors, the proper use of accounting standards and, in the case of groups, their homogeneity in order to facilitate the drafting of the consolidated financial statements;
- expresses opinions on specific aspects concerning the identification of the major corporate risks;
- examines the regular reports assessing the internal audit and risk management system, and the particularly significant reports drafted by the internal audit department;
- monitors the independence, adequacy, effectiveness and efficiency of the Internal Audit function;
- can request that the Internal Audit function carry out checks on specific operational areas giving immediate notice to the Chairperson of the Board of Statutory Auditors;
- reports to the Board of Auditors at least twice a year, on the occasion of the approval of annual and interim financial reports, on the activities carried out and on the adequacy of the internal control and risk management system; and
- supports, with adequate investigations, assessments and decisions of the Board of Directors relating to the management of risks arising out of damaging actions that the Board of Directors has become aware.

In carrying out its functions, the Audit and Risk Committee has the right to access all information and company departments necessary to carry out its tasks, in addition to the right to use any external consultants it requires, under the terms set out by the Board of Directors.

Given the type of activity carried out by the Audit and Risk Committee, the Company did not consider it necessary to provide this Committee with predetermined spending powers, and will eventually consider its expenditure needs on a case-by-case basis.

During the year, the Audit and Risk Committee carried out all the above activities and, where needed, was supported by the internal Audit, and Management Control departments and discussed with the Board of Statutory Auditors, the Director in charge of the internal audit and risk management system, as well as with other delegated bodies. The outcome of all the activities carried out was

presented to the Board of Directors on 14 March 2017 upon the approval of the annual consolidated results for 2017.

At least one member of the Board of Statutory Auditors participated in the works of the Audit and Risk Committee.

11. INTERNAL AUDIT AND RISK MANAGEMENT SYSTEM

The internal audit and risk management system is the set of rules, procedures and organisational structures aimed at ensuring proper management of the Company in line with set objectives, through a suitable identification, assessment, management and monitoring process of the main risks. This system is integrated into the more general organisational and corporate governance structures adopted and takes into due consideration the reference models and best practices existing at a national and international level.

In particular, pursuant to the best international practices (COSO – Internal Control - Integrated Framework), the internal audit and risk management system is designed to provide reasonable certainty about the achievement of the objectives included in three categories:

- effective and efficient use of corporate resources (operations objectives);
- preparation and publication of financial and other reports, internal and external, that is reliable, timely and transparent as well as compliant with the requirements of the various regulatory bodies and the bodies that define recognised standards or policies for the entity (reporting objectives);
- the Company's compliance with the laws and regulations in force (compliance objectives).

The main activities of a corporate risk management process are the following:

- risk identification;
- risk assessment;
- identification of risk management measures;
- assessment of risk management measures.

During the Year, while defining the strategic, business and financial plans, the Board of Directors defined the nature and the level of risk that is compatible with the Issuer's strategic objectives, including in its assessment all the risks that may be significant in terms of the medium-long term sustainability of the Issuer's business, as well as the guidelines for the internal audit and risk management system, so that the main risks incurred by Nice and its subsidiaries are duly identified, correctly assessed, managed and monitored, also determining the compatibility of such risks with a business management that is in line with the strategic objectives identified.

Risk identification and assessment

The Internal Audit department developed in 2013 the map of the risks of the operations, financial reporting and compliance components and subsequently assessed each risk through a formal and structured methodological approach, in line with the best international practices. The map of the risks and the relevant assessment have been regularly updated - on an annual basis - through a process involving the identification of the organisational and business changes that were significant for risk assessment purposes. The update was carried out, depending on the significance of the changes occurring, through the use of specifically developed questionnaires or interviews with the first line of reporting to the Chief Executive Officer.

With reference to financial reporting risks, the risk identification and assessment phases are carried out in a structured manner, following a formal methodological approach, with the support of the Internal Audit department within the scope of the Financial Reporting Manager's consulting task.

As far as compliance is concerned, also the identification and assessment of crime-risks that are significant in terms of the Organisational, management and control model pursuant to Italian Legislative Decree no. 231/2001, which represent an important component of the overall risk area, are also carried out pursuant to a structured methodological approach.

Identification and assessment of risk management measures

The identification and assessment of risk management measures are carried out in a through and well-structured manner, according to a formal methodological approach, for financial reporting risks, within the scope of the Financial Reporting Manager's consulting task. In particular, the update and assessment of the appropriateness and effectiveness of the audits for this risk area is carried out by the Financial Reporting Manager who is supported by the Internal Audit department.

Similar considerations can be made on the identification and assessment of crime-risk management as far as the Organisational management and control model is concerned; in this case as well the activities are carried out in a structured manner, following a formal methodological approach, within the scope of the so-called consulting tasks provided by the Internal Audit department to the Supervisory Board appointed pursuant to Italian Legislative Decree no. 231/01.

For other risk areas, the Internal Audit department is identifying the controls during the audits until 2016. The controls were assessed in terms of appropriateness and, if appropriate, they were tested to confirm their efficiency. The Audit Plan ensures that the most significant risks are covered for all the units needing to be audited over the three-year period 2016-2018. The audit plan for the year 2017 covered certain consultancy positions in assistance to the Financial Reporting Manager, as well as certain consultancy or assurance appointments in support of the Supervisory Board of the Company appointed pursuant to Legislative Decree 231/01.

With reference to the administration-accounting sphere, it should be noted that the internal audit and risk management system also includes a model supporting the statements of the Financial Reporting Manager pursuant to article 154-*bis* of Italian Legislative Decree no. 58/98, the characteristics of which are described in Annex 1 to this Report.

This major component of the internal audit and risk management system implements a so-called 'second level' audit, which the Financial Reporting Manager is responsible for.

Subject to the favourable opinion of the Audit and Risk Committee, the Board of Directors has approved, on a yearly basis, the work plan prepared by the head of the internal audit department, based on the opinion of the Board of Statutory Auditors and the director in charge of the internal audit and risk management system.

The Board of Directors has also assessed the appropriateness of the internal audit and risk management system in relation to the business' characteristics and the risk profile assumed as well as its effectiveness, and expressed a favourable opinion on the system. This assessment took account of the work carried out by the Audit and Risk Committee, the Internal Audit department, the Supervisory Board, the Board of Statutory Auditors and the Independent Auditors.

11.1. DIRECTOR IN CHARGE OF THE INTERNAL AUDIT AND RISK MANAGEMENT SYSTEM

In its meeting on 22 April 2016, the Board of Directors appointed Roberto Griffa as the Director in charge of the internal audit and risk management system.

During the Year, (i) he identified the main corporate risks, taking into account the characteristics of the activities performed by the Issuer and its subsidiaries, and regularly submitted them for review by the Board of Directors; (ii) he implemented the guidelines defined by the Board of Directors, providing for the planning, deployment and management of the internal audit and risk management system, constantly checking its overall appropriateness, effectiveness and efficiency; (iii) he adapted this system to the current operating conditions, laws and regulations; (iv) where necessary and in accordance with the relevant procedures, he asked the internal audit department to carry out audits on specific areas of operation and on the general compliance with the internal rules and procedures when performing corporate activities, promptly reporting the matter, where appropriate, to the Chairman of the Board of Directors, the Chairman of the Audit and Risk Committee and to the Chairman of the Board of Statutory Auditors; and (v) he immediately reported to the Audit and Risk Committee (or the Board of Directors) any problems or critical issues that emerged during the performance of his tasks or which he became aware of, in order for the Committee (or the Board of Directors) to take the appropriate measures. Since the appointment of other Internal Audit Managers and the revocation of the current Internal Audit Manager were not considered necessary during the Year, the Director in charge of the internal audit and risk management system did not make any proposals to the Board of Directors regarding the appointment, revocation or remuneration of the Internal Audit Manager.

11.2. INTERNAL AUDIT MANAGER

The Internal Audit department is the sole and central provider of assurance and consultancy services on risks and internal audit issues for the various parties involved (Internal Audit and Risk Committee, Board of Directors, Supervisory Board pursuant to Italian Legislative Decree no. 231/2001 and the Financial Reporting Manager). The need for coordination, expressly required by the 'Standard for the Professional Practice of Internal Auditing no. 2050', can be practically met also through the involvement of the Internal Audit department, the manager of which ensures that information is shared and the various activities are coordinated in order to achieve adequate coverage and minimise possible duplications.

In order to secure the skills required for this department, the Company made use of the support of an external company specialised in internal audit services for various, highly complex listed companies.

On 11 March 2016, upon the proposal of the Executive Director in charge of the internal audit and risk management system, following the favourable opinion of the Audit and Risk Committee and that of the Board of Statutory Auditors, the Board of Directors resolved to extend the term of office of Vittorio Gennaro, the chief executive officer of Operari S.r.l., as the Internal Audit Manager of the Company for the 2016-2018 period. The Internal Audit Manager is not responsible for any area of operations and reports directly to the Board of Directors.

On 28 February 2017, the Issuer stipulated a new contract with Operari S.r.l. for the provision of outsourcing services of the internal audit activity that fully replaces the previous contract of 17 December 2015, with reference to the years 2017 and 2018. In accordance with this contract, the audit plan covers certain consultancy positions in assistance to the Financial Reporting Manager, as well as certain consultancy or assurance appointments in support of the Supervisory Board of the Issuer.

The remuneration agreed by the Board of Directors – upon the proposal of the Executive Director in charge of the internal audit and risk management system, after obtaining the favourable opinion of the Internal Audit Committee and of the Board of Statutory Auditors - for Operari S.r.l., to which the

internal audit department's activities are outsourced, is fair and in line with market standards and ensures the use of adequate resources for performing its duties.

Following this resolution, the entire internal audit activity was outsourced to a third party that has the required professional, independence and organisational requirements, as this solution was considered to be more effective and efficient compared to the Group's own characteristics. Operari S.r.l. has no corporate ties with the Company.

Also in light of the new agreement for the provision of internal audit services, the Internal Audit Manager has the following duties:

- Planning:
 - preparation of the audit plan for approval by the Board of Directors, following the opinions of the Board of Statutory Auditors and the Director in charge of the internal audit and risk management system.
- Implementation:
 - preparation of a schedule for auditing the various functions, to be carried out within the Company or its investee companies;
 - checking, supervision and improvement of the internal audit system, in relation to the efficiency and effectiveness of the corporate processes, the reliability and integrity of the accounting and operating data, the compliance of transactions with the law and the internal policies and procedures;
 - preparation of appropriate recommendations and proposals for improvement in the so-called audit reports;
 - monitoring of the implementation of said recommendations.
- Reporting:
 - preparation of regular reports containing appropriate information on its activities, on the methods used for risk management and the compliance with the plans defined for risk reduction; the reports shall also contain an assessment of the appropriateness of the internal audit and risk management system and shall be sent to the Chairman of the Board of Statutory Auditors, the Chairman of the Audit and Risk Committee and the Chairman of the Board of Directors, as well as to the Director in charge of the internal audit and risk management system.
- Management of methods and tools:
 - management of the methods and tools for the performance of the internal audit department's activities;
- Performance of institutional roles:
 - performance of the duties, through individual assignment, of the institutional role as Internal Audit Manager.

The Internal Audit Manager assessed the operation and appropriateness of the internal audit and risk management system on a continuous as well as on a case-by-case basis and in compliance with international standards, through an audit plan approved by the Board of Directors, based on a structured process for the analysis and prioritisation of the main risks.

The risks related to the reliability and integrity of accounting information represent the most relevant risk domain, and this information has been duly considered in carrying out the planning and execution activities.

In particular, the Internal Audit department carried out six assignments in 2017, in line with the work plan prepared by its department manager:

- two consulting assignments in favour of the Financial Reporting Manager (relating to the reporting periods ending 30 June 2017 and 31 December 2017);
- four consulting assignment in favour of the Supervisory Board pursuant to Legislative Decree no. 231/2001.

Following the assignments described above, the Internal Audit Manager prepared appropriate recommendations and proposals for improvement, and monitored the implementation of the said recommendations.

The Internal Audit Manager had direct access to all the information required to carry out his duties. He prepared regular reports, and in particular an annual report, containing appropriate information on his activities, the methods used for risk management and their compliance with the plans defined for risk reduction, as well as an assessment of the appropriateness of the internal audit and risk management system, and sent them to the Chairman of the Board of Statutory Auditors, the Chairman of the Audit and Risk Committee and the Chairman of the Board of Directors, as well as to the Director in charge of the internal audit and risk management system.

In the year just ended, the Internal Audit Manager did not consider it necessary to prepare any urgent reports on particularly significant events. In carrying out his functions, he assessed, as part of the audit plan, the reliability of the IT systems, including the accounting systems, with particular reference to the consulting assignments in favour of the Financial Reporting Manager.

11.3. ORGANIZATIONAL MODEL pursuant to Legislative Decree 231/2001

The organisational, management and control model pursuant to Italian Legislative Decree no. 231/2001, was updated on 12 November 2015 following the introduction of the new regulations on money laundering and environmental and corporate offences.

By adopting and efficiently implementing an Organisational, management and control model suitable to prevent the offences listed in Italian Legislative Decree no. 231/2001, the Company can indeed be exempted from any liability for offences committed by its managers and people subject to their supervision and management.

Specifically, by adopting and efficiently implementing the Model, the Company aims to benefit from the so-called 'justification' also with the purpose of (i) protecting its position and image as well as the expectations of its shareholders, employees and stakeholders in general; (ii) further improving its Corporate Governance system based on national and international best practices, so as to keep it in line with high ethical standards and ensure, at the same time, efficient management of operations.

The Organisational, management and control model adopted by the Company consists of:

- a "General Part" ⁽⁴⁾ that explains the scope and principles of the Model and that identifies and regulates its common and essential components. In particular, the 'General Part' describes the characteristics of the Supervisory Board, the regulatory system, staff training, distribution of the Model, relations with the Company's internal audit system, and the process for ongoing updates to the Model;

⁴ The 'General Part' of the Model is available on the website of the Company (www.niceforyou.com) in the Investor Relations, Corporate Governance, Codes and regulations section.

- fourteen 'Special Parts' relating to the types of offence-risks deemed theoretically significant for the Company, i.e.:
 - Special Part 'A' on the prevention of offences committed within the scope of relations with the Public Administration (articles 24 and 25 of Italian Legislative Decree no. 231/2001);
 - Special Part 'B' on the prevention of cybercrime and the violation of privacy (article 24-*bis* of Italian Legislative Decree no. 231/2001)
 - Special Part 'C' on the prevention of organised crime (article 24-*ter*);
 - Special Part 'D' on the prevention of offences of forgery of money, public credit instruments, revenue stamps, and identification tools or distinctive signs (article 25-*bis*);
 - Special Part 'E' on the prevention of crimes against industry and trade (article 25-*bis.1*);
 - Special Part 'F' on the prevention of corporate offences (article 25-*ter* of Italian Legislative Decree no. 231/2001);
 - Special Part 'L' on market abuse (article 25-*sexies* of Italian Legislative Decree no. 231/2001) and, by virtue of the entity's liability claim as per article 187-*quinquies* of Italian Legislative Decree no. 58/98, on the prevention of regulatory offences as per articles 187-*bis* and 187-*ter* of Italian Legislative Decree no. 58/98;
 - Special Part 'M' on the offences committed in violation of laws on accident prevention, hygiene and health protection at work (article 25-*septies* of Italian Legislative Decree no. 231/2001).
 - Special Part 'N' on the prevention of handling of stolen goods, money laundering and use of money, goods or benefits from illegal sources (article 25-*octies* of Italian Legislative Decree no. 231/2001);
 - Special Part 'O' on the prevention of copyright infringement (article 25-*novies* of Italian Legislative Decree no. 231/2001);
 - Special Part 'P' on the prevention of the offence of incitement not to make statements or to make false statements to the judicial authorities (article 25-*decies* of Italian Legislative Decree no. 231/2001);
 - Special Part 'Q' on the prevention of environmental crimes (article 25-*undecies* of Italian Legislative Decree no. 231/2001);
 - Special Part 'R' on the prevention of the employment of illegally staying third-country nationals (article 25-*duodecies* of Italian Legislative Decree no. 231/2001);
 - Special Part 'S' on the prevention of transnational offences (article 10 of Italian Law no. 146/2006).

The Model adopted is addressed to:

- directors, managers and employees of the Company;
- directors, managers and employees of other companies of Nice Group that continuously offer a service on behalf or in the interest of the Company within the activities subject to offence-risk;
- 'external parties': agents, assistants, consultants, suppliers, partners and, in general, the parties who perform independent work provided that they operate within the areas of operations subject to offence-risk on behalf or in the interest of the Company.

The General Part of the Model is available on the Company's website in the section of Investor Relations, Codes and Regulations.

In view of the specific tasks entrusted to the Supervisory Board, it was decided not to assign such duties to the Board of Statutory Auditors and to opt for a collective body chaired by the lead independent director, who is also a member of the Company's Audit and Risk Committee, assisted by the Internal Audit Manager and by a lawyer specialised in company law.

The Board of Directors' meeting held on 22 April 2016 appointed these members of the Supervisory Board: Antonio Bortuzzo, who is the Chairman of the Supervisory Board, Vittorio Gennaro and Alberta Figari. The current Supervisory Board will remain in office until the approval of the Financial Statements as at 31 December 2018.

Code of Ethics

In adopting the Organisational, management and control model in accordance with Italian Legislative Decree no. 231/2001, the Company's Board of Directors adopted a Code of Ethics - updated on 12 November 2015 - through which it formally confirms the essential ethical values which Nice has always aspired to, so that they may represent a constant reference point for everybody within the scope of corporate activities.

The Code of Ethics is addressed to the members of the Company's bodies, to its managers, employees and to all those who interact with the Company on a permanent or temporary basis.

The Supervisory Board (as specified in the Organisational, management and control model as per Italian Legislative Decree no. 231/2001) was assigned the task of ensuring the effective distribution, understanding and implementation of the Code of Ethics within the Company.

11.4. AUDITING FIRM

Pursuant to Legislative Decree no. 39 of 27 January 2010, the ordinary Shareholders' Meeting of 30 November 2010 resolved to assign the statutory auditing of the statutory and consolidated financial statements as well as the limited auditing of half-year reports for the 2010-2018 period to B.D.O. Italia S.p.A. (formerly Mazars S.p.A.) and defined their relevant fees. Furthermore, in its meeting held on 24 April 2012, the ordinary Shareholders' Meeting resolved to supplement the mandate of B.D.O. Italia S.p.A. for the 2012-2018 period, this being necessary because Elero Group, purchased in September 2011, exceeded one of the 'material' parameters pursuant to article 151 of the Issuers' Regulation. Consequently, this assigned mandate shall terminate with the audit relating to the reporting period ending 31 December 2018.

11.5. CORPORATE FINANCIAL REPORTING MANAGER:

Pursuant to article 23 of the Articles of Association, the Board of Directors, following the mandatory opinion of the Board of Statutory Auditors, appoints a Financial Reporting Manager, choosing the same from among the Company's managers with proven experience on accounting and financial subjects, and providing him or her with suitable means and powers to carry out the tasks assigned to him or her. The Board of Directors shall also have the power to revoke the Financial Reporting Manager.

The Articles of Association stipulate that the Financial Reporting Manager must possess the same requirements of integrity as for Statutory Auditors under the applicable laws.

After assessing the aforementioned requirements of professionalism and integrity, the Board of Directors, with its resolution passed on 7 July 2014, appointed Denise Cimolai as financial reporting manager pursuant to and in accordance with article 154-*bis* of the TUF, until revocation by the same Board of Directors. This appointment was then confirmed by the Board of Directors in its meetings held on 6 May 2015 and 22 April 2016. For more information on the professional skills of Denise Cimolai, one should refer to the summary of the *curriculum vitae* in the Appendix to this Report. The Financial Reporting Manager is vested with the all the widest powers directly and/or indirectly related to her tasks, including but not limited to the power to access any type of information and/or document on the Company and/or companies of Nice Group deemed important and/or suitable to perform the tasks assigned to her by the law; she also has been given relevant spending powers in order to fully carry out these tasks.

During the Year, the Financial Reporting Manager made use of the Internal Audit department to assess the efficiency and effectiveness of the administration and accounting procedures set up to support certification of the half-year financial report and the separate and consolidated financial statements, in accordance with article 154-*bis* of the TUF.

11.6 COORDINATION OF THE INDIVIDUALS INVOLVED IN THE INTERNAL AUDIT AND RISK MANAGEMENT SYSTEM

As at the date of this Report, the Issuer had not yet considered adopting procedures for coordinating the various individuals involved in the internal audit and risk management system, as it considered that the bodies and different departments were sufficiently integrated. This is normally ensured by the joint presence of the individuals involved in the internal audit and risk management system at the Board of Statutory Auditors' meetings. Moreover, as already mentioned above, the Internal Audit department is the sole and central provider of assurance and consultancy services on risks and internal audit issues for the various parties involved (Internal Audit and Risk Committee / Board of Directors, Supervisory Board pursuant to Italian Legislative Decree no. 231/2001 and the Financial Reporting Manager). It should also be noted that the current Supervisory Board includes the Chairman of the Audit and Risk Committee and the Internal Audit Manager.

12. DIRECTORS' INTERESTS AND TRANSACTIONS WITH RELATED PARTIES

Pursuant to the Regulation adopted by CONSOB with resolution no. 17221 of 12 March 2010 (the "Related Parties Regulation"), on 30 November 2010, the Board of Directors (i) adopted a new internal procedure containing the rules and standards to be followed so as to ensure the essential and procedural transparency and correctness of transactions with related parties carried out by Nice, either directly or through direct and/or indirect subsidiaries, as updated on 7 June 2013, and it (ii) furthermore assigned the tasks provided for in the Related Parties Regulation and in the Company's procedure for transactions with related parties to the Audit and Risk Committee, which is currently composed of Antonio Bortuzzo and Emanuela Paola Banfi, both of whom are non-executive and independent Directors and, therefore, able to carry out the tasks provided for in the Related Parties Regulation.

As provided for in the Related Parties Regulation, the new internal procedure was approved by the Board of Directors with the favourable opinion of the Committee for Transactions with Related Parties.

The major elements contained in the procedure are the following:

- a. classification of 'Transactions with Related Parties' in Significant Transactions (these being transactions for which the value of assets or liabilities exceeds the 5% threshold), Non-significant Transactions (these being transactions for which the value is so low that they do not carry any appreciable risk for investors and are therefore excluded from the scope of application of the new procedure; the Company has identified these transactions as those with a value that does not exceed Euro 200,000) and Minor Transactions (a residual category which includes Transactions with Related Parties other than those classified as Significant and Non-Significant);
- b. the transparency and market disclosure rules, which are stricter for Significant Transactions, require publication of a special disclosure document;
- c. the particularly important role assigned to the Committee for Transactions with Related Parties in the assessment and approval of transactions.

This Committee is required to ensure the essential correctness of transactions with related parties by issuing an opinion on the interests of the Company in carrying out a specific transaction and on the suitability and correctness of its terms and conditions.

It should be noted that Nice is classified as a smaller company under the terms of the Related Parties Regulation. This status is for those companies whose assets in the statement of financial position or revenues do not exceed Euro 500 million, according to the last approved consolidated financial statements. Due to this, the company can benefit from a "simplified" procedural regime for the approval of transactions with related parties: the Company will therefore be able to use the same procedure for both Significant Transactions and Minor Transactions.

The Company can therefore proceed with a transaction despite a negative opinion from the Committee for Transactions with Related Parties. In this event, any transactions approved in a quarter despite receiving a negative opinion shall be disclosed to the public within fifteen days from the end of that quarter, indicating the reasons why it was decided not to follow the opinion of the Committee for Transactions with Related Parties.

Lastly, it should be noted that the complete procedure regarding transactions with related parties approved by the Board of Directors can be viewed on the website of Nice S.p.A. at:

http://ir.niceforyou.com/file_upload/Nice_procedura OPC 30 11 10.pdf

At the operating level, the Chairman and the Chief Executive Officer, from time to time and on a preliminary basis, assess the existence of any cases in which one or more directors hold an interest on their own behalf or on behalf of third parties in order to ensure compliance with the above procedure.

13. APPOINTMENT OF STATUTORY AUDITORS

The members of the Board of Statutory Auditors are appointed based on lists of candidates according to the procedures indicated below, also pursuant to current rules and regulations about gender balance.

According to article 20, paragraph 4, of the Articles of Association, the members of the Board of Statutory Auditors shall be appointed on the basis of lists presented by shareholders who represent at least 2.5% of the share capital, consisting of shares having voting rights in the ordinary Shareholders' Meeting, in line with article 144-*quater* of Issuers' Regulations (2.5% of share capital for companies whose capitalisation is lower than or equal to Euro 1 billion). The notice calling the meeting shall indicate the ownership stake required for the presentation of the lists. The existence of the minimum ownership stake required for the presentation of the list shall be certified according

to the procedures and conditions set forth by the applicable legal rules and regulations. Shareholders and members of the same shareholders' agreement in accordance with article 122 of the TUF, as well as subsidiaries and jointly-owned companies pursuant to article 93 of the aforesaid decree, even if they act through an intermediary or a trust company, can only present and vote for one list. No adhesions and votes expressed in violation of this prohibition shall be attributed to any list. The list vote mechanism aims at ensuring the appointment by the minority of a Statutory Auditor with the role of Chairman and an Alternate Statutory Auditor.

The lists shall be filed at the Company's registered office at least 25 days prior to the date set for the Shareholders' Meeting on first call. In the event that at the date of expiry of the deadline for submission of lists only one list has been filed or only lists submitted by shareholders related to each other in accordance with the applicable provisions, lists may be submitted until the third day following that date. In this case, the minimum ownership stake for presentation of the lists is reduced to one half. In addition, lists shall be published by the Company at least 21 days prior to the date set for the Shareholders' Meeting on first call, according to the procedures prescribed by the current regulations.

If mandatory criteria about gender balance are applicable, each list of at least 3 candidates must contain a number of candidates of the less represented gender that is at least equal to the minimum required by current laws and regulations.

Together with each list, within the terms mentioned above, the following shall be filed: (i) information on the identity of the shareholders who presented the list and the percentage holding they jointly possess; (ii) the curriculum vitae regarding the personal and professional characteristics of each candidate, with information on the offices as director or statutory auditor held in other companies; and (iii) statements by which each candidate confirms his or her candidacy and states, under his or her own liability, that there is no cause for ineligibility or incompatibility, even with regards to the limit to the number of offices held, and also that the requirements set forth by the law and the Articles of Association for holding office have been met.

In addition to provisions in the previous points, if a list is presented by shareholders other than those who hold, even jointly, a controlling or relative majority interest in the Company's share capital, said list shall be accompanied by a statement from the shareholders that present it, stating the absence of connections with one or more reference shareholders, as defined by current regulations.

In particular, Statutory Auditors are appointed as follows – without prejudice to compliance with the gender balance requirements indicated above, where required by current laws and regulations:

- two Standing Statutory Auditors and an Alternate Statutory Auditor are taken from the list that obtained the majority of votes in the Shareholders' Meeting, based on the sequential order in which they are presented in the sections of the list;
- the remaining Standing Statutory Auditor, who will be the Chairman of the Board of Statutory Auditors and the other Alternate Statutory Auditor are taken from the second list that obtained the greater number of votes in the Shareholders' Meeting and that is not related, even indirectly, according to the provisions in current laws and regulations, to the shareholders who presented or voted the first list, according to the number of votes, based on the sequential order with which they are presented in the sections of the list.

In the event of a tie between lists, the Shareholders' Meeting will have to vote again, choosing between the first two lists. The same rule applies in the event of a tie between the second lists according to the number of votes and that are not related, even indirectly, as per the provisions in the current laws and regulations, to the shareholders who presented, contributed to present, or voted the first list. In the event of a further tie between lists, the one presented by the shareholders pos-

sessing the major ownership stake shall prevail or, secondly, the one presented by the greatest number of shareholders.

If an Auditor loses the requisites prescribed by law and the Articles of Association, said Auditor shall be removed from office.

In the event of replacement of a Statutory Auditor appointed in the list with the highest number of votes, the substitute will be the Statutory Auditor belonging to the same list as the Statutory Auditor who has ceased to hold office or, if this is not sufficient to ensure compliance with the requirement for balance between genders mentioned above, the first alternate Statutory Auditor who, following the order in which the alternate Statutory Auditors were listed, allows this requirement to be met. If the provisions mentioned in this paragraph cannot be applied, the Shareholders' Meeting will make the replacement, passing resolutions in accordance with the majorities required by applicable laws, upon presentation of candidates belonging to the less represented gender.

Conversely, in the event of replacement of a Statutory Auditor appointed from the second list according to the number of votes and that is not related, even indirectly, according to the provisions in current laws and regulations, to the shareholders who presented, contributed to present or voted the first list according to the number of votes, the Alternate Statutory Auditor indicated in the same list will take his or her place or, if lacking, the non-appointed candidate from said list, according to the order of presentation or, secondly, the candidate of the minority list that obtained the second greatest number of votes, according to the sequential order of presentation, without prejudice to compliance with the gender balance requirements indicated above, where required by current laws and regulations.

If it is necessary to appoint Standing and/or Alternate Statutory Auditors to complete the membership of the Board of Statutory Auditors following the replacement of a Standing and/or Alternate Statutory Auditor appointed from the list with the highest number of votes, the Shareholders' Meeting shall pass resolutions with the legal majorities with no restrictions in terms of lists if the application of the criterion referred to in the preceding paragraph does not allow the membership of the Board of Statutory Auditors to be completed, without prejudice to compliance with the gender balance requirements indicated above, where required by current laws and regulations.

If it is necessary to appoint Statutory Auditors from the second list according to the number of votes and that is not related, even indirectly, according to the provisions in current laws and regulations, to the shareholders who presented, contributed to present or voted the first list according to the number of votes, the Shareholders' Meeting shall replace them through a relative majority vote, choosing them from among the candidates included in the same list as the statutory auditor that needs to be replaced, or in the minority list that received the second highest number of votes, without prejudice to compliance with the gender balance requirements indicated above, where required by current laws and regulations. Failing this, the Shareholders' Meeting shall pass resolutions to make the replacement by relative majority vote, provided that in ascertaining the results of this vote, the votes of shareholders who hold, including jointly, a controlling or relative majority stake, will not be taken into consideration, pursuant to article 2401, paragraph 1 of the Civil Code.

If a single list is presented or if no list is presented, the Shareholders' Meeting shall pass a resolution according to the majorities set forth by the law, without following the procedure described above and without prejudice to compliance with the gender balance requirements indicated above, where required by the applicable laws and regulations.

The Articles of Association stipulate that, without prejudice to the cases of incompatibility provided for by current regulations, whoever is already a standing statutory auditor in five companies issuing

securities listed on regulated markets cannot be appointed and, if appointed, their office will be terminated.

14. COMPOSITION AND FUNCTIONS OF THE BOARD OF STATUTORY AUDITORS (pursuant to article 123-bis, paragraph 2, letters d) and d-bis), TUF)

The current Board of Statutory Auditors was appointed by the Shareholders' Meeting held on 24 April 2015 for the three-year period 2015-2017. It will expire upon approval of the financial statements as at 31 December 2017.

All members were appointed from the only single list submitted by the majority shareholder Nice Group S.p.A.

This list included the following candidates:

- Giuliano Saccardi, born in Treviso on 29 June 1942 – Chairman
- Enzo Dalla Riva, born in Treviso on 20 March 1977 – Standing Statutory Auditor
- Monica Berna, born in Padua on 8 November 1972 – Standing Statutory Auditor
- David Moro, born in Treviso on 30 May 1972 – Alternate Statutory Auditor
- Manuela Salvestrin, born in Treviso on 23 September 1975 – Alternate Statutory Auditor

For further details on the composition of the Board of Statutory Auditors, one should refer to Table 3. Please refer to the *curricula* attached as an appendix to this Report for details on the personal and professional characteristics of the members of the Board of Statutory Auditors.

During the Year, the Board of Statutory Auditors met 10 times, the overall percentage of attendance was 100%. The Chairman of the Board of Statutory Auditors and/or one member of the Board of Statutory Auditors attended all the meetings of the Audit and Risk Committee.

Meetings lasted an average of 1 hour and 30 minutes.

At least 10 meetings are planned for this year, one of which has already been held as at the date on which this Report was prepared. At the first meeting following its appointment and during the Year, the Board of Statutory Auditors assessed the continued compliance of its members with the independence requirements, applying the assessment criteria provided for by the Code.

With particular reference to the Standing Statutory Auditor Giuliano Saccardi, the Board of Statutory Auditors found that, despite serving as Standing Statutory Auditor within the Board of Statutory Auditors of Nice S.p.A. for more than nine of the last twelve years, he still meets the independence requirement. The Board of Statutory Auditors made this assessment based on the fact that the Corporate Governance Code requires that the assessment of the existence of independence requirements must be carried out with the prevalence of substance over form, merely indicating some non-binding examples, including the requirement referred to under letter e) of criterion 3.C.1.

Any Statutory Auditor who, on his/her own behalf or on behalf of third parties, has an interest in a specific transaction of the Issuer, shall promptly inform the other Statutory Auditors and the Chairman of the Board of Directors in an exhaustive way about the nature, terms, origin and entity of his or her own interest.

The Board of Statutory Auditors monitored the independence of the Independent Auditors, assessing both the compliance with regulations on the subject and the nature and entity of services other than auditing provided to the Issuer and its subsidiaries by said Independent Auditors and by the entities belonging to their network.

In order to maintain an adequate knowledge of the sector in which the Company operates, the Statutory Auditors receive regularly, and whenever it is necessary, information and updates on the sector in which the Issuer operates, on the principles of correct risk management and on the applicable laws, including material prepared by the Company.

The Board of Statutory Auditors, when performing its activity, worked together with the Audit and Risk Committee and the Internal Audit department. The coordination was carried out thanks to the participation of the internal audit Manager in the meetings of the Board of Statutory Auditors, at least every quarter.

With regard to the diversity policy pursuant to article 123-*bis*, paragraph 2, letter d-*bis*) of the TUF, it is noted that, on 14 March 2018, the Company's Board of Directors approved a diversity policy regarding the composition of the Board of Statutory Auditors containing the criteria listed below:

- each member must be in possession of the requisites of honourability and professionalism as per the Decree of the Ministry of Justice 30 March 2000, no. 162 and pursuant to article 148, paragraph 4 of the TUF, as well as the independence requirements pursuant to article 148, paragraph 3 of the TUF and article 3 of the Corporate Governance Code referred to in article 8 of the Corporate Governance Code and must not hold the office of member of the control body in more than five listed issuers or with a widespread shareholding, as well as the office of member of the administrative or control body in a joint-stock company, limited by shares or in limited liability companies beyond the maximum limits of 6 points calculated according to the model contained in Annex 5-*bis*, scheme 1, of the Issuers' Regulations;
- for each member there must be no causes of ineligibility, incompatibility or forfeiture, pursuant to article 20 of the Articles of Association and the applicable provisions of law, including article 17, paragraph 5, of Legislative Decree 27 January 2010, no. 39 concerning the statutory audit;
- the gender composition of the body must be in line with the regulations in force and in any case must guarantee to the least represented gender the presence of at least one-third of the members;
- in order to guarantee a plurality of approaches and perspectives, as well as an adequate degree of efficiency in relation to the analysis of the topics and issues on the agenda, an adequate degree of diversification and heterogeneity in terms of age, skills and training of the various members, encouraging as much as possible the presence of both professionals who have an adequate familiarity with the peculiarities typical of listed companies and international groups, but also of professionals who have a strong link with the territory and the industrial sector of the Company.

15. RELATIONS WITH SHAREHOLDERS

The Company adopted a communication policy aimed at establishing a constant dialogue with all shareholders and, in particular, with institutional investors, guaranteeing the systematic distribution of exhaustive and prompt disclosures on its own operations, in compliance with the regulations on the release of privileged information.

On 7 July 2014, the Board of Directors appointed Laura Artich as Investor Relations Manager, who held this position until 12 November 2015. As of 18 January 2016, Nicola Biondo took over this position, reporting directly to the Chairman. In the period between 12 November 2015 and 18 January 2016, the office was temporarily covered by Lauro Buoro.

The procedures implemented for financial disclosure envisage systematic contacts with financial analysts, institutional investors and specialised press so as to ensure a full and correct view on the evolution of strategic plans and the impact on business results.

In order to favour the dialogue with investors, a website (<http://ir.niceforyou.com/home/index.php>) has been set up, where information of an economic-financial nature can be found - such as financial statements, quarterly and half-year reports - as well as data and updated documents that may be interesting for shareholders in general such as, for example, press releases, corporate calendar, composition of corporate bodies, Articles of Association, minutes of the Shareholders Meeting, code on the management of privileged information within the Company and disclosure, the internal dealing code, regulation on increased voting rights and the procedure for transactions with related parties.

16. SHAREHOLDERS' MEETINGS (pursuant to article 123-*bis*, paragraph 2, letter c), TUF)

The Shareholders' Meeting is the body that expresses the shareholders' will through its resolutions. The resolutions taken in compliance with the law and the Articles of Association bind all shareholders, including absent or dissenting ones, without prejudice to their right of withdrawal in the cases allowed.

The Shareholders' Meeting is convened and passes resolutions according to the laws and regulations provided for listed companies, on the matters entrusted to it according to the law.

If it deems it necessary, the Board of Directors may establish that both the ordinary and extraordinary Shareholders' Meetings take place in a single meeting. In this case, the legal majorities will be applicable.

Shareholders who, even jointly, represent at least one fortieth of the Company's share capital may request the inclusion of issues on the agenda, indicating in their request the additional proposed topics pursuant to the terms and procedures provided for by law.

The request for the inclusion of issues in the list of matters to be discussed as indicated in this paragraph, is not allowed for topics on which the Shareholders' Meeting passes resolutions, according to the law, based on proposals made by the directors or based on a project or report prepared by them, other than those provided for by article 125-*ter*, paragraph 1 of Legislative Decree no. 58 of 24 February 1998.

Article 13 of the Articles of Association envisages that: *"The shareholders with voting rights are entitled to take part in Shareholders' Meetings provided that their legitimacy is attested within terms and conditions provided for by the current statutory and law requirements. Each shareholder with voting rights can be represented by others during the Shareholders' Meeting through written proxy, in compliance and within the limits provided for by law. Notification of a proxy can be provided electronically by certified email to the Company's address indicated in the notice of meeting. The Chairman of the Shareholders' Meeting shall assess the validity of proxies and, in general, the right to attend. The Company does not choose a representative for the appointment of proxies by shareholders. The shareholders and all those entitled to vote may ask questions about the agenda even before the Meeting, provided this is done within the terms indicated in the notice of meeting via certified email to the Company's address indicated in the notice of meeting. The Company is not required to provide an answer if the relevant information is available on the Company's website in a 'question and answer' form, as well as whenever it is necessary to protect the privacy and interests of the Company"*.

The Company did not adopt Meeting Regulations since it deems that the powers assigned, according to the Articles of Association, to the Chairman of the Shareholders' Meeting who is in charge of

directing the Meeting's proceedings, including determining the order and the voting system, allow him or her to maintain an orderly execution of the Shareholders' Meetings, avoiding risks and inconveniences that could arise due to non-compliance of the Meeting itself with any such regulations.

The Board of Directors reported to the Shareholders' Meeting on the activities undertaken and planned, and has made efforts to provide shareholders with adequate information about the elements necessary for them to be able to take informed decisions in the shareholders' meeting.

During the Year, there were no significant changes to the Issuer's shareholding structure. Therefore, the Board of Directors did not deem it necessary to propose any amendments to the Articles of Association, to the Shareholders' Meeting, with regards to the percentages established for the exercise of shares and prerogatives to protect minorities.

Lastly, the Shareholders' Meeting on 26 April 2017, was also attended by the Chairman of the Board of Directors and the Directors Roberto Griffa, Lorenzo Galberti, Denise Cimolai, Giorgio Zanutto and Emanuela Paola Banfi, whereas the Directors Antonio Bortuzzo and Chiara Mio justified their absence. The Statutory Auditors Giuliano Saccardi and Monica Berna were present for the Board of Statutory Auditors, while the standing auditor Enzo dalla Riva had justified his absence.

In order to provide the shareholders with adequate information about the elements necessary for them to pass resolutions, with full knowledge of the facts, on the topics within the Shareholders' Meeting competences, the Board of Directors promptly (and in any case within the terms provided for by applicable rules and regulations) make reports on the items on the Shareholders' Meeting agenda, as well as the financial reports and any relevant supporting documents.

Furthermore, within its report on corporate governance and the ownership structure and in the report on remuneration, the Board of Directors illustrated the function of the Remuneration Committee and the procedures used to carry out its activities.

During the year, there were no significant changes in the market capitalization of the Issuer's shares or in the composition of its shareholding structure.

17. ADDITIONAL CORPORATE GOVERNANCE PRACTICES (pursuant to article 123-bis, paragraph 2, letter a), TUF)

The Issuer did not consider it necessary to apply additional corporate governance practices other than those already indicated above and contained in specific obligations provided by the law and/or regulations.

18. CHANGES AFTER THE CLOSURE OF THE FINANCIAL YEAR OF REFERENCE

There have been no changes to the corporate governance structure subsequent to the reporting period.

19. CONSIDERATIONS ON THE LETTER OF 13 DECEMBER 2017 OF THE CHAIRMAN OF THE CORPORATE GOVERNANCE COMMITTEE

The recommendations contained in the letter of 13 December 2017 from the Chairman of the Corporate Governance Committee - received by the Issuer when the self-assessment process of the Board of Directors, held in November 2017, had already been completed - were brought to the attention of the Board of Administration on 14 March 2018. On this occasion, the Board of Directors, after taking note of the recommendations expressed by the Corporate Governance Committee, de-

cided to postpone the assessment of possible governance changes to the current year and, in particular, to the next self-assessment process.

ANNEX 1

Main characteristics of the risk management and internal audit system in relation to the financial disclosure process pursuant to article 123-bis, paragraph 2, letter b), TUF

Introduction

The Financial Reporting Manager planned and carried out a programme regarding compliance with the requirements set forth by article 154-bis of the TUF, with the assistance of the Internal Audit department - which is outsourced as allowed by criteria 7.C.6 of the Corporate Governance Code of the Corporate Governance Committee, as per the resolution of 28 December 2012 and the subsequent resolution of 11 March 2016 - in order to comply with the provisions of article 154-bis of Legislative Decree no. 58/98 on the assessment of the appropriateness and effective application of administrative and accounting procedures for the preparation of the Company's separate and consolidated financial statements for the Year.

The structure of the compliance programme refers to the COSO – *Integrated Framework*⁵ integrated by the guidelines as well as the following best practices:

- Consolidated Financial Act (Testo Unico della Finanza) – Legislative Decree 58/98;
- CONSOB Regulations;
- ANDAF Guidelines;
- *International Standards of Auditing*;
- *International Professional Practices Framework of The Institute of Internal Auditors*.

The adoption of both national and international standards and regulations has allowed the Company to develop a work programme aimed at guaranteeing the reliability⁶, accuracy⁷, soundness⁸ and timeliness⁹ of the financial information.

This approach can be summarised in the following methodological phases:

- definition of the scope of operations in terms of entity and financial statement items that are significant for the purposes of the compliance programme in question (scoping phase);
- analysis and assessment of financial information risks for financial statement items that are considered significant for the purposes of certification of the 2017 financial statements (risk assessment phase);
- identification and definition of a set of internal audits for the entities included in the compliance programme for the Year, through the integration of the internal audit systems of each entity into a single 'Internal audit system' Model that is uniform and applicable to the parent company and all subsidiaries involved in the project. This model shall be marked by audit

⁵ COSO - *Committee of Sponsoring Organizations of the Treadway Commission, Internal Control - Integrated Framework*, May, 2013.

⁶ Reliability (of information): disclosed information characterised by correctness and compliance with generally accepted accounting standards and that meets the requirements of applicable laws and regulations.

⁷ Accuracy (of information): disclosed information characterised by neutrality and precision. The information is considered neutral if it is free of preconceived distortions aimed at influencing the users' decision-making process in order to obtain a pre-established result.

⁸ Soundness (of information): disclosed information characterised by clarity and completeness, which allow for conscious investment decisions for investors. The information is considered clear if it facilitates the understanding of complex aspects of corporate operations without becoming excessive and redundant.

⁹ Timeliness (of information): information is disclosed according to the deadlines set for its publication.

procedures, principles and methodologies for maintaining and assessing the internal audit system that are valid for the entire group (mapping phase);

- extension of the model supporting the statements of the Financial Reporting Manager to the new entities and to the relevant items of the financial statements/supporting processes considered to be significant following the re-implementation of the scoping phase;
- preparation and implementation of compliance test procedures on internal administrative-accounting audits and documentation of the results obtained as a basis for providing an opinion on their efficiency and effective application in the reporting period by the entities and throughout the processes included in the scope of the project (compliance testing phase);
- sharing of the results obtained from the tests with the company management of each entity included in the scope of the programme, in order to encourage improvement of the internal audit system.

Phases of the risk management and internal control system in relation to the financial reporting process

The compliance programme begins with the definition of the scope of operations by means of quantitative analyses and, therefore, of the involved entities and any significant financial statement items associated with the supporting business cycles including, as an active component of the audit system, the process for closing and drafting the separate and consolidated financial statements.

By means of risk-based methodological approaches, a process for identifying and assessing the main risks associated with financial reporting was implemented for the Parent Company and for the entities included in the scope of operations.

The administrative-accounting risk assessment activities led to the identification – for each analysed entity - of significant financial statement items associated with the relevant supporting accounting process/flow. Each financial statement item was subjected to a qualitative assessment of relevant risk by associating and subsequently assessing the financial statement assertions¹⁰ related to significant accounting items.

Notice was then taken of the audit activities used to monitor the previously identified risks, assessing their appropriateness and therefore defining the residual risk on a qualitative basis.

The identified risks and audit activities were integrated within a specific framework that includes specific audit objectives classified under the CAVR (¹¹) standard and that are directly connected to the above-mentioned financial statement assertions.

In order to provide a professional assessment on the effective execution and effectiveness of the internal administrative-accounting audits during the Year, and based on the follow-up results, the compliance test procedures were updated and implemented, documenting the relevant results. This documentation was obtained by requesting evidence from company representatives in relation to

¹⁰ **Existence and occurrence (E/O):** the assets and liabilities of the entity exist at a given date and the recorded transactions represent events that actually occurred during a given period;

Completeness (C): all transactions, assets and liabilities that should be presented in the financial statements are so included;

Rights and obligations (R/O): assets are the rights of the entity and liabilities are the obligations of the entity at a given date;

Valuation and allocation (V/A): assets, liabilities, shareholders' equity, revenues and costs are recorded in the financial statements at appropriate amounts, in accordance with the reference accounting standards;

Presentation and Disclosure (P/D): the financial statement items are properly classified, described and disclosed.

¹¹ Completeness, Accuracy, Validity and Restricted access.

expected internal audits, data, implemented transactions and their general availability to demonstrate that the audits were effectively implemented and/or that there were no errors as regards the selected transactions. During the execution of the compliance tests required by the above-mentioned compliance programme, the Internal Audit department provided updates on the activity plan, its progress and final outcome to the Financial Reporting Manager, the Internal Audit and Risk Committee, the Board of Statutory Auditors and the Independent Auditors; this information was provided through periodic meetings organised by these corporate bodies and by sharing part of the documents issued in support of the certification by the Financial Reporting Manager.

Based on the results of this compliance programme, the Chief Executive Officer and the Financial Reporting Manager certified the appropriateness and effectiveness of the internal audit system for the Year, according to the terms and methods provided for by the Issuers' Regulation.

Roles and functions involved

On 7 July 2014, the Board of Directors appointed Denise Cimolai as Financial Reporting Manager, subsequently confirmed by the Board of Directors in its meetings on 6 May 2015 and 22 April 2016, vesting her with the widest powers directly and/or indirectly related to her tasks, including but not limited to the power to access any type of information and/or document on the Company and/or Group companies, deemed important and/or suitable to perform the tasks assigned to her by the law; she also has the relevant spending powers Minutes of the Board of Directors of 22 April 2016¹².

The Financial Reporting Manager monitors the internal audit and risk management system in relation to financial information and is in charge of identifying and assessing the risks of financial information as well as identifying and assessing the controls for the identified risks.

A specific system output corresponds to each of the phases mentioned above: identification of the risks, assessment thereof in terms of inherent risks, identification of the audits and mapping of the controls on risks and financial statement items (control framework), assessment of the audits, assessment of the residual risk and identification of possible actions for improvement.

The Financial Reporting Manager is in charge of the risk assessment phase, with the methodological support of the Internal Audit department.

The assessment of the audits phase is carried out by the Financial Reporting Manager with the support of the Internal Audit department for the activities involving assessment of the effectiveness of framework controls.

Based on the inherent risk assessments and the relevant controls, the Financial Reporting Manager assesses the residual risk, performs updates to the framework if necessary, and resolves any non-conformities.

With the support of the Internal Audit Manager and following the consulting assignments carried out by the Internal Audit department in support of the regular certifications issued by the Financial Reporting Manager, the latter duly considers any recommendations and proposals for improvement that may arise from the activity and ensures proper monitoring on the implementation of said recommendations.

¹² Minutes of the Board of Directors of 22 April 2016

APPENDIX

The following pages include the following tables:

TABLE 1: INFORMATION ON OWNERSHIP STRUCTURES

TABLE 2: STRUCTURE OF THE BOARD OF DIRECTORS AND COMMITTEES

TABLE 3: STRUCTURE OF THE BOARD OF STATUTORY AUDITORS

Lastly, there is a summary of the *curricula* of the members of the Board of Directors and the Board of Statutory Auditors.

TABLE 1: INFORMATION ON OWNERSHIP STRUCTURES

STRUCTURE OF THE SHARE CAPITAL				
	No. of shares	% of share capital	Listed (list markets) / non-listed	Rights and obligations
Ordinary shares	116,000,000	100%	Listed (MTA Electronic stock exchange)	As provided in the Civil Code and regulations
Shares with limited voting right	-	-	-	-
Shares with no voting right	-	-	-	-

OTHER FINANCIAL INSTRUMENTS (attributing the right to subscribe newly issued shares)				
	Listed (list markets) / non-listed	No. of outstanding instruments	Category of shares subject to conversion/exercise	No. of shares subject to conversion/exercise
Convertible bonds	-	-	-	-
Warrant	-	-	-	-

SIGNIFICANT SHAREHOLDINGS¹³			
Declaring party	Direct shareholder	% portion of ordinary capital	% share on voting capital
Lauro Buoro	Nice Group S.p.A.	70.33 ¹⁴	70.33 ¹⁵
Edoardo Marcadante	Parvus Asset Management European Ltd	9.28 ¹⁶	9.28
Nice S.p.A.	Nice S.p.A.	4.60	-

¹³ The table is updated at 31 December 2017.

¹⁴ From 31 December 2017 up to the date of this Report the parent company Nice Group S.p.A. has performed some transactions involving the purchase and/or sale of Nice S.p.A. shares that have been correctly disclosed to the market.

¹⁵ It should be noted that on 8 January 2018 was the increase in the voting right relating to 80,881,803 Nice S.p.A. ordinary shares (of which 80,879,583 owned by Nice Group S.p.A. (company controlled by Lauro Buoro)). It should be noted that, as at the date of this Report, the number of Nice shares amounts to 116,000,000, which correspond to a number of voting rights in the Company's ordinary and extraordinary shareholders' meetings equal to 196,881,083.

¹⁶ According to the disclosures received pursuant to article 120 of the TUF, at the date of this Report, Edoardo Marcadante, through Parvus A.M. European LTD, holds 8,935,710 voting rights, equal to 4.54% of the total voting rights and 7.70% of the shares that make up the share capital.

TABLE 2: STRUCTURE OF THE BOARD OF DIRECTORS AND COMMITTEES

Board of Directors													Control and Risk Committee		Remun. Committee		Appoint-ments Committee		Any Execu-tive Commit-tee		
Office	Members	Year of birth	Date of first ap-pointment *	In office since	In office until	List **	Exec.	Non-exec.	Indep. Code	Indep. TUF	No. other assign-ments ***	(*)	(*)	(**)	(*)	(**)	(*)	(**)	(*)	(**)	
Chairman	Buoro Lauro	10/01/1963	12/03/1996	22/04/2016	Approval of the finan-cial state-ments at 31/12/2018	M	X				4	5/7									
Chief Executive Officer	Roberto Griffa	14/01/1975	20/11/2015			M	X					0	5/7								
Director and Lead Independ-ent Director	Bortuzzo Antonio	11/01/1960	08/04/2006			M		X	X	X		2	5/7	10/10	P	3/3	P				
Director	Galberti Lorenzo	25/01/1964	12/03/1996			M	X					0	7/7								
Director	Chiara Mio	19/11/1964	22/04/2016			M	X					8	5/7								
Director	Zanutto Giorgio	03/10/1961	29/01/1999			M		X				4	6/7								
Director	Cimolai Denise	24/07/1971	07/07/2014			M		X				0	7/7								
Director	Emanuela Paola Banfi	20/01/1969	24/04/2015	M		X	X	X		1	7/7	10/10	M	3/3	M						
-----DIRECTORS REMOVED DURING THE FINANCIAL YEAR OF REFERENCE-----																					
—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—		
No. of meetings held during the Year: 10						Audit and Risk Committee: 10				Remun. Committee: 3		Appointments Com-mittee:		Executive Committee: -							
Indicate the quorum required for the submission of lists by minority shareholders for the election of one or more members (pursuant to article 147-ter TUF): 2.5%																					

NOTES

The symbols listed below shall be indicated in the "Office" column:

- This symbol indicates the Director in charge of the internal audit and risk management system.
- ◊ This symbol indicates the person in charge of the Issuer's management (the Chief Executive Officer or CEO).
- This symbol indicates the Lead Independent Director (LID).

* Date of first appointment of each director refers to the date on which the director was appointed for the first time (ever) in the Board of Directors of the Issuer.

** This column indicates the list from which each director was taken ("M": majority list; "m" minority list; "BoD": list submitted by the BoD).

*** This column indicates the number of offices of director or statutory auditor held by the party concerned in other companies listed on regulated markets, including foreign markets, in financial, banking, insurance or large companies. The Corporate Governance Report indicates all offices held in full.

(*). This column indicates the attendance of directors at meetings of the Board and Committees (indicate the number of meetings attended compared to total number of meetings that could be attended, ex. 6/8, 8/8 etc.).

(**). This column shows the qualification of director within the Committee: "P": chairperson; "M": member.

TABLE 3: STRUCTURE OF THE BOARD OF STATUTORY AUDITORS

Board of Auditors									
Office	Members	Year of birth	Date of first appointment *	In office since	In office until	List **	Indep. Code	Participation in the meetings of the Board of Auditors ***	No. other assignments ****
Chairman	Giuliano Saccardi	29/06/1942	08/04/2006	24/04/2015	Approval of the financial statements at 31/12/2017	M	X	100%	7
Standing Statutory Auditor	Enzo Dalla Riva	20/03/1977	24/04/2012			M	X	100%	7
Standing Statutory Auditor	Monica Berna	08/11/1972	27/05/2009			M	X	100%	8
Alternate Auditor	David Moro	30/05/1972	14/05/2009			M	X	—	8
Alternate Auditor	Manuela Salvestrin	23/09/1975	14/05/2009			M	X	—	1
----- STATUTORY AUDITORS WHOSE OFFICE TERMINATED DURING THE REPORTING YEAR -----									
—	—	—	—	—	—	—	—	—	—
Number of meetings held during the Year: 10									
Indicate the quorum required for the submission of lists by minority shareholders for the election of one or more members (pursuant to article 148 TUF): 2.5									

NOTES

* Date of first appointment of each auditor refers to the date on which the auditor was appointed for the first time (ever) in the Board of Auditors of the issuer.

** This column indicates the list from which each auditor was taken ("M": majority list; "m" minority list).

*** This column indicates the attendance of auditors at meetings of the Board of Auditors (indicate the number of meetings attended compared to total number of meetings that could be attended, ex. 6/8, 8/8 etc.).

**** This column shows the number of director or auditor offices held by the person pursuant to article 148-bis of the TUF and related implementing provisions contained in the Issuer's Regulation. The complete list of positions is published by CONSOB on its website under the terms of article 144-quinquiesdecies of the Issuer Regulations.

SUMMARY OF THE CURRICULUM VITAE OF THE MEMBERS OF THE BOARD OF DIRECTORS AND THE BOARD OF STATUTORY AUDITORS

A brief curriculum vitae of the members of the Board of Directors is shown below:

Lauro Buoro

After a technical education, he started his professional experience in a company operating in the electronics sector, located in the North East. At the age of 21, his entrepreneurial spirit drove him to establish an independent company that worked for companies in the home automation sector.

In the early 1990s, he began his entrepreneurial adventure establishing Nice that, in 2006, was listed in the STAR segment of Borsa Italiana. Under Lauro Buoro's guidance, Nice became an internationally leading group in the Home Automation sector, with a wide range of integrated systems for the automation of gates, garages, road barriers, parking systems, awnings, and rolling shutters for residential, commercial and industrial use, and also wireless alarm systems.

The following table specifies the offices as director and statutory auditor held in other companies as at 31/12/2017.

Company	Office covered
Nice Group S.p.A.	Sole Director
Nice Immobiliare S.r.l.	Chair of the Board of Directors
Modular Professional S.r.l.	Chair of the Board of Directors
Italian Creation Group S.p.A.	Director

Roberto Griffa

He graduated in Chemical Engineering at the University of Córdoba (Argentina).

After a 3-year experience at Henkel Argentina, in 2000 he began a brilliant international career in London at Fiat Group spending 5 years between Italy, the Netherlands and Belgium, coordinating the teams of various corporate areas and serving as European Standard & Process Manager. In 2005, he moved to Venezuela, remaining within the Fiat Group as Customer Service Manager and later becoming Sales Manager for Iveco Venezuela. In 2009, in São Paulo, Brazil he took on the position of Supply Chain Manager for Iveco Latin America. In 2011, he joined Nice as Deputy Chairman of the Brazilian company Peccinin Portões Automaticos, driving growth in Latin America.

On 20 November 2015, he moved to the Headquarters in Oderzo, Italy, to take on the position of Chief Executive Officer of Nice S.p.A.

Lorenzo Galberti

After a technical education, he started his professional experience in a company producing automation systems for gates. In the early 1990s, he joined Nice, where he currently holds the office of Research and Development Manager for the electro-mechanical department. In 1998, he was appointed member of the Board of Directors of Nice S.p.A.

Giorgio Zanutto

After a technical education with specialisation in electronics, he started his professional experience in the business sector. In 1991, he was the purchasing and production manager in a company operating in the electronics sector. In 1994, he was hired as purchasing manager by Nice. In 1998, he was appointed member of the Board of Directors of Nice with power of attorney for the procurement of basic components and logistics.

The following table specifies the offices as director and statutory auditor held in other companies as at 31/12/2017.

Company	Office covered
Modular Professional S.r.l.	Director
Nice Immobiliare S.r.l.	Chief Executive Officer
Saac S.r.l.	Chair of the Board of Directors
Giada Real Estate S.r.l.	Chair of the Board of Directors

Antonio Bortuzzo

He received a degree in Business Administration from the Bocconi University of Milan and carried out post-graduate studies in Business Management at Long Island University, New York. In the 1980s he was a financial and strategic consultant for Reconta Touche Ross in Milan and New York. In 1989, he founded Finaudit Consulting S.r.l., a financial and strategic consulting company, which became part of the Ernst & Young group in 1995. From 1995 to 2001, Mr. Bortuzzo worked for Ernst & Young as Senior Partner of Ernst & Young Financial & Business Advisors S.p.A. From 2002 to 2007, he held the office of Chief Executive Officer and General Manager of Marcolin S.p.A. and CEO for Marcolin US Inc. From 2008 to 2011, he was the Chief Executive Officer of Allison Eyewear Group. From 2011 to 2012, he was the Chairman and Chief Executive Officer of Alain Mikli International Group, a leading French company in the luxury accessories sector.

In 2013, he was the Chairman of Viva International Group, a leading US company in the Eyewear sector and, following its sale in 2014, he joined the management of the Parent Company HVHC, which operates in the retail and insurance sector.

From February 2015 to October 2017, he took on the office of President of Kering Eyewear US Inc., a company of Kering Group that manages North and Latin American markets for the Eyewear brands belonging to Kering Group.

Since November 2017, he has been CEO of Inglass S.p.A., an industrial company operating in the automotive and transportation sector. Inglass, through its subsidiaries HRS and Incos, produces hot runners and moulds for the global automotive industry, with offices in Italy, the USA and China.

He has been member of the Board of Directors of Nice S.p.A. since April 2006.

The following table specifies the offices as director and statutory auditor held in other companies as at 31/12/2017.

Company	Office covered
Inglass S.p.A.	CEO
Studio Professionale Associato	Director

Emanuela Paola Banfi

In 1993, she graduated in Business Administration at the Bocconi University of Milan, and after initial experience at KPMG Peat Marwick, from January 1994 to December 1997 she was Senior Consultant at Arthur Andersen MBA. From January 1998 to July 2000, she held the position of Associate Fund Manager at FIDIS S.p.A. in Milan. From September 2000 to September 2005, she held the office of Executive Director at the London office of Lehman Brothers Int. Europe. From September 2005 to May 2013, she returned to Italy and held the position of Managing Director at the Milan office of Société Generale Corporate and Investment Banking where she managed a Holding and Family Office client portfolio. From December 2013 to December 2014, she held the position of Senior Advisor at Phinance Partners, providing financial advice to holdings and corporations.

Since December 2014, she has been the Deputy Chairman of the Board of Directors of Electro Power Systems SA with registered office in Paris and listed on Euronext, Paris since April 2015.

Since December 2014 she has also held the position of Senior Banker at Naxtis Corporate and Investment Banking at the Milan office.

She has been member of the Board of Directors of Nice S.p.A. since 24 April 2015.

The following table specifies the offices as director and statutory auditor held in other companies as at 31/12/2017.

Company	Office covered
Electro Power Systems SA	Independent Director

Chiara Mio

Senior Lecturer in the Management Department of Università Ca' Foscari holding courses in: Corporate Reporting (master's degree in English) Management Control (master's degree in English) and Strategic Planning and Sustainability management (master's degree).

Director of the Master Mummis, university master's degree in strategic innovation 2016-2017, of the Masters in Sustainability and Carbon Footprint, university master's degree 2013-2014. Director of the Ciset Master, Tourism Economics and Management 2016-2017.

She is President of the Academic College of Master's degree course "Economics and Business Management".

Appointee of the Chancellor on Environmental Sustainability and Social Responsibility from 2009 to 2014.

She is specialised in the following areas:

- Management control system, both in the business environment as well as in public and non-profit organisations;
- Performance measures;
- Performance measures with a view to Triple Bottom Line;
- Corporate social responsibility - sustainability and corporate governance systems;
- Corporate Reporting and social, environmental and sustainability reporting;
- Integrated Report;
- Certification and control of sustainability communications;

Author of national and international books on the topics listed above.

She collaborates with various magazines such as *Rivista Italiana Ragioneria ed Economia Aziendale*, *Cultura e contabilità aziendale* and *Social and Environmental Accountability Journal*.

Since 2010 she has been a member of the Editorial Board and reviewer of the magazine *Corporate social responsibility and environmental management*.

She is a member of Aidea - Italian Academy of Business Economics, of SISR (Italian Society of Accounting History) and SIDREA (Italian Society of Accounting and Business Economics).

Since 2012, she has been a member of WCOA Scientific Committee, International IFAC Congress 2014 and since 2011, she has been Chairman of the Working Group on the Social and Environmental Report of Cilea (Association of accountancy profession of Latin European and American countries - Cilea Comité de Integración Latino Europa America).

Since 2011, she has been a member of Expert Group created by the European Commission, Directorate General Internal Market and Services, Accounting and Financial Reporting and also a member of Integrated Reporting Academic Network.

In 2015, she was a member of the B20 Business Leaders.

She is Chair ESG Task Force in Accountancy Europe, Brussels from 2015 to present.

She is listed in the Register of Certified Public Accountants No. 165 from 12/12/1991 - Order of Pordenone and since 2000 she has been listed under No. 112308 in the Register of Auditors, Official Gazette No. 14 S4 of 18/02/2000.

President of the "Environmental Consulting" Committee of the Italian National Council of Chartered Accountants.

Since 2011, she has been a member of the Board of GBS, study group on social financial statements, today, she chairs the scientific committee; she has been a member of the Steering Committee Global Compact Italia, as well as member of the Integrated Reporting Academic Network.

She was Chair of the Benetton Sustainability Committee from 2015 to 2017.

She has been Chair of the Atlantia Sustainability Committee since 2010 to today.

Since November 2015, she has been a member of the Board of Directors Fondazione Pordenonelegge.

Since February 2018, she has been a member of the Board of Directors Burlo Garofolo.

Since March 2014, she has been a member of the Board of Directors of Crédit Agricole FriulAdria S.p.A. (Crédit Agricole Italia Banking Group), of which she was appointed Chair in October 2014.

From 2006 to 2012, she was a councillor for the town of Pordenone (remit: Budget, Planning, Innovation and Development; then for Knowledge for Innovation).

In 2017, she received the “Donna Eccellenza” Award from AIDDA Friuli Venezia Giulia, the Association of Women Entrepreneurs and Business Executives.

The following table specifies the offices as director and statutory auditor held in other companies as at 31/12/2017.

Company	Office covered
Crédit Agricole FriulAdria S.p.A.	Chairman
Danieli & C. Officine Meccaniche S.p.A. (*)	Director
Eurotech S.p.A. (*)	Director
Mcz Group S.p.A.	Director
Bluenergy Group S.p.A.	Director
O.V.S. S.p.A. (*)	Director
Ciset	Director
Anteo S.r.l.	Chief Executive Officer

(*) Listed company.

Denise Cimolai

She has a degree in Business Administration from the Ca' Foscari University of Venice.

From 1998 to 2003, she worked in the administration/finance and control departments of companies operating in the furniture sector.

She joined Nice in 2003 as a controller, developing the Group's international management control over the years.

She had an active role in the Company's listing at Borsa Italiana in 2006 and in the development of financial plans and analyses in the acquisition and integration processes that allowed for Nice's external strategic growth.

She has been member of the Board of Directors of Nice S.p.A. since 7 July 2014.

A brief curriculum vitae of the members of the Board of Statutory Auditors is shown below:

Giuliano Saccardi

He has been listed in the Register of Chartered Accountants of Treviso since 1972, in the Register of Auditors since 1995 and with the Court of Treviso as an Expert Witness in financial issues. Member of the Association of Chartered Accountants of Treviso from 1979 to 1985, Chairman of the Association of Chartered Accountants of Treviso from 1989 to 1992, and appointed by the Italian Association of Chartered Certified Accountants to act as the Chairman of the Study Committee on “Separate and Consolidated Financial Statements” from 1992 to 1993. He works as a chartered accountant under the scope of the professional association ‘Saccardi & Associati’, which provides consulting services concerning contracts, corporate and tax issues, both domestic and international, the assessment, purchase and sale of companies and extraordinary transactions in general, and also provides strategic corporate consulting for several industrial groups in the province of Treviso. He has performed institutional tasks assigned to him by the Civil and Criminal Court of Treviso, as Trustee in Bankruptcy, Provisional Liquidator for judicial administration and arrangements with creditors and Technical Consultant on civil subjects. He is a member of the cultural associations “Ned Community” and “Il Trust in Italia”.

The following table specifies the offices as director and statutory auditor held in other companies as at 31/12/2017.

Company	Office covered
Interfashion S.p.A. (Stefanel S.p.A. Group (*))	Alternate Auditor
Delta Erre Trust Company	Director
Rete S.p.A.	Standing Statutory Auditor
Arconvert S.p.A.	Supervisory Board Member
H-Art S.r.l. (company controlled by Wpp Plc (**))	Alternate Auditor
Visirun S.p.A.	Alternate Auditor
Asolo Musica Veneto Musica	Chair of the Board of Statutory Auditors

(*) Listed company

(**) Company listed in a foreign market.

Enzo Dalla Riva

He got a degree in Economics and Business - from the Ca' Foscari University of Venice - on 21/03/2002. Member of the Association of Chartered Accountants of Treviso since 24/01/2008. Registered in the list of Expert Consultants of the Court of Treviso and in the Register of Statutory Auditors with Decree of 23/07/2008 published in the Official Gazette of the Italian Republic, 4th special series, no. 64 of 19/08/2008, registration no. 151581. He works as a chartered accountant under the scope of the professional association 'Saccardi & Associati', which provides consulting services concerning contracts, corporate and tax issues, both domestic and international, the assessment, purchase and sale of companies and extraordinary transactions in general, and also provides strategic corporate consulting for several industrial groups.

The following table specifies the offices as director and statutory auditor held in other companies as at 31/12/2017.

Company	Office covered
Veneto S.p.A.	Standing Statutory Auditor
Agricola Friulana Stefania S.p.A.	Alternate Auditor
Interfashion S.p.A. (Stefanel S.p.A. Group (*))	Standing Statutory Auditor
Visirun S.p.A.	Standing Statutory Auditor
Bioera S.p.A. (*)	Alternate Auditor
Visibilia Editore Holding S.r.l.	Sole Auditor
Giaveri Cheese S.r.l. (***)	Director

(*) Listed company.

(***) Office since 8.01.2018

Monica Berna

She got a degree in Economics and Business - from the Faculty of Business Administration of the Ca' Foscari University of Venice – on 20/11/1996. She has been registered in the Board of Chartered Accountants of Treviso since 2001 and in the Register of Auditors since 2002. Also registered in the Register of Expert Consultants at the Court of Treviso, she works as a chartered accountant under the scope of the professional association 'Saccardi & Associati', which provides consulting services concerning contracts, corporate and tax issues, both domestic and international, the assessment, purchase and sale of companies and extraordinary transactions in general, and also provides strategic corporate consulting for several industrial groups in the province of Treviso, Vicenza, and Venice. She also performs institutional appointments entrusted to her by the Court of Treviso, in her capacity as Bankruptcy Trustee and Judicial Custodian.

The following table specifies the offices as director and statutory auditor held in other companies as at 31/12/2017.

Company	Office covered
Rete S.p.A.	Alternate Auditor
Veneto S.p.A.	Chair of the Board of Statutory Auditors
Cipriani S.r.l.	Statutory Auditor
Mitsubishi Electric Hydronics & It -Cooling Systems S.p.A.	Alternate Auditor
Magazzini Raccordati S.p.A.	Standing Statutory Auditor
Le scarpette delle Formichine	Statutory Auditor
Asolo Musica Veneta Musica	Standing Statutory Auditor
Meith Holding S.p.A.	Alternate Auditor

David Moro

He got a degree in Economics and Business at the Ca' Foscari University of Venice in 1996. He has been listed in the Register of Chartered Accountants of Treviso since 2002, in the Register of Auditors since 2002 and in the Register of Expert Consultants at the Court of Treviso. Director of the Association of Chartered Accountants of Treviso since January 2013 with responsibility for relations with the university institutes and President of the Union of Young Professional Accountants and Accounting Experts of Treviso from 2007 to 2010. Today, he is a member of the Curia Mercatorum commission of Treviso for the creation of crisis management bodies and President of the Association of Chartered Accountants of Treviso. He carries out his professional activity as a Chartered Accountant at the professional association "Filippi & Moro", which provides consultancy in the contractual, corporate and tax area, both nationally and internationally. The association provides consultancy in the area of valuations, acquisitions and sales of companies and extraordinary corporate transactions. In the past, already a member of the Board of Directors of companies with national importance. He performs the function of bankruptcy trustee for the Court of Treviso and judicial commissioner in bankruptcy proceedings, auditor of local entities and delegate for real estate sales.

The following table specifies the offices as director and statutory auditor held in other companies as at 31/12/2017.

Company	Office covered
Adria Infrastrutture S.p.A.	Standing Statutory Auditor
Magazzini Raccordati S.p.A.	Chair of the Board of Statutory Auditors

Company	Office covered
Nordest Ippodromi S.p.A.	Alternate Auditor
Quattro M. di Bruno Milani & C. S.a.p.a.	Chair of the Board of Statutory Auditors
Giorfin S.r.l.	Sole Auditor
Immobiliare Complessi S.r.l.	Standing Statutory Auditor
Finross S.r.l.	Sole Auditor
Volley Treviso S.S.D. a R.L.	Director and Chairman of the Board of Directors

Manuela Salvestrin

She got a degree in Economics and Business - from the Faculty of Business Administration of the Ca' Foscari University of Venice. She has been registered in the Board of Chartered Accountants of Treviso since 2005 and in the Register of Auditors since 2006. She works as a chartered accountant under the scope of the professional association 'Saccardi & Associati', which provides consulting services concerning contracts, corporate and tax issues, both domestic and international, the assessment, purchase and sale of companies and extraordinary transactions in general, and also provides strategic corporate consulting for several industrial groups in the province of Treviso. She has been assigned the institutional task of Trustee in Bankruptcy by the Civil and Criminal Court of Treviso.

The following table specifies the offices as director and statutory auditor held in other companies as at 31/12/2017.

Company	Office covered
Veneto S.p.A.	Standing Statutory Auditor