

# **Guala Closures S.p.A.**

REPORT ON CORPORATE GOVERNANCE  
AND OWNERSHIP STRUCTURES 2018  
PURSUANT TO SECTION: 123 of Legislative decree 58/1998

Traditional administration and control model  
Website: [www.gualaclosures.com](http://www.gualaclosures.com)  
Financial period this Report refers to: 2018  
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## GLOSSARY

**GLOSSARY** The following is a list of the main definitions used in this Report. These terms, unless otherwise specified, have the meaning indicated below.

<b>Shareholders' meeting</b>	means the Shareholders' Meeting of the Issuer.
<b>B Shares</b>	Each of the 4,322,438 special B shares with multiple votes, each one giving right to three votes, pursuant to article 127- <i>sexies</i> of the Consolidate Law on Finance (Testo Unico Finanziario, TUF), at the shareholders' meetings of the Company, having the characteristics set forth in art. 5. of the Articles of Association.
<b>C Shares</b>	Each of the n. 812,500 special C shares, having the characteristics set forth in art. 5 of the Articles of Association.
<b>Italian Stock Exchange</b>	means Borsa Italiana S.p.A., the Italian Stock Exchange, with registered offices in Milan, Piazza degli Affari, n. 6.
<b>Civil Code (c.c.)</b>	means Royal Decree no. 262 dated 16 March 1942, as amended from time to time.
<b>Code or Corporate Governance Code</b>	means the <i>Corporate Governance</i> Code prepared by the Committee for <i>corporate governance</i> of listed companies, established by Borsa Italiana.
<b>Board of Statutory Auditors</b>	means the Issuer's Board of Statutory Auditors.
<b>Audit and Risk Committee</b>	means the internal committee of the Board of Directors established in compliance with art. 7 of the Corporate Governance Code.
<b>Board or Board of Directors</b>	Means the Issuer's Board of Directors.
<b>Consob</b>	means the Italian Companies and Exchange Commission based in Rome, Via G.B. Martini n. 3.
<b>Effective date of the Merger</b>	6 August 2018
<b>Listing date</b>	The starting date of trading of Space4 Ordinary Shares and Market Warrants on the MIV (Market for Investment Vehicles), Professional Segment, that is 21 December 2017.

<b>Issuer or Company</b>	Means Guala Closures S.p.A. starting from the Effective Date of the Merger.
<b>Merger</b>	The merger by incorporation of Guala Closures into Space4, approved by the extraordinary shareholders' meetings of the Merged Company and the Merging Company respectively on 27 April 2018 and 28 May 2018.
<b>GCL</b>	GCL Holdings S.C.A.
<b>Guala Closures Group Pre-Merger</b>	Guala Closures Group prior to the merger into Space4 S.p.A. on 6 August 2018.
<b>Guala Closures Post-Merger Group</b>	Space4 S.p.A. with the existing pre-merger Guala Closures Group following the merger of Space4 S.p.A. into Guala Closures S.p.A..
<b>Guala Closures Group</b>	the post-merger Guala Closures Group.
<b>Guala Closures Pre-Merger</b>	Guala Closures S.p.A. prior to the merger into Space4 S.p.A. on 6 August 2018.
<b>Guidance on Market Rules</b>	Means the Guidance on the Rules of the Markets Organised and managed by Borsa Italiana, in force on the date of the Report.
<b>Relevant Transaction</b>	Means a transaction for the acquisition of a company, business, enterprise or branch thereof, by any means carried out, including the combination by contribution or - preferentially - merger, also in combination with the purchase or subscription of shareholding, to be carried out after the Listing Date, provided that the Company may acquire majority or minority shareholdings for this purpose, as well as participating equity instruments.
<b>Guala Closures reference period</b>	Means the period between the Merger Effective Date and 31 December 2018.
<b>Listing</b>	means the admission to listing on the MTA/STAR segment of the ordinary shares and of the <i>Guala Closures S.p.A. Market Warrants</i> on 6 August 2018.

<b>Stock Exchange Rules</b>	the Rules of the Markets organized and managed by Borsa Italiana, resolved by the shareholders' meeting of Borsa Italiana, in force at the date of the Report.
<b>Issuers' Rules</b>	Means the rules implementing the TUF, concerning the regulations of issuers, adopted by Consob with resolution no. 11971 dated 14 May 1999, as amended and supplemented from time to time.
<b>Report</b>	Means this report on corporate governance and ownership structure prepared pursuant to art. 123-bis of the TUF.
<b>SIV</b>	Special Investment Vehicle pursuant to the Stock Exchange Rules.
<b>Auditing Company</b>	Means the auditing company registered on the Register of statutory auditors established at the Ministry of Economy and Finance, in charge of the statutory audit of the accounts of the Issuer.
<b>SPAC</b>	Special Purpose Acquisition Company.
<b>Space4</b>	Space4 S.p.A..
<b>Space Holding</b>	Space Holding S.r.l., the company sponsoring Space4.
<b>Articles of Association</b>	Means the Company's Articles of Association in force at the date of this Report.
<b>Target</b>	means the company, business, enterprise or branch thereof being researched by Space4 in order to carry out the Relevant Transaction
<b>TUF</b>	means the "Consolidated Law on Finance", adopted with Legislative Decree no. 58 dated 24 February 1998, as amended and supplemented from time to time.

## INTRODUCTION

Guala Closures S.p.A. was established by Space Holding S.r.l. on 19 September 2017 under the name Space4 S.p.A., a vehicle company which established an Italian SPAC, in the form of SIV pursuant to the Rules of Borsa Italiana. Trading started on 21 December 2017.

On 31 July 2018, SPAC Space4 acquired the company Guala Closures S.p.A., the parent company of the Guala Closures Group and, on 6 August 2018, proceeded with the merger by incorporation of Guala Closures S.p.A.. Space4 has therefore taken on the name of "Guala Closures S.p.A." following the aforementioned transaction and the Group which refers to Space4 has taken on the name "Guala Closures Group".

The statutory and accounting effects of the Merger are effective from 6 August 2018.

On 30 July 2018, Borsa Italiana approved, effective 6 August 2018, the admission to listing of the Company's ordinary shares and Market Warrants on the Mercato Telematico Azionario (MTA), STAR segment, and their simultaneous exclusion from trading on the Electronic *Investment Vehicles* Market (MIV).

In consideration of the changes that have been made to the *governance* and organizational structure of the Company due to the Merger, this Report is structured as follows:

- the information concerning the corporate governance and ownership structure of Space4 relating to the period between 1 January 2018 and the Merger Effective Date is shown in Annex C to this Report;
- the information concerning the corporate governance and ownership structure of the Issuer in relation to the Guala Closures Reference Period are detailed in this Report.

### 1. PROFILE OF THE ISSUER

The Guala Closures Group mainly operates in the design and production of closures for alcoholic beverages, wine and non-alcoholic beverages, such as water, olive oil and vinegar, and for pharmaceutical products, intended for domestic and international markets. The Group also operates in the production of PET preforms and bottles. More specifically, the Group's activity is structured in two divisions:

- the "Closures" division, the Group's core business, specializing in the production of anti-tampering (*safety*) closures, customized closures (*luxury*), aluminium closures for wines (*wine*), standard closures (*roll-on*), closures for the pharmaceutical industry and others;
- the "Pet" division, active in the production of PET bottles, bottles and miniatures. This division is not considered as part of the Group's *core business*.

The Group is currently the world leader in the production of safety closures for bottles for spirits with over 60 years of experience in the industry. It is also a *leading* manufacturer of aluminium closures for bottles for spirits.

The Company's *corporate governance* system is structured according to the traditional administration and control model and consists of the following bodies:

- Shareholders' meeting
- Board of Directors
- Board of Statutory Auditors



The *governance* of the Company also consists of the following committees within the Board of Directors: (i) the Control and Risk Committee and (ii) the Remuneration Committee.

The Shareholders' Meeting is the body that represents the interests of the majority of shareholders and through its resolutions expresses the corporate purpose.

As provided in the Articles of Association, the Board of Directors, is the body vested with the broadest powers for ordinary and extraordinary management of the Company, including the power to carry out any action deemed appropriate for the achievement of the corporate purpose, excluding only those actions the law reserves to the Shareholders' Meeting.

The Articles of Association provide that the members of the Board of Directors are appointed by the Shareholders' Meeting for a period, established by the Shareholders' Meeting itself, not exceeding three financial years starting from the acceptance of the office, through the list voting mechanism aimed at guaranteeing the presence in the Board of Directors of a director elected by the minority, as well as the compliance with the provisions on gender balance (male and female). The Board of Directors appoints from among its members the President and a Vice President, who shall hold office for the entire duration of the Board's mandate. The Board of Directors also has the authority to delegate part of its powers to an Executive Committee and to establish the limits of such delegation, the number of members and the operating methods. It may appoint one or more Managing Directors, vesting them with powers, and to establish one or more committees with advisory, propositional or control functions in compliance with the applicable law and other regulatory provisions. The Board of Directors may also appoint general managers, establish their powers and grant powers of attorney to third parties for specific actions or categories of actions.

The Control and Risk Committee is an internal committee of the Board of Directors, having - among other things - the task of assisting the Board in assessment and decision-making concerning the internal control and risk management system, as well as those relating to the approval of periodical financial reports .

The Remuneration Committee is an internal committee of the Board of Directors, having - among other things - preliminary, advisory and supervisory functions, assessment and decision-making relating to the remuneration of the Issuer directors and managers with strategic responsibilities.

Pursuant to the Articles of Association, the Board of Statutory Auditors is composed of three standing auditors and two alternate auditors. The auditors are appointed by the Shareholders' Meeting through the list voting mechanism in order to guarantee the presence of a standing auditor and an alternate auditor elected by the minority, as well as compliance with the provisions on gender balance (male and female). Auditors shall remain in office for a term of three financial periods and their office shall terminate as of the date of shareholders meeting convened for the approval of the financial statements referring to the third financial period of office. The Board of Statutory Auditors performs the functions assigned to it by law and other applicable regulatory provisions.

Article 19 of the Articles of Association provides that the statutory audit of the accounts is done, in accordance with the applicable provisions of law, by a subject meeting the requirements provided for by current laws. The Independent Auditors represent the external control body of the Company which is responsible for the statutory auditing of accounts. More specifically, the Auditing Company is required to verify during the financial year, the regular keeping of the company accounts and the correct accounting for the management facts in the accounting records, as well as to express a specific opinion on the financial statements and on the consolidated financial statements.

The powers and operating methods of the corporate bodies are governed by the law, by the Articles of Association and by the resolutions passed by the competent bodies. For a detailed description of each body and/or entity composing the governance of the Company, see the specific chapters of this Report.

Finally, it should be noted that as of the date of this report the list contemplated by art. 2-ter, paragraph 5, of the Issuers' Regulation has not been published on the CONSOB website. In compliance with the provisions of the implementation predures of Resolution no. 20621 of 10 October 2018 concerning the definition of issuers of listed shares "PMI", as published on the CONSOB website (www.consob.it), the Company in December 2018 communicated the capitalization and turnover figures as of 31 December 2017 (year of its incorporation). Such figures were equal to € 505.4 million (capitalization) and € 0 (turnover), therefore suitable to qualify the Company as a PMI pursuant to art. 1, paragraph w-quater.1) of the TUF, for all the purposes contemplated by the same TUF. For the sake of completeness, it is specified that (i) the simple average of the daily capitalisations of the Company's shares in the period between January 1, 2018 and December 31, 2018, calculated in accordance with art. 2-ter, paragraph 1, lett. a) of the Issuers' Regulation, is equal to Euro 516.096.457,54; and (ii) turnover ("net revenues"), as shown in the consolidated financial statements of the Company approved on 19 March 2019, amounted to approximately Euro 237 million, while pro-forma revenue ("net revenues") is equal to around Euro 543 million.

## 2. INFORMATION on OWNERSHIP STRUCTURE ( pursuant to article 123- bis TUF) as at 31 December 2018

### a) Capital position

At the date of approval of the Report, the capital amounts to € 68,906,646 divided into n. 67,184,904 shares without indication of par value, of which 62,049,966 ordinary shares, 4,322,438 B Shares and 812,500 C Shares.

Below is the detailed structure of the share capital of Guala Closures:

### 2.1 Shares

	Share number	% of the share capital	Listed (specify the markets)/not listed	Rights and obligations
<b>Ordinary shares</b> <b>ISIN code</b> <b>IT0005311821</b>	62,049,966		MTA, STAR segment	Each share gives the right to one vote at the ordinary and extraordinary shareholders' meetings of the company as well as other asset and administrative rights in accordance with the law and the Articles of Association
<b>Multiple voting shares</b>	4,322,438		Not listed	They attribute the rights referred to in article 5 of the Articles of Association, including the right to three votes per share to be exercised at the shareholders' meetings of the company
<b>Shares with no voting rights</b>	812,500		Not listed	They attribute the rights referred to in art. 5 of the Articles of Association

Ordinary shares, B Shares and C Shares are issued in dematerialized form in accordance with articles 83- *bis* and following of the TUF.

Ordinary shares are registered, indivisible, freely transferable and grant their holders equal rights. In particular, each ordinary share confers the right to one vote at ordinary and extraordinary shareholders' meetings of the Company as well as other property and administrative rights pursuant to the Articles of Association and the law.

B Shares give the same rights as ordinary shares, except for the following:

- each B Share gives title to three votes pursuant to Article 127- *sexies* of the TUF at Company Shareholders' Meetings, in compliance with any legal restrictions;
- shares are automatically converted into ordinary shares, one ordinary share for each B Share (without the need for resolution either by the special shareholders' meeting holding B Shares, or by the Company's shareholders' meeting):
  - (i) when directly or indirectly transferred to different subjects:
    - (A) by Managers (as defined *below* ) or their Family members (as defined *below* ); or
    - (B) by entities whose majority of the share capital is held by one or more Managers or their Family members; or
    - (C) by subsidiaries, pursuant to Article 93 of the TUF, by one or more Managers or their Family members.
  - (ii) in the event that:
    - (A) the majority of the share capital of the person holding B Shares, as a result of any transaction, ceases to be held by one or more Managers and/or their family members that is by entities held in majority by one or more Managers and/or their Family members; or
    - (B) the person holding B Shares becomes controlled, pursuant to Article 93 of the TUF, by persons other than one or more Managers and/or Family members.

"Manager" means: Marco Giovannini, Anibal Diaz Diaz, Francesco Bove and Paolo Maria Edilio Ferrari, while "Family members" means the spouse and/or descendants of Manager.

- they can be converted into ordinary shares, in whole or in part and also in several tranches with a conversion ratio of one ordinary share each B Share, at the simple request of the holder, to be sent to the Chairman of the Board of Directors with copy to the Chairman of the Board of Statutory Auditors. The occurrence of a conversion is certified by the Board of Directors with a resolution passed by the majority required by law. In the event of omission by the Board of Directors, the occurrence of the conversion requirement is certified by the Board of Statutory Auditors with a resolution passed with the favourable vote of the majority of those in attendance.

The occurrence of a conversion case is certified by the Board of Directors with a resolution passed by the majority required by law. In the event of omission by the Board of Directors, the occurrence of the conversion requirement is certified by the Board of Statutory Auditors with a resolution passed with the favourable vote of the majority of those in attendance.

C Shares grant the same rights as ordinary shares except for the following:

- They do not give the right to vote at ordinary and extraordinary shareholders' meetings of the Company

- They are excluded from the right to receive the profits for which the Company approves the distribution by way of ordinary dividends
- They cannot be assigned until the last day of the twelfth month following the Effective date of the Merger, subject to (i) the assignment of special shares to the withdrawing shareholders of Space Holding S.r.l., following the procedure of liquidation in kind of their share; and (ii) the assignment of special shares to the company receiving a proportional demerger of Space Holding S.r.l. having as its purpose, among other things, the taking of interest by Space Holding S.r.l. in the Company; in addition, shareholders of C Shares may transfer them up to a maximum of 10% of the C Shares they own from time to time, to natural or legal persons (or companies controlled by them) who are members of, collaborate with or are employees of said partner who holds the C Shares on the date of the proposed assignment.
- at the time of their issue they gave the right to the assignment of the "Sponsor Warrant Space4" (now called "Sponsor Warrant Guala Closures S.p.A.") on the basis of 2 warrants for each C Share;
- they are automatically converted into ordinary shares, with a conversion ratio of 4.5 (four point five) ordinary shares for each C Share, without the need for any declaration of intention by their holders and without any change to the amount of the share capital, it being understood that this conversion will result in a reduction in the implied equal book value of the ordinary shares within 60 months from the Effective date of the Merger to the extent (a) of 312,500 C Shares in the event that the official price of the ordinary shares is greater than or equal to Euro 11 (eleven) per ordinary share, for at least 20 days, even non-consecutive, during 30 consecutive stock exchange days; (b) of 250,000 C Shares in the event that the official price of the ordinary shares is greater than or equal to Euro 12 (twelve) per ordinary share, for at least 20 days, even if not consecutive, during 30 consecutive stock exchange days; (c) of 250,000 C Shares in the event that the official price of the ordinary shares is greater than or equal to Euro 13 (thirteen) per ordinary share, for at least 20 days, even if not consecutive, on 30 consecutive open stock exchange days, it being understood that (i) the official price reporting period of the ordinary shares for the purpose of the events referred to in the previous letters (a), (b) and (c) will be between the date of the resolution of Space4 shareholders' meeting which approved the Merger (held on 28 May 2018) and the 60-month term from the Effective date of the Merger (it being understood that, in the event of the occurrence of the events referred to in the previous letters (a) and/or (b) and/or (c) before the Effective Date of the Merger, the relevant conversion will in any case be carried out on the Effective Date of the Merger); and (ii) the events referred to in the preceding letters (a), (b) and (c) may also occur jointly. In any case, after 60 months from the Effective Date of the Merger, each residual C Share, not already converted according to the aforementioned assumptions, will automatically be converted into 1 ordinary share, without any amendment to the amount of the share capital.

The Company may proceed with the issue of B Shares limited to the following cases:

- Share capital increase pursuant to section 2442 of the Civil Code or by way of new contributions without exclusion or limitation of the option right, in any case in combination with ordinary shares pursuant to Article 5.9 of the Articles of Association; and
- merger or demerger.

In no case may the Company proceed with the issue of new C Shares.

In the event of a share capital increase to be carried out by issuing only ordinary shares, the right to subscribe the issuing ordinary shares will be recognised to all shareholders (unless the relative option right is excluded as provided by the law or does not apply) in proportion and in relation to the shares - whether ordinary shares, B Shares or C Shares - held by each one of them at the time of the execution of the share capital increase. In this event, the requirement for the special Shareholders' Meeting of the holders of B Shares or the special Shareholders' Meeting of the holders of C. Shares to approve, pursuant to section 2376 of the Civil Code, the relevant resolution, is excluded in any case.

In the event of a capital increase to be implemented by issuing ordinary shares and B Shares:

- the number of ordinary shares and B shares issued must be proportional to the number of ordinary shares and B shares in which the share capital will be divided at the date of the relative resolution, specifying that, for this purpose, the existing C Shares will be counted as an equal number of ordinary shares;
- the holder of C Shares may subscribe ordinary shares in proportion to the shareholding in the capital represented by ordinary shares and C Shares held at the time of the execution of the share capital increase; and
- the newly issued ordinary shares and B Shares must be offered for subscription to each shareholder respectively in relation to and proportionally to the ordinary shares and B shares held by said shareholder at the time of the execution of the share capital increase, specifying that (i) the existing C Shares will be calculated for this purpose as an equal number of ordinary shares; and (ii) B Shares may only be subscribed by shareholders who already hold B Shares; in the absence of the subscription of the newly issued B Shares by the shareholders who already hold B Shares, the B Shares will automatically be converted into ordinary shares with a ratio of one ordinary share each B share and will be offered to the other shareholders as required by law.

In the event that the Company participates in a merger by incorporation as a merging company or in a merger of its own, the holders of B Shares will be entitled to receive, within the exchange ratio, shares bearing the same characteristics - at least as regards the right to multiple votes - of B Shares, within the limits of the law and based on compatibility.

## 2.2 Warrants

At the date of this Report, the following financial instruments have been issued which attribute the right to subscribe newly issued Guala Closures ordinary shares:

	Listed	Number of circulating instruments	Category of shares for conversion/exercise	No. of shares for conversion/exercise
<b>Warrants denominated "Market Warrant Guala Closures S.p.A."</b>	MTA, STAR segment ISIN: IT0005311813	19,367,393	Ordinary shares	4,651,163
<b>Warrants denominated "Sponsor Warrant Guala Closures S.p.A."</b>	No	2,500,000	Ordinary shares	2,500,000
<b>Warrants denominated "Management Warrant Guala Closures S.p.A."</b>	No	1,000,000	Ordinary shares	1,000,000

Warrants are subject to dematerialisation pursuant to articles 83-bis and following of the TUF.

To service the *Market Warrant Guala Closures S.p.A.* and of the *Sponsor Warrant Guala Closures S.p.A.*, the extraordinary shareholders' meeting of Space4 of 26 September 2017, taking into account the amendments introduced on 26 October 2017 and 16 November 2017, resolved:

- to increase paid in share capital in divisible form, with the exclusion of the option right provided by the fifth paragraph of section 2441 of the Italian civil code, for a maximum amount of € 465.116,30, to be reserved to the exercise of corresponding 20,000,000 Guala Closures S.p.A. *Market Warrants*, through the issue of a maximum number of 4,651,163 ordinary shares without mention of the nominal value at a price of Euro 0.10, entirely charged to the implied accounting par value;
- to increase paid in share capital, in divisible form, with the exclusion of the option right provided by the fifth paragraph of section 2441 of the Italian civil code, for a maximum amount inclusive of a premium of Euro 32,500,000, to be reserved to the exercise of the corresponding 2,500,000 *Guala Closures S.p.A. Sponsor Warrants*, through the issue of a maximum of 2,500,000 (two million five hundred thousand) ordinary shares without indication of the par value, at the price of Euro 13.00 (thirteen point zero zero), charged for Euro 1, 00 to the implied accounting par value and to 12.00 (twelve point zero zero) at a premium.

In addition, *for the purpose of Guala Closures S.p.A. Management Warrants* the extraordinary shareholders' meeting of Space4 held on May 28, 2018 resolved to increase paid in share capital, in divisible form, for a maximum amount inclusive of premium of of Euro 13,000,000.00 (thirteen million point zero zero), to be reserved to the exercise of corresponding 1,000,000 (one million) *Management Warrant Guala Closures S.p.A.*, through the issue of a maximum number of 1,000,000 (one million) ordinary shares with no par value, at a

price of Euro 13.00 (thirteen point zero zero) , charged for Euro 1.00 to the implied accounting par value and for Euro 12.00 (twelve point zero zero) to premium.

The terms and conditions of exercise of the *Guala Closures S.p.A. Market Warrants*, *Guala Closures S.p.A. Sponsor Warrants* and *Guala Closures S.p.A. Management Warrants* are detailed in the respective Regulations available on the Company's website ( [www.gualaclosures.com](http://www.gualaclosures.com) - Investor Relations section).

#### **b) Restrictions on the transfer of securities**

It should be noted that Space Holding has undertaken a lock-up commitment with Space4 as regards the post-Merger Guala Closures shares resulting from the conversion of the special Space4 shares, as described in art. 5.4 (iii) of the current Articles of Association in force, with the following terms and conditions: (i) with reference to the post-Merger Guala Closures shares resulting from the conversion of the special Space4 shares due to the completion of the Merger, the lock-up commitment will have a duration equal to 12 months from the Effective date of the Merger; and (ii) with reference to the post-Merger Guala Closures Shares resulting from the conversion of the special Space4 shares upon the occurrence of the other events specified in art. 5 of the Articles of Association of Space4 in force at the time, the lock-up commitment will have a duration of 6 months starting from the related conversion, it being understood that if the conversion based on other events pursuant to art. 5.4 (ii) of the Articles of Association in force which occurs in the 12 months following the Effective date of the Merger, the lock-up commitment will be considered undertaken until the next date within a) 12 months from the Effective date of the Merger and b) 6 months from conversion. It should also be noted that, on 16 April 2018 and on 27 April 2018, some agreements were entered into, by virtue of which:

- the *Managers* (that is Marco Giovannini, Anibal Diaz Diaz, Francesco Bove and Paolo Ferrari) and GCL Holdings SCA have undertaken, for a period of 18 months from the Effective date of the Merger, a lock-up commitment with Space4 concerning the investments held in 'Post-Merger Issuer, with some exceptions;
- Peninsula Capital II S.à.rl (Taken over by PII G S.à rl on 31 July 2018) has undertaken for a period of 9 months from the Effective date of the Merger, a *lock-up* commitment with Space4 concerning the investments held by PII G S.à rl in post- Merger Space4, with some exceptions; and
- Quaestio Capital SGR S.p.A. has undertaken, for a period of 9 months from the Effective date of the Merger, a *lock-up* commitment with Space4 concerning the investments held by Quaestio in the post-Merger Issuer, due to the exchange and execution of the Quaestio *back-stop* agreement, with some exceptions.

The Guala Closures S.p.A. *Sponsor Warrants* can be transferred to third parties, it being understood that their transfer prior to the expiration of the third anniversary of the effective date of the Significant Transaction requires the approval of the ordinary shareholders' meeting with the majorities provided for by law, except for the case of transfer to the beneficiary company of a proportional demerger of Space Holding S.r.l. concerning, among other things, the participation of Space Holding S.r.l. in Space4.

The Guala Closures S.p.A. *Management Warrants* are non-transferable to third parties.

There are no limits to the ownership of shares of the Company nor are there any clauses of approval to access the corporate structure.

#### **c) Significant equity investments in the share capital**

The Company's ordinary shares are entered into the centralized management system required by the TUF. Based on the information available at the date of this Report, in the following table are listed the shareholders who directly and/or indirectly, also through intermediaries, trustees and subsidiary companies, hold equity investments equal to or greater than 5% of the share capital with voting rights:

Reporting entity	Direct shareholder	% share of the ordinary share capital	% share of the voting capital
<b>Peninsula Capital II SARL</b> <sup>1</sup>	PII G SARL	9.843	8.816
<b>MOJITO LUXCO 2 GP IN LIQUIDATION</b> <sup>2</sup>	GCL HOLDINGS LP SARL IN LIQUIDATION	6.291	5.634
<b>Giovannini Marco</b>	GCL HOLDINGS SCA	14.239	24.276
<b>Giovannini Marco</b>	Giovannini Marco	0.149	0.133
<b>Giovannini Marco Total directly and indirectly held</b>		14.388	24.409

#### d) Securities granting special rights

Pursuant to Article 127- *sexies* of the TUF, each B Share gives title to three votes at the Company Shareholders' Meetings in compliance with any statutory limits, and confers the rights and obligations specified in paragraph 2.1 above.

The Articles of Association do not contain provisions relating to the increased vote pursuant to art. 127 quinquies of the TUF.

#### e) Employee share ownership: mechanism for exercising voting rights

At the date of this Report, there are no shareholding systems in place for Directors and employees of the company.

#### f) Restrictions on voting rights

There are no restrictions on voting rights for shareholders holding ordinary shares and B Shares. As specified in paragraph 2.1 above, category C shares do not have the right to vote at ordinary and extraordinary shareholders' meetings of the Company.

#### g) Shareholders' agreements

At the date of this Report, the Company is not aware of any agreements between shareholders pursuant to art. 122 TUF.

With reference to the shareholders' agreement signed in connection with the *business combination* between Space4 and Guala Closures S.p.A., entered into on 16 April 2018 between Space4, GCL Holdings SCA, Marco Giovannini, Anibal Diaz Diaz, Paolo Ferrari, Francesco Bove, Space Holding S.r.l. and Peninsula Capital II S.à.rl,

<sup>1</sup> As a general partner of Peninsula Investments II SCA which controls PII G SARL.

<sup>2</sup> As general partner of Mojito Lux 2 SCA which controls GCL Holdings LP SARL in liquidation.



on 10 September 2018, it ceased all its effects due to natural expiry following the appointment of the Board of Statutory Auditors of Guala Closures S.p.A.

**h) Change of control clauses and provisions in the Articles of Association concerning takeover bids**

At the date of this Report, certain agreements entered into by Guala Closures Group companies, including some commercial agreements with customers and suppliers, some loan agreements and some contracts relating to subsidiaries, contain forecasts which, following a change in the ownership structure qualified as a "change of control" of the Company pursuant to the respective contracts, allow contractual counterparties to amend certain contractual rights and/or terminate the related agreements. Certain agreements also provide for the right of the relevant counterparty to be informed of the occurrence of any "change of control", as well as the need to obtain the consent to the completion of the change of control activated pursuant to the relative contractual provision.

These clauses, even though they can be attributed to the *genus* of the so called "Change of control" provisions, differ in their wording from contract to contract by linking, depending on the contracts, the occurrence of the event which can be qualified as "change of control" to distinct situations of change in the *status quo*, such as: (i) a purchase by a competitor of the relevant supplier and/or customer, of a majority equity investment in the Guala Closures Group company that entered into the relevant contract and/or of the relevant top-tier parent company; (ii) a purchase by a competitor of Guala Closures Group, of a majority equity investment in the Guala Closures Group company that has entered into a supply contract, and/or the relevant top-tier parent company; (iii) changes in the management body of the Guala Closures Group company that entered into a specific contract; or (iv) changes in the shareholding structure of the Merged Company or the related Guala Closures Group company that entered into the agreement. More specifically:

Guala Closures International BV		
Les Muselets du Val de Loire M.V.L. S.A.S. and SACI S.à.r.l.	Shareholders' agreement relating to the subsidiary Guala Closures France S.a.s.	In the event of a change in the shareholder structure (qualifying as a change of control event) of Guala Closures International B.V., Les Muselets du Val de Loire M.V.L. S.A.S. e SACI S.à.r.l. have the right to initiate a put procedure that could lead to Guala Closures International B.V. obligation to purchase the entire equity investment held in Guala Closures France S.A.S.
TN Partners A.D.	Shareholders' agreement relating to the subsidiary Guala Closures Bulgaria AD	In the event of a change in the shareholding structure (qualifying as a change of control event) of Guala Closures International B.V., TN Partners A.D. has the right to initiate a put procedure that could lead to Guala Closures International BV obligation to purchase the entire equity investment held in Guala Closures Bulgaria AD
Volodymyr Volodymyrovich Zayets	Shareholders' agreement relating to the subsidiary Guala Closures Ukraine LLC	In the event of a change in the shareholding structure (qualifying as

		a change of control event) of Guala Closures International BV, Volodymyr Volodymyrovich Zayets has the right to initiate a put procedure that could lead to Guala Closures Ukraine LLC obligation to purchase the entire equity investment held in Guala Closures Ukraine LLC.
Krzysztof Grzadziel	Shareholders' agreement relating to subsidiary Guala Closures Poland SA	In the event of a change in the shareholder structure (qualifying as a change of control event) of Guala Closures International BV, Krzysztof Grzadziel has the right to initiate a put procedure that could lead to Guala Closures International BV obligation to purchase the entire equity investment held in Guala Closures Poland sa

As at 31 December 2018, the Company had loans which among other things allow creditors the title to withdraw in case of amendments to the direct or indirect control of Guala Closures S.p.A.. pursuant to art. 2359 of the Italian Civil Code.

The regulation of the so-called bond loan " *High yield* " called "€ 455,000,000 Floating Rate Senior Secured Notes two 2024 " (the "Guala Bond") and the *revolving* loan agreement for a maximum of Euro 80,000,000 subscribed, on 28 July 2018 by the Company, to one side, and UniCredit Bank AG, Milan Branch, acting as agent, and Barclays Bank PLC, Credit Suisse International, Intesa Sanpaolo S.p.A. and UniCredit S.p.A., as lenders bank (the "Revolving Loan"), provide that in the case in which occurs a so called "Change of control" (as defined in the respective contractual documentation) (i) the holders of the Guala Bond will have the right to request the redemption of their bonds at a value equal to 101% of the nominal value; and (ii) each lending bank will have the right to request repayment of the portion of the Revolving Loan and to receive an amount equal to 100% of that share.

#### **OPA**

The Company Articles of Association do not derogate from the *passivity rule* provisions pursuant to art. 104, paragraphs 1 and 1- *bis* of the TUF nor provide for neutralization rules provided for by art. 104- *bis* paragraphs 2 and 3 of the TUF.

#### **i) Powers to increase the share capital and authorizations to purchase treasury shares**

The Board of Directors has not been given powers to increase the share capital pursuant to section 2443 of the Civil Code or to issue participating equity instruments.

As at 31.12.2018, the Company did not hold treasury shares in portfolio. It should be noted that, after the year end, the Shareholders' Meeting of Guala Closures held on 14 February 2019 resolved to authorise the Board of Directors to carry out (i) for a duration of 18 months, purchase transactions of ordinary shares of the Company (therefore with the exclusion of special B shares and special C shares) up to 3% of the outstanding ordinary shares as at the date of this press release (equal to approximately 1,861,500 ordinary shares), as well

as (ii) disposition transactions, without limitations or time constraints, even on a split basis, for the purchased treasury shares. As of the date of this Report, the Company has no treasury shares in its portfolio.

### **I) Direction and Coordination activities**

The Company is not subject to management and coordination pursuant to section 2497 et seq. of the Italian Civil Code.

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*More specifically:*

- *the information required by art. 123-bis, first paragraph, lett. i) of the TUF, on the agreements between the Company and the directors which provide for compensation in the event of resignation or dismissal without just cause are detailed in the remuneration report published pursuant to art. 123-ter, of the TUF;*
- *the information required by art. 123-bis, first paragraph, lett. l) of the TUF, on the rules applicable to the appointment and replacement of directors, as well as to the amendment of the articles of association, are detailed in section 4.1 of this Report dedicated to the Board of Directors.*

### **3. COMPLIANCE**

The Company complies with the Corporate Governance Code, as in force, accessible to the public on *the website* of the Italian Stock Exchange, in the section dedicated to the Committee for Corporate Governance at the following *web page*: <http://www.borsaitaliana.it/comitato-corporate-governance/codice.htm>

The Company and its strategic subsidiaries are not subject to non-Italian legal provisions which may influence the *corporate governance* structure of the Company.

### **4. BOARD OF DIRECTORS**

#### **4.1. Appointment and replacement**

The company is managed by the Board of Directors composed of a minimum of 8 (eight) and a maximum of 15 (fifteen) members. The Shareholders' Meeting establishes the number of members of the Board of Directors, a number that shall remain in office until resolved otherwise.

All directors must meet the requirements of integrity, professionalism, and independence prescribed by law and other applicable provisions. Furthermore, a number of directors identified according to applicable laws and regulations, also taking into account the listing segment of the shares, must meet the requirements of independence requested therein, as well as the any additional requirement set out in the Code of Conduct for listed companies.

The board of directors is appointed by the shareholders' ordinary meeting on the basis of lists submitted by the shareholders, according to the procedure set out in the following provisions, unless otherwise or further provided for by mandatory laws or regulations.

Shareholders may submit a list for the appointment of directors who, at the time the list is submitted, are holders - alone or together with other presenting shareholders - of a shareholding at least equal to that determined by Consob pursuant to applicable laws and regulations<sup>3</sup>.

The ownership of the minimum shareholding is established having regard to the shares that are registered for the shareholder on the day on which the lists are filed with the issuer. The relevant certification can be issued also after filing, as long as it is within the deadline set for the publication of the lists.

The lists are filed at the registered office, in the manner prescribed by the regulations in force, at least 25 (twenty-five) days before the date set for the shareholders' meeting called to resolve on the appointment of directors. Furthermore, the Company should make the lists available to the public at least 21 (twenty-one) days before the date set for the aforementioned Shareholders' Meeting in the manner prescribed by the regulations in force.

The number of candidates in the lists cannot be less than 6 (six) and greater than 15 (fifteen), each combined with a progressive number. Each list must contain and expressly indicate at least 2 (two) directors who meet the independence requirements provided for by the applicable laws and by the Corporate Governance Code of Borsa Italiana S.p.A.

The lists cannot be composed of candidates of the same gender (male or female), each list must include a number of candidates of the less represented gender such as to ensure that the composition of the board of directors complies with the provisions of law and regulations in force on gender balance (male and female). The number resulting from the application of such criteria shall be rounded up to the upper unit.

Under penalty of inadmissibility, to the list must be attached: (i) the candidates' *curriculum vitae*; (ii) statements whereby each candidate accepts the candidacy and certifies, under his own responsibility, the non-existence of causes of ineligibility and incompatibility, as well as the existence of the requirements prescribed by laws in force, to take the office of director of the Company including a statement on candidate's independence requirements; (iii) the identity of the shareholders who presented the lists and the overall percentage stake held; (iv) any other or different statement, information and/or document required by applicable laws and regulations.

Each shareholder, the shareholders belonging to the same corporate group as well as the shareholders adhering to a shareholders' agreement in accordance with Article 122 of the TUF, may not submit or contribute to the submission, even through a third party or trust company, of more than one list nor can they vote different lists; in addition, each candidate may be submit on only one list, under penalty of ineligibility.

At the end of the vote, the candidates of the two lists who have obtained the highest number of votes will be elected, with the following criteria: (i) from the list which has obtained the highest number of votes (the "Majority List"), a number of directors equal to the total number of members to be elected, except one, will be taken according to the progressive order of submission; and (ii) from the second list which obtained the highest number of votes and is not even indirectly related to the shareholders who submitted or to those who voted for the Majority List (the "Minority List"), a director, in the person of the candidate indicated with the first number on the list, will be taken.

Lists receiving a vote in the General Meeting which is less than half the percentage required for submission of the list may not be considered.

In the event of a tie between lists, a new vote will be held by the shareholders' meeting and the candidates who obtain the simple majority of votes without applying the list voting mechanism will be elected.

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<sup>3</sup> For 2019, the share is equal to 2.5% of the share capital (see Consob, Resolution No. 13 of 24 January 2019).

If at the end of the voting it turns out that the provisions of law and regulations in force from concerning the balance between genders (male and female) were not observed (including rounding up to the higher unit if the result of the criterion of division between genders is not a whole number), the following replacement mechanisms will be applied with the following sequence:

- a) the candidates of the most represented gender elected as last in progressive order from the Majority List, will be replaced with the first unelected candidates, taken from the same list, belonging to the other gender;
- b) If this replacement procedure cannot be implemented in order to ensure compliance with the provisions of law and regulations in force from time to time, concerning the division between genders (male and female), the missing directors will be elected by the shareholders' meeting with the ordinary methods and majorities, subject to the presentation of candidates from subjects belonging to the less represented gender.

If at the end of the voting for the appointment of the directors, the number of independent directors required by law and regulations (including the self-regulatory codes and with regard to the share segment of the shares) governing the minimum number of directors with independence requirements within the Board of Directors is not reached, non-independent candidates elected in sequential order from the Majority List will be excluded and replaced with the first independent candidates not elected from the same list. In the event that it is not possible to implement this replacement procedure, in order to guarantee the appointment of the number of independent directors required by the applicable legislation, the replacement will take place by resolution passed by the shareholders' meeting in the ordinary manner and majorities, subject to the presentation of candidates with the requirements of independence.

If only one list has been submitted, the shareholders' meeting will vote it and should the relative majority of votes be reached, all members of the board of directors will be taken from this list in compliance with the provisions of law and regulations in force, also as regards the balance between genders (male and female) (including rounding up to the upper unit in the event the application of the criterion of division between genders does not result in a whole number) .

In the absence of lists, or if only one list is submitted and it does not obtain the relative majority of votes, or if the number of directors appointed on the basis of the lists submitted is less than the number of members to be elected, or if the entire board of directors should not be renewed, or if it is not possible for any reason to proceed with the appointment of the board of directors as required, the members of the board of directors will be appointed by the shareholders' meeting with ordinary methods and majorities, without list voting, without prejudice to the obligation to maintain the minimum number of independent directors established by law, also with regard to the listing segment of the shares, and in compliance with the laws and regulations in force on gender balance .

Directors remain in office for a period established by the shareholders' meeting, which should not exceed 3 (three) years from the acceptance of the office; they shall expire on the date of the meeting called to approve the financial statements for the last year of their office and may be re-elected.

If for any reason, one or more directors ceases to hold office, the board of directors will co-opt by choosing, where possible, from the unelected candidates on the list from which the leaving director was elected, following the progressive order of the list, without prejudice to the obligation to maintain the minimum number of independent directors established by law, also with regard to the segment of listing of the shares, and in compliance with the provisions of law and regulations on gender balance.

In case of termination of office for any reason, by more than half of the directors appointed by the Shareholders' Meeting, the entire Board of Directors will be deemed terminated effective from the moment in

which the board of directors has been formed again and the directors remaining in office will urgently call the Meeting for the appointment of the new board of directors.

The Board of Directors elects from among its members the President and a Vice President who hold office for the entire duration of the Board's mandate.

As of the date of this Report, also due to the recent listing, the experience and powers of the current directors and the size of the Company, the Board of Directors has decided not to adopt a succession plan for executive directors.

#### **4.2. Composition**

The Company's Board of Directors is composed of a variable number of members from a minimum of 8 (eight) to a maximum of 15 (fifteen) members. The number of directors is established by the Shareholders' Meeting. As required by the Code, the Board of Directors shall be made up of executive and non-executive directors.

The Space4 Shareholders' Meeting, held on 28 June 2018, appointed the Board of Directors that took office on the Merger Effective Date, after determining the number of members, their term of office and the fees .

In particular, it was decided to set the number of members of the Board of Directors to 9 (nine) and to fix the duration of the mandate to 3 (three) years, both effective from the Merger Effective Date.

The Shareholders' Meeting therefore proceeded, with the application of the list voting mechanism, to the appointment of the members of the Board of Directors.

It should be noted that the members of the Issuer's Board of Directors who took office as from the Merger Effective Date were appointed on the basis of the single list of candidates submitted by the leaving Board of Directors. The composition of this list reflected the agreements between Space Holding, GCL, Peninsula and the Managers contained in the Shareholders' Agreement terminated on 10 September 2018.

It should also be noted that the Issuer has complied with the rules on gender quotas with reference to the appointment of a fifth of the members of the Board of Directors.

The Board of Directors is in office since 6 August 2018 and will expire on the date of approval of the Financial Statements for the year ending 31 December 2020 and is composed as follows:

<b>Name and Surname</b>	<b>Position</b>	<b>Appointed on</b>
Marco Giovannini	President and CEO	28 May 2018
Edward Carlo Maria Subert	Vice President	28 May 2018
Anibal Diaz Diaz	Director	28 May 2018
Francesco Bove	Director	28 May 2018
Filippo Giovannini	Director	28 May 2018
Francesco Caio (*)	Director	28 May 2018
Luisa Maria Virginia Collina (*)	Director	28 May 2018
Lucrezia Reichlin (*)	Director	28 May 2018
Nicola Colavito	Director	28 May 2018

*(\*) Director who has declared that he/she meets the independence requirements established by art. 148 of the TUF and art. 3 of the Corporate Governance Code.*

All members of the Board of Directors meet the integrity requirements established for controlling members with regulation by the Minister of Justice pursuant to art. 148, paragraph 4, of the TUF.

Furthermore, Directors Luisa Maria Virginia Collina, Lucrezia Reichlin and Francesco Caio declared that they met the independence requirements pursuant to art. 147- *ter* , paragraph 4 of the TUF and art. 3 of the Code. After the appointment, the Board of Directors verified the independence requirements of the aforementioned directors. The continuation of the aforementioned requirements was subsequently verified during the meetings of the Board of Directors, on 6 August 2018 and on 19 March 2019.

The non-executive and independent Directors bring their specific competences to the board discussions, contributing to the taking of decisions in accordance with the corporate interest. Directors act and pass resolutions with full knowledge of the facts and autonomously and pursue the priority purpose of creating value for the shareholders. They hold the office aware of being able to dedicate the time necessary for the diligent performance to their task.

The Chairman coordinates the activities and guides the meetings of the Board of Directors and makes every effort to ensure that its members are adequately informed in advance on points of significant importance, on elements useful to profitably attend the meeting, subject to the requirements of need, urgency or confidentiality.

Furthermore, the Chairman, through the competent corporate functions, makes every effort to ensure that the Directors participate in initiatives aimed at increasing their knowledge of corporate situation and dynamics and are informed of the main legislative and regulatory changes concerning the Company and the corporate bodies .

The following is a summary *curriculum vitae* of each member of the Board of Directors, from which emerges the competence and experience gained in the field of business management.

#### **Edoardo Subert**

Edoardo Subert graduated in 1985 with honors in Business Economics at the Luigi Bocconi University in Milan. He began his career in Cast, a management consulting firm founded by some of the most important Bocconi professors. In 1987 he joined Citibank, where he held various roles in the Investment Banking department, until he became Director of the M&A team. In 1990 he moved to Rothschild, first in London as head of the Italian Desk and then from 1993 to Milan, where he became a director and *managing director* with responsibilities in various sectors including FIG and Utilities, as well as an international partner of the Rothschild Group. He was also Senior Advisor of Rotschild. In his 30 years in Investment Banking he has successfully managed over 100 M&A transactions.

Edoardo Subert, a partner of Space Holding since 2013, was a director of Space S.p.A. from its establishment until the *business combination* with F.I.L.A. S.p.A., of Space2 from the establishment until the *business combination* with Avio S.p.A., of Space3 up to the *business combination* with Aquafil S.p.A., and co-managing director of Space4 S.p.A. from the listing until the business combination with Guala Closures S.p.A. He is currently Vice President of Guala Closures S.p.A.

Edoardo Subert is a member of the Board of Directors of Test Industry and Space Holding.

#### **Francesco Caio**

Francesco Caio graduated in engineering from Milan Polytechnic and obtained an MBA from INSEAD in Fontainebleau. Having started at Olivetti in 1982, after moving to STET telephone group, from 1986 until 1991 he was associated with McKinsey & Co. consulting group Returning to the Olivetti group as assistant to the

president and CEO, in 1993 he was appointed CEO of the subsidiary Omnitel (now Vodafone Italia), where he remained until 1996. In 1997 he was appointed managing director of Merloni Eldo group (later renamed Indesit). In 2000 he moved to London, as director of Netscalibur and then of Cable & Wireless, then in Lehman Brothers and Nomura. He returned to Italy in 2011 as managing director of the Avio group. From 2014 to 2017 he was CEO of Poste Italiane. He is now a consultant for the Italian Government. On various occasions, in Italy and in United Kingdom, he has provided services and consultancy to institutions in the digital and *broadband field*. He has been a non-executive director for various listed companies in Europe and the United States and is a member of the *advisory boards* of Confindustria and the Politecnico di Milano. He is currently Chairman of SAIPEM S.p.A. and a member of the board of BNL S.p.A..

### **Marco Giovannini**

Marco Giovannini graduated with honours in nuclear and mechanical engineering at the La Sapienza University of Rome. He began his career at Fiat T.T.G. S.p.A. and then moved to Alluminio Italia S.p.A.. In 1984 he entered the packaging sector, when Italcaps S.p.A. entrusted him with the operational management of corporate activities.

In 1990 he was appointed managing director of Superbox S.p.A., a manufacturer of aerosol cans, part of the Carnaud Metalbox Group, of which in 1997 Mr. Marco Giovannini became the number two in Europe. In 1998, following the sale of the then Guala Closures Group by the Guala family, he took on the position of managing director of the Company Guala Closures S.p.A.. Awarded with the title of Cavaliere del Lavoro in 2012, he also held the position of President of Confindustria of Alessandria from 2011 to 2015. Furthermore, from April 2013 until July 2015 he was a member of the Board of Directors of Cassa Depositi e Prestiti S.p.A..

Marco Giovannini is also a member of the Boards of Directors of various foreign subsidiaries of the Guala Closures Group, as well as a member of the Board of Directors of Goglio S.p.A., an independent member of the Board of Directors of LVenture Group and Mperience and, as of April 2018, a member of the Board of Directors of Banca Sistema S.p.A. and Member of the Steering Committee of the CRT Foundation.

### **Anibal Diaz Diaz**

Anibal Diaz Diaz holds a degree in business administration ( *administración de empresa* ) at the Universidad de la República (Montevideo - Uruguay) and an *executive program* at INSEAD. He began his working experience in the packaging sector, first within the Carnaud group, then with Carnaud Metalbox as *controller* for which he later became financial. In 1993 he was appointed *division manager* for the Carnaud group in the subsidiaries operating in Spain and France, while between 1995 and 2000 he held the position of general manager of the European division for Carnaud Aerosols.

In 2000 he joined Guala Closures Group, holding the position of financial director and several other corporate functions as member of the boards of directors of the foreign subsidiaries of the Guala Closures Group.

### **Francesco Bove**

Francesco Bove graduated in business economics from Marquette University (Milwaukee - United States) and subsequently completed his studies, obtaining a *Master's degree in Business Administration* (MBA) from the Thunderbird Business School of Arizona State University.

Between 1995 and 1998 he held the position of *Vice President of Operations Beverage Cans* for the Pechiney/American National Can Corporation group. In 1999, he began his collaboration with Guala Closures Group filling the positions of member of the Board of Directors of the Company and *Chief Operating Officer* of the Guala Closures Group, as well as of member of the boards of directors of the foreign subsidiaries of Guala Closures Group and is also director of Easytech Closures S.p.A. and Euroflex S.p.A.

### **Luisa Maria Virginia Collina**



Luisa Maria Virginia Collina graduated in Architecture at the Polytechnic University of Milan in 1993 and obtained a PhD in 1998 in Technical Innovation and Architecture. Since 2000, as manager of the international relations of the Faculty of *Design* (now School of *Design* ) and of the Department, she collaborates with universities, research centers and companies in international research programs and in projects of strategic innovation driven by *design* . She has been a member of the Board of Directors of the Politecnico di Milano from 2004 to 2008. Since 2005 she has been the coordinator of a second level Degree Course in "Product System *Design* ", a master's degree in design, held in English language for international students. Since 2009 she is the president of the Graduate Course. She is currently professor in *Design* at the Department of *Design* at Milan Polytechnic and she is an independent Board member of DeLonghi Group. She is also vice-president of Cumulus, an international association of design schools.

#### **Lucrezia Reichlin**

Lucrezia Reichlin graduated in Economics at the University of Modena in 1980 and obtained a Doctorate in Economics from New York University in 1986. Member of several scientific committees, from 1994 to 2004 she has held the position of Full Professor at the University of Brussels while from 2005 to 2008 she was General Director of Research at the European Central Bank in Frankfurt. From 2009 to 2018 she was a member of the UniCredit board of directors. She is currently Professor at the London Business School and member of the board of Ageas, Messaggerie Italiane Group, Italian Institute of Technology and Eurobank Ergasias.

#### **Nicola Colavito**

Graduated with honors in Economics and Finance from the Bocconi University of Milan, he completed specialization and advanced courses at the Stern School of Business, New York University and the London School of Economics. From 1999 to 2015 he worked in leading international *investment* banks covering various *senior* roles in *Investment Banking* ( *Debt Capital Markets* and *M&A* ) and *Securities* ( *Solutions* ) divisions of JP Morgan, Goldman Sachs and Barclays. Since 2015 he has been a *Partner* at Peninsula Capital Advisors in London. He is a director in Kiko and Garofalo Healthcare.

#### **Filippo Giovannini**

Filippo Giovannini graduated in economics and management from the Royal Holloway University of London, and subsequently completed his studies, obtaining a Master's degree in International Management Studies issued by the Copenhagen Business School and the ESADE Business School in the context of the CEMS program (Community of European Management Schools). Since 2009 he has been mainly in the Italian renewable energy and photovoltaic market, Filippo Giovannini began his experience working with the Solar Investment Group and the Real Asset Energy Fund until 2014. From 2011, he holds the position of managing director of TAN Holdings, an investment company financed with entirely private capital, focusing on the alternative energy sector as well as in the food and infrastructure sector. As part of the investment activities of TAN Holdings, Filippo Giovannini holds various corporate offices as a member of the boards of directors of companies Tan Food, Towering Rel, Tan Pellet Lucania International Lucania, Sparkling 18, Jenna Energy, and TWIM Energy, Tan International S.r.l. and sole director of Swan S.r.l.

#### **4.2.1. Diversity policies**

The Board of Directors, although not having adopted a specific policy, considers that an adequate composition of the board, with the presence of different managerial and professional skills, as well as in relation to aspects such as gender, age and seniority , is a fundamental prerequisite for an effective company management.

The Board of Directors, in order to promote its adequate composition, will from time to time express to shareholders, on the occasion of the renewal of the Board, its guidelines on the managerial and professional figures whose presence on the Board is deemed appropriate, also considering the criteria of gender diversity.

#### **4.2.2. Maximum number of offices held in other companies**

The Board of Directors has not defined general criteria for the maximum number of administration and control offices in other companies that can be considered compatible with the effective performance of the role of Director of the Company.

However, the Company intends to comply, by way of a non-formal approach, with the recommendations contained in Application Criterion 1.C.2 of the Corporate Governance Code, as regards the obligation for the members of the Board of Directors to accept the office of Director only if they believe they can dedicate the necessary time to the diligent performance of their duties, also taking into account the commitment required by their work and professional activities, the number of positions held in other companies listed on regulated markets (including foreign markets), in banking or insurance financial companies or companies having a considerable size.

The table in Annex A shows the list of positions held by each director in other companies as of the date of this Report.

#### **4.2.3. Induction Program**

The Chairman of the Board has ensured that Directors, after being appointed and during their mandate, have participated in initiatives organized by the Issuer aimed at providing them with an adequate knowledge of the business sector in which the Issuer operates, of the business dynamics and their evolution, of the principles of correct risk management as well as of the reference regulatory and self-regulatory framework, as required by criterion 2.C.2 of the Corporate Governance Code.

More specifically, during the fiscal year, meetings on *market abuse regulation* and the regulations concerning accepted market practices, have been held. The main characteristics of the market in which the Company operates were also illustrated and visits to the Company's facilities were organized, during which the functioning of the production cycles were explained.

#### **4.3. Role of the Board of Directors**

Starting from the Effective Date of the Merger and during the Reference Period, the Board of Directors met 18 times and the average duration of the meetings was approximately 2.5 hours. For the year 2019, the Board of Directors has already met 3 times and is expected to meet at least 4 more times (according to the forecasts of the approved financial calendar). The meetings were regularly minuted.

During the Reference Period, from the Merger Effective Date, the attendance percentage of the Directors at the meetings was over 85%.

The Chairman of the Board of Directors has worked to ensure that the documentation relating to the items on the agenda was shared with the Directors and Statutory Auditors.

Furthermore, the President of the Board ensured that the necessary time was given to the items on the agenda to allow all Directors to intervene, thus guaranteeing constructive debates during board meetings, as these are also members of the Board.

The *Investor Relator*, the *General Counsel* and the external consultants called to provide the appropriate in-depth information on specific issues of the items on the agenda, participated in the board meetings. The Manager Responsible (*dirigente preposto*) normally attends the meetings of the Board of Directors, being a director.

The Board of Directors holds full powers to ordinary and extraordinary management of the company with no limitation with the power of taking any action deemed appropriate to achieve the business purpose, excluding only those actions the law reserves to the Shareholders' Meeting.

The Board of Directors, pursuant to section 2365, second paragraph, of the Civil Code is also competent to pass the following resolutions, without prejudice to the concurrent authority of the Shareholders' Meeting: (i) establish or close secondary offices; (ii) appoint directors to represent the Company; (iii) reduce the share capital in the event of withdrawal of a shareholder; (iv) transfer the registered office within the domestic territory; (v) merge the Company in the cases provided for by articles 2505, 18 2505-bis of the Civil Code, also in so far as they are referred to, for the demerger, by article 2506-ter, last paragraph, of the civil code; and (vi) amend the Articles of Association to comply with regulatory provisions.

The Board of Directors, subject to the mandatory opinion of the Board of Statutory Auditors, shall appoint the manager in charge of preparing the corporate accounting documents, pursuant to Article 154-bis of the Consolidated Finance Act (the Financial Reporting Officer), granting him adequate means and powers to perform his duties.

For the Board resolutions to be valid when approved during the meeting, the majority of effective members is required and resolutions shall be carried by a majority of those in attendance.

Article. 14.1 of the Articles of Association requires that the Board of Directors is vested with the broadest powers for the ordinary and extraordinary management of the Issuer, with the power to perform all the actions deemed appropriate for the achievement of the corporate purpose, excluding only those reserved by law to the Shareholders' Meeting.

The Board of Directors, pursuant to art. 2365, paragraph 2 of the Civil Code is also competent to pass the following resolutions, without prejudice to the concurrent competence of the Shareholders' Meeting: (i) establish or close branch offices; (ii) reduce the share capital following a withdrawal; (iii) amend the Articles of Association to comply with provisions of law; and (iv) transfer of the registered office within the domestic territory.

For the resolutions of the Board of Directors to be valid, the majority of its standing members is required. Resolutions are passed by a majority of those in attendance, except as provided for matters that cannot be delegated; in the event of a tie, the vote of the President or his deputy prevails. Decisions relating to the following subjects cannot be delegated and can only be approved with the presence and vote in favour of at least one director having the independence requirements pursuant to the TUF: (i) approval of the Relevant Transaction proposal, which may be carried out only with the approval of the shareholders' meeting; (ii) use of the Tied Sums, to be submitted for the authorization of the meeting; (iii) borrowing and granting of guarantees; (iv) proposals for share capital increase; (v) proposals for amendments to the investment policy, to be submitted for approval to the shareholders' meeting in accordance with Stock Exchange Regulations; and (vi) approval of the "most significant transactions" with parties of the RPT Regulation.

Considering the date of establishment, in compliance with the provisions of section 2381 of the Civil Code and the application criterion 1.C.1., Letter c) of the Code, during the current year the Board assessed, on 19 March 2019, the adequacy of the general organizational, administrative and accounting structure of the Issuer, with particular reference to the internal control and risk management system.

At the same time, the Board assessed the general performance of the management, taking into consideration the information received from the Chief Executive Officer and periodically comparing the results achieved with those planned.

#### **BOARD OF DIRECTORS SELF-ASSESSMENT**

The Board of Directors, in compliance with the Application Criterion 1.C.1 lett. g) of the Corporate Governance Code, carried out the self-assessment activity for the period of 2018, in which it was admitted to the Mercato Telematico Azionario - STAR segment.

The self-assessment was conducted directly by the Company, with the support of external consultants, through the use of a questionnaire, prepared by the Board of Directors (with the support of the *General Counsel* function) where each director was invited to express its evaluation, by answering specific questions, on the composition, functioning and role of the Board and the committees established by it, including any comments or suggestions for improvement deemed appropriate.

Overall, the Board positively assessed its size and composition, in terms of: (i) numerical composition; (ii) combination of gender, age, experience, professional and personal characteristics; (iii) professional characteristics and managerial experience of executive directors. Also with reference to the functioning of the Board of Directors, a fairly satisfactory evaluation emerged; in fact, Directors, for the most part, believe that meetings take place in a positive atmosphere, with an adequate involvement of each member. The role and positive contribution of the Independent Directors to the Board's activity was also acknowledged.

With regard to the composition of the internal board committees, Directors expressed their positive opinion, in terms of professional experiences and personal characteristics of members, who can provide an effective performance of the tasks of preliminary investigation and consultation and proposal activity; while, as regards the functioning of the committees, the majority of Directors refrained from providing an evaluation, as given the small number of meetings held, formulating an opinion would be premature.

For the future, it was expressed that there will be:

- A better planning of board meetings, the number of which should be increased and last longer to allow for an effective examination and analysis of each topic under discussion, as well as the submission of more comprehensive pre-meeting information which should be sent to Directors far in advance of the date on which the shareholder's meeting is called;
- develop a growing entrepreneurial approach, with special attention to the non-executive members of the body.

#### **Exceptions to the ban on competition**

The Shareholders' Meeting did not authorize in general and as a preventive measure, exceptions to the prohibition on competition set forth in section 2390 of the Civil Code.

#### **4.4. Delegated bodies**

Pursuant to the Articles of Association, the Board may delegate part of its powers to an Executive Committee and determine the limits of the delegation as well as the number of members and the operating methods.

The Articles of Association assign to the Board of Directors the power to appoint one or more managing directors (also chosen from Chairman and Deputy Chairman) giving them the relative powers and assigning to one of them, if applicable, the title of managing director.

During the meeting held on 6 August 2018, the Board of Directors appointed Marco Giovannini as Chairman of the Board of Directors, and defined the delegation structure, also appointing him as Chief Executive Officer on

11 September 2018. On 20 September 2018, the Board of Directors appointed Edoardo Carlo Maria Subert Vice Chairman of the Company.

Marco Giovannini is the Chairman of the Issuer's Board of Directors and the main person responsible for managing the company.

It should be noted that the *interlocking directorate* situation envisaged by Criterion 2.C.6 of the Code does not apply.

On 6 August 2018 the Board of Director vested the Chairman and Chief Executive Officer Marco Giovannini, with the following powers for the ordinary management of the Company:

Signature

To sign correspondence and any other document requiring the affixing of Company signature and concerning business included in the powers delegated herein.

Relations with Public Authorities and other Public entities

To represent the Company with Public Authorities, Chambers of Commerce, government-related and social security entities, trade unions and employers, the Italian Stock Exchange, the Italian Exchange Office, and CONSOB.

To sign applications, appeals and instruments within the powers conferred herein.

To establish and withdraw deposits with Ministries, Public Debt offices, banks, municipalities, provinces, regions, and every other office and public institution.

Employment agreements and sales organisations

To hire, suspend or dismiss managers, knowledge workers, clerks and workers, establish or change their duties and salaries, impose sanctions.

To appoint and revoke representatives, custodians, agents, concessionaires or contractors, establish or modify their powers and remuneration.

Safety and accident prevention

To implement, by supervising and monitoring its implementation, all rules and regulations to ensure safety at work and prevention of injuries and/or damage to persons or properties; take in the name and on behalf of the Company, those measures that based on the job specifications, on experience and technique, are necessary to protect the physical and moral integrity of workers.

To inform workers of the specific risks they face and bring to their attention the essential prevention rules as provided by the regulations in force; arrange and require individual workers to observe safety rules and use protection equipment available; ensure that every machine, system or other equipment used carry out the company business, are equipped with safety devices required by current legislation, regulations and contracts.

To perform the functions of "employer", according to point b) of the first paragraph of section 2 of Legislative Decree no. 81/2008.

Rentals and rights of enjoyment

To enter into, amend and terminate rental agreements, excluding those of a financial nature (agreements forming rights to properties having as object real estate, motor vehicles or any other movable property with an annual fee (or other consideration) the values of which does not exceed Euro 2,000,000.00 (two million/00).

Sales, purchases and other contracts relating to ordinary operations

To buy or sell, even through ongoing and periodic performance contracts, exchange, import and export all kinds of products and services related to the management of the Company and fix prices, terms and conditions, sign the relevant documents and contracts, and grant, where appropriate, discounts and delays.

To purchase also in leasing or with retention of title according to the rules of Law 1329/65, exchange and sell machinery, equipment, vehicles, and complete any relevant formality with the competent Public Vehicle Registry, including cancellation of mortgages, all within the limit of Euro 2,000,000.00 (two million/00) for each contract.

To purchase, including through licensing, industrial property rights, patents, industrial inventions, trade marks, designs and models, including factory and quality ones, and comply with any obligation required by Public Authorities.

To enter into and sign contracts for the supply for all kinds of utility.

To enter into, amend and terminate consultancy or service performance agreements and similar for an amount not exceeding Euro 1,000,000.00 (one million/ 00) per year per entity.

#### Sales, purchases and other contracts

The purchase and sale of real estate, equity investments and business branches or groups of companies with a unit value of up to € 2,000,000.00 (two million/00).

#### Exports and Imports

To sign bills, certificates of origin and documents in general suitable to certify the origin, value and all features of products imported or exported by the Company.

To sign before any authority having jurisdiction, currency declarations, invoices for exported goods, bank approvals, statements of fairness and in general any document required for the material execution of sales and purchases abroad and to carry out exports and imports.

#### Collections, assignments and receipts

To collect any amount due for any reason to the Company, and issue receipts for advanced and final payments.

To withdraw from the Railway post, land, sea or air transport companies, registered and insured letters, titles, parcels, packages, and other objects, issuing a receipt in release, with the power to delegate individual tasks.

#### Bank and financial transactions

To open checking accounts with any bank or other lending institution, including the Bank of Italy.

To make payments into the bank accounts of the Company.

To endorse order or bearer bank checks, promissory notes, drafts and other debt securities but only in order to deposit them into the bank accounts of the Company.

To carry out any transaction relating to the rental or return of safe deposit boxes with banks and release them the widest exclusion of liability to such regard.

To use the credit lines granted to the Company and carry out discounts, advances and withdrawals - even if creating an overdraft - from the Company bank accounts.

To issue checks, bank transfers, promissory notes, to draw or accept bills of exchange, to request banker's cheques.

To carry out any transaction and sign any document or agreement for the insurance and financing of export receivables, including in foreign currency.

To open, modify or extinguish post current accounts and carry out any transaction allowed on them including withdrawals and issuance of money orders.

To take out loans for no longer than 18 months, up to a maximum of Euro 10,000,000.00 (ten million/ 00) each, with any bank or other credit institution, including the Bank of Italy.

To apply for bank and/or insurance guarantees, to guarantee the commitments undertaken by the Company.

To issue bonds on behalf of subsidiaries, up to a maximum of Euro 5,000,000.00 (five million/00).

To enter into contracts to hedge foreign exchange or interest risks.

To carry out intercompany transactions or transactions with other related parties to be concluded at standard conditions when the total value of each transaction does not exceed € 10,000,000.00 (ten million/ 00), as well as intercompany transactions or transactions with other related parties that constitute Unusual Atypical or Transactions provided that the total value of each transaction does not exceed € 5,000,000.00 (five million/ 00).

#### Insurance

Enter into insurance agreements and sign the relevant policies.

Amend insurance agreements and terminate them; to agree, in case of accident, the compensation due by the insurer and issue a receipt for the amount collected.

#### Procurement, tenders and licenses

To enter into contracts, participate in auctions and bids called by companies or private entities or by public entities or government, regional or local authorities and other public authority, including abroad.

To establish and withdraw securities and deposits with any authority, submit, modify or withdraw offers and, in general, to carry out any related operation or formality.

#### Taxes and Duties

To represent the Company with any tax office and local government, even abroad, with the power to appoint and revoke special attorneys and grant powers to licensed professionals.

To sign direct or indirect tax returns, forms and questionnaires, to accept or reject assessments, make agreements and settlements, to challenge assessed taxes, to file requests, appeals, complaints, briefs and documents before any tax office or commission, including the Court of Cassation , to collect refunds and interests, issue receipts, and in general, to comply with any requirement relating to any type of direct and indirect taxes, fees and contributions.

#### Environment

To represent the Company and fulfil any obligation required by Authorities and relevant departments, including without limitation, Regional , Provincial, Municipal and Health Administrations, in order to obtain the required environmental licenses, with the widest powers to draw up and sign any instrument or document, submit and collect it and pay any related tax.

To implement, check and monitor its implementation, all the rules and regulations applicable from time to time and to ensure environmental safety and compliance with the relevant provisions.

To implement, in the name and on behalf of the Company those measures that according to the specifications of production activities, experience and technology of the Company are necessary to protect the environment and preserve it from any form of soil, water and/or air pollution or of any whatsoever kind, which is not allowed by law, ensuring that the business purpose is exercised, in all its forms, in respect and in accordance with the law on environment prevention and protection. To keep employees informed of environmental risks and risks related to production activities which they are responsible for and inform them of the basic rules of prevention which are required to comply with while executing their work in accordance with the regulations in force from time to time. To provide and demand that individual workers observe the rules of environmental safety.

#### Legal proceedings

To grant and revoke power of attorneys to lawyers, prosecutors and expert witnesses.

To defer, refer and take oaths including decision-making ones.

To request , attachments or judicial foreclosures and seizures on debtors or third parties, to make garnishee's statements, fulfil all the requirement of law regulations in force and supervise the enforcement of orders.

To represented the Company in bankruptcy proceedings, compulsory liquidation, arrangement day third-party debtors, receive sums as advanced payment or settlement and release receipts, to submit claims and appeals and vote in such procedures.

To represent the Company before the Labour Court in each location and degree as well as out of court, with unions, in arbitration and any other competent court for labour disputes, with the broadest powers including the power to appoint and dismiss lawyers, prosecutors, defenders and experts, reconcile and settle disputes, supervise the execution of the judgements and do whatever necessary or appropriate for the fullest and best definition and settlement of such disputes.

To represent the Company in proceedings before ordinary, administrative, accounting and tax courts.

#### Settlements and Arbitration

To settle and reconcile any litigation in or out of court, to appoint mediators and equity arbitrators, to appoint and dismiss them, to submit disputes or assessments to arbitration.

#### Mandates and powers of attorney

To grant mandates, even special ones, and powers of attorney to Company employees and third parties, within the limits of the powers received and to sub-delegate such powers to third parties.

Resolutions of the Board of Directors

To perform and have performed the resolutions and decisions of the Company Board of Directors

It is understood that all powers related to the extraordinary management of the Company should still be considered the exclusive responsibility of the Board of Directors and, in particular, the following powers:

- the purchase and sale of real estate, equity investments and business branches or groups of companies with a unit value of up to € 2,000,000.00 (two million/00).
- the provision of collateral in general
- the issue of guarantees for the benefit of subjects other than subsidiaries, as well as the granting of loans to third parties
- The possible use of collective dismissal or extraordinary redundancy fund
- Resolutions concerning intercompany transactions or transactions with other related parties to be concluded at standard conditions when the total value of each transaction does not exceed € 10,000,000.00 (ten million/00), as well as intercompany transactions or transactions with other related parties that constitute Unusual Atypical or Transactions provided that the total value of each transaction exceeds € 2,500,000.00 (two million five hundred thousand/ 00).

#### **4.4.2. Chairman of the Board of Directors**

It should be noted that - given the composition of the Board of Directors in office from the Effective Date of the Merger and the vesting of offices and powers - the conditions set out in Application Criterion 2.C.3 of the Corporate Governance Code are applied; in particular Director Marco Giovannini is the Chairman of the Board of Directors and the main person responsible for managing the company. Therefore, pursuant to the Corporate Governance Code, it became necessary for the Board of Directors to appoint an independent director as *Lead Independent Director*, who was appointed on 2 July 2018, effective from 6 August 2018.

Pursuant to the Articles of Association, the Chairman of the Board of Directors convenes the Board of Directors and chairs the Issuer's ordinary and extraordinary Shareholders' Meeting.

#### **4.4.3. Information to the Board**

The Managing Director keeps the Board of Directors and the Board of Statutory Auditors regularly informed on the most significant events.

The Managing Director reported to the Board at least quarterly on the activity carried out in the exercise of the powers and on the general performance of the Company.

#### **4.5. Other executive directors**

In addition to the Chairman/Chief Executive Officer, the other executive directors are Dott. Francesco Bove and Dott. Anibal Diaz Diaz.

#### **4.6. Independent directors**

On 28 May 2018, the Shareholders' Meeting appointed effective the Merger Effective Date, 3 (three) directors with the characteristics of independence required by art. 147- *ter* , paragraph 4, of the TUF as well as by the Application Criterion 3.C.1 of the Corporate Governance Code.

On 6 August 2018, the Board assessed the existence of the independence requirements pursuant to art. 147- *ter* , paragraph 4, of the TUF and of art. 3 of the Corporate Governance Code, for non-executive members of the Board of Directors.

The Board of Statutory Auditors verified the correct application of the assessment criteria and procedures adopted by the Board of Directors for evaluating the independence of its members.



From the date of taking of office, the Independent Directors met once, on 8 March 2019. During this meeting they approved, among other things, the amendments to the Procedure for Transactions with Related Parties.

#### **4.7. Lead Independent Director**

It should be noted that given the composition of the Board of Directors in office from the Effective Date of the Merger the conditions set out in Application Criterion 2.C.3 of the Corporate Governance Code are applied; in particular the Chairman of the Board of Directors is the main person responsible for managing the company. Therefore, the Board of Directors resolved to appoint a lead independent director, identifying this subject in the person of independent Director Francesco Caio.

In compliance with the provisions of the Code, the *Lead Independent Director* is entrusted with the task of collecting and coordinating the requests and contributions of the non-executive Directors, in particular of the independent directors, as well as of collaborating with the Chairman of the Board of Directors so that the Directors receive adequate and timely information, with the right to convene meetings of only independent Directors to discuss the functioning of the Board and corporate management.

### **5. TREATMENT OF COMPANY INFORMATION**

As part of an overall analysis of the Company's internal procedures, the Board of Directors of 11 September vested the Chairman with the authority to propose the necessary adjustments to the internal procedures approved by Space4 before the Merger. On 18 December 2018, the Board of Directors approved a first version of the new *Market Abuse Code*, which provides *inter alia* for the establishment of a "relevant information" Register, in addition to those already existing, in order to monitor the flows of information even before they rise to the status of "privileged information". On the same date, the Board also granted a mandate to the Chairman to define and integrate the detailed aspects still open in the approved version.

The following is a brief description of the main contents of the *Market Abuse Code* (the "MAR Code") approved by the Company's Board of Directors on 8 March 2019, updated and replacing: the (i) code for handling privileged information; and the (ii) code of conduct for internal dealing approved by the Company's Board of Directors (then called "Space 4 S.p.A." and about to be listed on the MIV Market, Professional Segment, organized and managed by Borsa Italiana S.p.A.) on 27 September 2017.

The MAR Code defines the principles and rules relating to the prevention of the so-called *market abuse* ("market abuse") by Guala Closures S.p.A., its related companies (the "Guala Closures Group" or the "Group") and subjects. Foreign subsidiaries apply the Code in compliance with local regulations.

In particular, the MAR Code defines the principles and rules on *market abuse* to the Company and the subjects related to it must comply with in order to:

- (a) guarantee an adequate treatment of the Relevant Information and Privileged Information concerning the Company and the Group by the persons who are in their possession;
- (b) establish, update and transmit, where required by the Authority, the "list of all those who have access to privileged information and with whom there is a professional collaboration relationship, whether it is an employment contract or otherwise, and that, in the performance of certain tasks, they have access to privileged information", in accordance with the provisions of art. 18 of the MAR and by the Implementing Regulation (EU) 2016/347;
- (c) regulate the operations on the Company's shares, on debt securities issued by such Company, as well as on derivative instruments or other financial instruments linked to them by specific subjects that hold a senior position or are significant shareholders of the Company (the so called "Internal dealing");

- (d) define the operating procedures and the scope of application of the prohibition imposed on the Company and on persons who perform administrative, control or management functions at the Company with regard to the execution of transactions on Guala Closures shares, on securities of credit it may issue, as well as on derivative instruments or other financial instruments connected to them in pre-established periods (the so-called "black out periods"); and
- (e) carry out and receive "market surveys", in accordance with the provisions of art. 11 of the MAR and the Implementing Regulation (EU) 2016/959.

"Privileged Information" means information of a specific nature, which has not been made public and directly or indirectly concerning one or more Financial Instrument and which if made public, could have a significant effect on the prices of such Financial Instruments or on the prices of related derivative financial instruments, as defined in art. 7, paragraph 1, of the MAR.

"Relevant Information" means information that can become Privileged Information. More specifically, "Relevant Information" is any information that the Company deems relevant, as it relates to data, events, projects or circumstances that continuously, repetitively, periodically, occasionally, irregularly or unexpectedly, directly concern the Company and/or the Guala Closures Group is likely to hire Privileged Information at a later - even if close - time.

The Code, to which reference is made for detailed information, is published on the Company's website ([www.gualaclosures.com](http://www.gualaclosures.com), Investor Relations section).

#### **Management of Privileged Information and Relevant Information**

Compliance with the provisions of Section One of the MAR Code concerning the management of Privileged Information and Relevant Information is required by: (a) the members of the administrative, management and control bodies and the employees of the Company and of the companies of the Group; (b) all persons who, by virtue of their working or professional activities, have access on a regular or occasional basis to Privileged Information relating to the Company or to the companies of the Group (the subjects referred to in points (a) and (b) are jointly identified with the "Recipients").

Recipients are required to: (a) maintain the utmost confidentiality of information acquired in the course of their work or professional activity, function or office, in particular on Privileged Information, or those which may become such (i.e. Relevant Information), and not to disseminate or disclose them to anyone; (b) use the Privileged Information and/or Relevant Information only in relation to one's work or professional activity, function or office, and therefore not to use them, for any reason or cause, for personal purposes; (c) guarantee the utmost confidentiality and privacy of (i) Privileged Information, until such information is notified to the market in the manner provided for in the Code; and (ii) Relevant Information, even where such information does not become Privileged Information; (d) promptly inform the MAR Committee (as defined below) - in relation to the relevant information - of any act, fact or omission that may represent a breach of the Code.

Furthermore, the Recipients are prohibited from: (a) buying, selling or carrying out transactions directly or indirectly, on their own behalf or on behalf of third parties, on the Financial Instruments of the Company or the Group, using Privileged Information; (b) recommending or inducing others, on the basis of Privileged Information, to carry out some of the transactions specified in the previous point.

The technical support regarding the qualification of the information in terms of Privileged Information or Relevant Information is entrusted jointly to the chief financial officer, the general counsel and the investor relator of Guala Closures Group (the "MAR Committee").

The Company, through the MAR Committee, identifies and monitors the information flows relating to the Company and the Group in order to facilitate the identification of the specific Relevant Information that can become Privileged Information.

Upon qualification of the information as Relevant Information, the Company will activate the segregation protocols and proceed to register it in the Relevant Information register (the so called "RIL", established and updated by the Company in order to monitor the circulation of the Relevant Information identified pursuant to the Code).

In accordance with the MAR, Guala Closures is required to communicate to the public, as soon as possible, the Privileged Information that directly concerns the Company.

As specified in the Code, the identification of Privileged Information is done by the Recipients. The evaluation of the privileged nature of the information and, therefore, the need to proceed with a communication to the market, or - in cases where the law allows it - to delay such communication, varies depending on whether the Privileged Information has a "voluntary" (such as unilateral *business* decisions, extraordinary financial transactions and agreements) or "external" (ie deriving from the ascertainment of facts, events or objective circumstances having a reflection on the business of the company and/or on the course of the financial instruments issued) origin.

Upon the outcome of the qualification of the information as Privileged Information, the Company will activate segregation protocols of the corresponding information, in order to avoid improper circulation inside and above all outside the business organization, according to the Code.

In compliance with the art. 18, paragraph 1, of the MAR and the Implementing Regulation (EU) 2016/347, the Board of Directors of the Company has established the register of persons who, due to their working or professional activity or the functions performed, have access to Privileged Information (the "Register"). All those who have access to Privileged Information in the performance of specific tasks must be registered in the Register; and (ii) with whom the Company has a professional collaboration relationship, whether it is an employment contract or of another nature (collectively, the "Persons" and individually a "Person"). The Register is divided into two distinct sections: (i) a section for each Privileged Information in which a new section is added each time a new Privileged Information is identified by adding the date of first section editing (each, the "Specific Section"), and (ii) an additional section which contains the data of the Persons who always have access to all Privileged Information ("Permanent Section").

### **Internal Dealing Procedure**

In compliance with the provisions of the MAR Regulation, the TUF and the Issuers' Regulation, the Code governs the disclosure obligations vis-à-vis the Company of certain individuals who hold a senior position or are significant shareholders of the Company, as well as of persons closely related to them, as well as the obligations of the same subjects and of the Company vis-à-vis Consob and the public, in relation to Relevant Transactions, or transactions on the Company's shares, on debt securities it issues, as well as on derivative instruments or other financial instruments connected to them.

According to the Code, are bound by the aforementioned obligations:

- relevant persons pursuant to MAR (the "MAR Relevant Persons") including:
  - (a) Relevant Subjects pursuant to the MAR (hereinafter, "MAR Relevant Subjects"):

- (i) members of the Company's Board of Directors (executive and non-executive) and the Statutory Auditors of the Company;
  - (ii) senior managers of the Company who, although not members of the bodies referred to in letter (i) above, have regular access to Privileged Information and who have the power to make, as a result of an implicit contribution of powers, strategic management decisions that can affect future developments and the Company's potentials; and
- (b) the persons closely related to the MAR Relevant Subject (the "Persons Closely Associated with the MAR Relevant Subjects"): (i) the spouse not legally separated or a partner equivalent to the spouse under current laws, children, even of the spouse, dependent, and, if cohabiting for at least one year, parents, relatives and the like of MAR Relevant Subjects; (ii) legal persons, trusts and partnerships: (A) whose management responsibilities are covered by a MAR Relevant Subject or by one of the persons indicated in point (i) above, or (B) directly or indirectly controlled by said person, or (C) is established for his benefit , or (D) whose economic interests are substantially equivalent to the interests of that person.
- the relevant persons pursuant to the Issuers Regulation (hereinafter "IR Relevant Persons") composed of:
- (a) Relevant Subjects pursuant to the Issuers Regulation (hereinafter "IR Relevant Subjects"), i.e. anyone holding an equity investment, calculated pursuant to art. 118 of the Issuers Regulation, equal to at least 10% of the Company's share capital represented by shares with voting rights, as well as any other person that controls the Company;
  - (b) Persons closely associated with IR Relevant Subjects (the "Persons Closely Associated to IR Relevant Subjects"): (i) the spouse not legally separated or a partner equivalent to the spouse under current laws, children, even of the spouse, dependent, and, if cohabiting for at least one year, parents, relatives and the like of the Relevant Parties RE ; (ii) juridical persons, partnerships and trusts in which an IR Relevant Subject or one of the persons indicated in the previous point (i) holds, either alone or jointly, a management function; (iii) juridical persons directly or indirectly controlled by an IR Relevant Subject or by one of the persons indicated in the previous point (i); (iv) partnerships whose economic interests are substantially equivalent to those of a IR Relevant Subject or of one of the persons indicated above point (i); (v) trusts set up for the benefit of the IR Relevant Subject or of one of the persons indicated above in paragraph (i).

The Code also governs the so-called " *Black-Out Period* ", i.e. the periods during which the Relevant Persons may not carry out Relevant Transactions independently or directly or indirectly on behalf of third parties, and also the conditions under which a MAR Relevant Subject may perform a MAR Relevant Transaction during a *Black-Out Period* and the procedure to be applied.

## 6. COMMITTEES ESTABLISHED WITHIN THE BOARD OF DIRECTORS

In compliance with the Corporate Governance Code, which recommends listed companies to establish committees within the Board of Directors, with responsibilities for specific matters, art. 12.4 of the Articles of Association gives the Board of Directors the authority to set up committees within itself with advisory, propositional or control functions in compliance with the applicable legislative and regulatory provisions. For reasons of simplification and efficiency of the governance structure, having assessed the Company's organizational requirements and operating methods, the Company deemed it appropriate to proceed with the establishment of the Control and Risk Committee and the Remuneration Committee.

None of these committees performs the functions of two or more of the committees provided for in the Code (Application criterion 4.C.1, letter c) of the Code).

As of the date of this Report, none of the functions of one or more committees provided for in the Code has been reserved to the entire Board, under the coordination of the Chairman (Application Criterion 4.C.2 of the Code).

## 7. APPOINTMENT COMMITTEE

The Board of Directors evaluated the opportunity to set up an internal appointment committee, but taking into account that the list voting mechanism provided for in the Articles of Association ensures a transparent appointment procedure and a balanced composition of the Board of Directors also with reference to the presence of an adequate number of independent directors, it has deemed it not necessary to set up an appointment committee, in line with others STAR issuers.

## 8. REMUNERATION COMMITTEE

The Board of Directors resolved, in compliance with the recommendations of the Corporate Governance Code, to establish a Remuneration Committee with coming into force on the Effective Date of the Merger and approved the regulation for the operation of such committee, most recently amended on 8 March 2019 .

Pursuant to the regulation for the functioning of the Remuneration Committee, which came into force on the Merger Effective Date, the Remuneration Committee is composed of three non-executive directors, the majority of whom are independent.

The Remuneration Committee, established on 2 July 2018 and confirmed on 6 August 2018, subsequently amended in its composition by the Board of Directors on 18 December 2018, is composed as follows:

Name and Surname	Position	Characteristics
Luisa Maria Virginia Collina	President ( <sup>1</sup> )	Independent director
Francesco Caio	( <sup>2</sup> )	Independent director
Edward Subert		Non-executive Vice President

( <sup>1</sup> ) President since 18 December 2018.

( <sup>2</sup> ) President until 18 December 2018.

The meetings of the Remuneration Committee are coordinated by the Chairman and recorded in the minutes. The Committee reports to the Board of Directors on the activity performed at least on a six-month basis, on the occasion of the approval of the annual and half-year financial report.

The Committee also immediately informs the Board of Directors of any problem and critical issue arising during the course of the activities.

Considering the date of establishment during the Reference Period, the Remuneration Committee met on 29 October 2018 and on 4 December 2018, meetings attended by all members which average duration was around 45 minutes.

During 2019, at the date of this Report, the Remuneration Committee met on 18 March 2018, a meeting attended by 100% of the members with a duration of 40 minutes and a further meeting is scheduled within the month of March 2019 regarding the approval of the remuneration policy and the remuneration report.

### 8.1. Functions of the Remuneration Committee

The Remuneration Committee has the task of assisting the Board of Directors, with preliminary and advisory functions, in assessments and decisions relating to the remuneration of directors and managers with strategic responsibilities of the Issuer.

More specifically, the remuneration committee will:

- (i) formulates proposals to the Board of Directors regarding the policy for the fixed and variable remuneration of directors and executives with strategic responsibilities of the Issuer;
- (ii) periodically assesses the adequacy, overall consistency and actual implementation of the remuneration policy for directors and executives with strategic responsibilities, making use in this last regard of the information provided by the managing director; formulates proposals to the Board of Directors on the subject;
- (iii) submits proposals and expresses opinions to the Board of Directors on the remuneration of executive directors and other directors who hold particular offices as well as on the setting of *performance* objectives related to the variable component of this remuneration;
- (iv) monitors the implementation of the decisions adopted by the Board and verifies in particular the actual achievement of the *performance* objectives.

Moreover, the Remuneration Committee will:

- with reference to managers with strategic responsibilities, verify the consistency of their remuneration with the fixed and variable remuneration policy and expresses an opinion on them;
- assists the Board of Directors in examining the proposals to the Shareholders' Meeting on the adoption of compensation plans based on financial instruments;
- examines and submits to the Board of Directors the annual report on remuneration which, individually for the members of the administrative and control bodies, and in aggregate form for managers with strategic responsibilities: (i) provides an adequate representation of each item making up the remuneration; and (ii) analytically illustrates the remuneration paid in the reference year for any reason and in any form by the Issuer and its subsidiaries.

The Remuneration Committee has the right to access information and corporate functions, ensuring suitable functional and operational connections with them for the performance of their duties. The Remuneration Committee may avail itself of external consultants, at the expense of the Issuer, and in any case within the limits of the *budget* approved annually by the Board of Directors, subject to assessing that such consultants are not in situations that actually compromise the independence of judgement and, in particular, do not provide significant services to the human resources department, directors or managers with strategic responsibilities such as to compromise the independent judgement of the consultants.

In line with the recommendations of application criteria no. 6.C.6 of the Corporate Governance Code, no director shall participate in meetings of the remuneration committee in which proposals are submitted to the Board of Directors relating to his/her remuneration.

## **9. DIRECTORS' REMUNERATION**

The remuneration of directors is established by the Shareholders' Meeting. Pursuant to art. 15 of the Articles of Association, the Shareholders' Meeting can determine a total amount for the remuneration of all the Directors, including those vested with particular offices, the allotment of which is established by the Board of Directors, after hearing the opinion of the Board of Statutory Auditors for the assignment to directors of particular offices pursuant to section 2389 of the Italian Civil Code.

The Ordinary Shareholders' Meeting of Space4 held on 28 May 2018 resolved pursuant to section 2389 of the Italian Civil Code, for the Board of Directors in office starting from the Effective date of the Merger a total fee

of € 500,000 (including the remuneration due to the Chairmen of the Committees and the Chairman of the Board of Directors) delegating to the Board to resolve on the internal allocation of this amount.

On 11 September 2018, the Company's Board of Directors therefore resolved to allocate € 40,000 each to the members of the Board of Directors. The same Board also resolved to grant an additional fee of € 70,000 for the office of Chairman and € 10,000 for Directors who are also members of the Board Committees (€ 15,000 for the Chairmen of the Committees)

For information on the remuneration policy adopted by the Company and on the remuneration received by members of the Board of Directors and managers with strategic responsibilities, see the Remuneration Report prepared pursuant to art. 123- *ter* of the TUF and art. 84- *quater* of the Issuers Regulation, available on the Company's website at [www.gualaclosures.com](http://www.gualaclosures.com) in *Investor Relations* section.

## 10. AUDIT AND RISK COMMITTEE

Adhering to the recommendations of the Corporate Governance Code on composition and in compliance with the internal regulations of the Committee, the Board of Directors established, on 2 July 2018, confirmed on 6 August 2018 and subsequently amended in its composition by the Board of Directors on 18 December 2018 , the Control and Risk Committee which is composed as follows:

<b>Name and Surname</b>	<b>Position</b>	<b>Characteristics</b>
Francesco Caio ( <sup>1</sup> )	President ( <sup>1</sup> )	Independent director
Lucrezia Reichlin	( <sup>2</sup> )	Independent director
Nicola Colavito		Non-executive director

( <sup>1</sup> ) Member of the Committee and Chairman since 18 December 2018. Luisa Maria Virginia Collina has been a member of the Committee since its establishment and until 18 December 2018.

( <sup>2</sup> ) President until 18 December 2018.

The meetings of the Control and Risk Committee are coordinated by the Chairman and are regularly minuted.

The role, composition and functioning of the Control and Risk Committee are governed by a specific regulation approved by the Board of Directors and last updated on 8 March 2019. The Control and Risk Committee may be asked to assist the Director in charge of the Internal Control and Risk Management System. The Chairman of the Board of Statutory Auditors or another statutory auditor designated by him in his place will attend; however, other statutory auditors may also participate. The Committee may also invite the Chairman of the Board of Directors and the Chief Executive Officer, the Head of the *Internal Audit* function, the Head of the *Risk Management* function, the representatives of the auditing company, the other members of the Board to participate in their work. and of the Supervisory Body of Guala Closures (hereinafter also "SB") or other corporate functions, with reference to individual items on the agenda.

During the Reference Period, the Control and Risk Committee met on December 18th 2018. The duration of the Control and Risk Committee meeting was approximately 2 hours and 100% of the Committee members took part. During the 2019 financial year, 3 meetings of the Control and Risk Committee have already been held, on 28 January 2019, 08 March 2019 and 19 March 2019 and other meetings will be scheduled.

### 10.1 Functions of the Control and Risk Committee

The Control and Risk Committee has the task of supporting the Board of Directors with adequate preliminary activity, assessments and decisions relating to:

- internal control and risk management system
- issues relating to the approval of periodic financial reports.

In particular, the Committee performs the following functions:

- a) the formulation of preventive opinions in support of the Board of Directors regarding:
  - (i) definition of guidelines for the internal control and risk management system;
  - (ii) assessment, at least annually, of the adequacy of the internal control and risk management system compared to the characteristics of the company and the risk profile assumed, as well as its effectiveness.
  - (iii) preliminary approval of the work plan prepared by the Internal Audit Manager, which will be definitively approved by the Board of Directors at least annually, after consulting with the Board of Statutory Auditors and the Director in charge of the internal control and risk management system (hereinafter also the "Appointed Director");
  - (iv) evaluation of the description, in the report on corporate governance, of the main characteristics of the internal control and risk management system and the coordination methods between the parties involved in it, in relation to which the Board expresses its assessment of the overall adequacy;
  - (v) having read the results presented by the statutory auditor in the letter of suggestions and in the additional report *pursuant to* art. 11 of EU Regulation 537/2014 on the results of the statutory audit that the Board of Statutory Auditors is required to forward to the Board;
  - (vi) appointment, revocation and definition of the remuneration of the Head of the Internal Audit function and adequacy of the resources assured to him for the fulfilment of his responsibilities.
- b) the evaluation, together with the Manager in charge of preparing the corporate accounting documents and after consulting the statutory auditor and the Board of Statutory Auditors, of the correct use of the accounting principles and their homogeneity for the purposes of preparing the consolidated financial statements;
- c) the expression of opinions on specific aspects concerning the identification of the main business risks;
- d) the examination of periodic reports concerning the assessment of the internal control and risk management system and those of particular relevance prepared by the Internal Audit Manager;
- e) the monitoring of the autonomy, adequacy, effectiveness and efficiency of the *Internal Audit* Function;
- f) any request to the Internal Audit Function to carry out checks on specific operating areas, giving simultaneous notice to the Chairman of the Board of Statutory Auditors, the Appointed Director and the Chairman of the Board of Directors;
- g) the task of reporting to the Board of Directors every six months on the activities performed and the



adequacy of the internal control and risk management system;

- h) to support, with adequate preliminary activity, the assessments and decisions of the Board of Directors relating to the management of risks deriving from prejudicial facts of which the Board has become aware.

The Committee does not have operational duties or decision-making powers.

More specifically the Committee:

- is assisted and supported in the performance of his duties and ordinary tasks, by the *Internal Audit Manager*
- benefits from the periodic *reporting* of the *Internal Audit Manager* on the activities carried out in the reference period compared to those defined in the Audit Plan approved annually by the Board;
- Is notified by the Head of the *Internal Audit Function* on the start of all the interventions envisaged in the Plan, their conclusion and the results achieved (audit reports produced with details of the activities carried out), by sending these notices to the Chairman .

The Risk and Control Committee, in the performance of its duties, has the right to access the necessary company's information and functions in order to carry out its tasks and can avail itself of external advisers, according to the terms established by the Board of Directors.

The Board of Directors annually resolves, upon the proposal of the Committee, the allocation of an expense *budget* to allow the Committee to carry out its duties.

## **11. INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM**

Guala Closures Group's Internal Control and Risk Management System aims at contributing to a sound, correct and consistent management of the short and medium-long term objectives set by the Board of Directors. The internal control and risk management system implemented by Guala Closures is aimed at identifying, measuring, managing and monitoring significant risks and at ensuring the reliability, accuracy, reliability and timeliness of financial information. The responsibility for adopting an adequate internal control and risk management system is the responsibility of the Board of Directors which, with the assistance of the Director in charge of the Internal Control and Risk Management System and the Control and Risk Committee, carries out the tasks assigned by the Corporate Governance Code.

Following the recent listing, Guala Closures Group has adopted an Internal Control and Risk Management System characterized by the following elements:

### **A) DIRECTOR IN CHARGE**

The Board assigned to dott. Anibal Diaz Diaz the role of director in charge of supervising the functionality of the internal control system ("Appointed Director"). The Appointed Director is vested with the task of supervising the functions of the internal control and risk management system and implementing the guidelines defined by the Board of Directors, with the support of the Control and Risk Committee, ensuring that all necessary actions to implement the system are taken. More specifically the Director in charge:

- identifies the main business risks, taking into account the characteristics of the activities carried out by the Company and its subsidiaries, and submits them periodically for review to the Board of Directors;

- implements the guidelines defined by the Board of Directors, through the design, implementation and management of the internal control and risk management system, constantly monitoring its overall adequacy, effectiveness and efficiency;
- moreover, it shall adjust such system to the dynamics of the operating conditions and the legislative and regulatory framework;
- may request the internal audit function to carry out checks on specific operating areas and on compliance with internal rules and procedures in the execution of company operations; and
- promptly reports to the Audit and Risk Committee (or to the Board of Directors) on issues and critical issues arising in the course of its business or of which it has been informed, so that the Committee (or the Board) can take appropriate action.

## B) INTERNAL AUDIT FUNCTION

The Company has recently adopted an *Internal Audit* function, *outsourced* to the consulting company RC Advisory S.r.l. under the guidance of Dott.ssa Elisabetta Ubertini, in charge of the formal role of Internal Audit Manager, who has been assigned functions substantially compliant to those provided for by the Corporate Governance Code.

In particular, the function has the task of assessing the adequacy and functionality of the Governance, control and risk management processes, through an independent and objective assurance and consulting activity.

The *Internal Audit* function:

- verifies, both continuously and in relation to specific needs and in compliance with international *standards*, the operation and suitability of the Internal Control and Risk Management System - suggesting any corrective action - through an audit plan approved annually by the Board of Directors, based on a structured process of analysis and prioritization of the main risks;
- performs, checks on specific operating areas and compliance with internal rules and procedures in the execution of company operations, also upon request of the Control and Risk Committee, the Board of Statutory Auditors and the Appointed Director;
- prepares periodic reports on the assessment of the suitability of the Internal Control and Risk Management System. These reports are transmitted to the Board of Statutory Auditors, to the Control and Risks Committee, as well as to the Appointed Director and Board of Directors;
- provides adequate support to the Supervisory Body established in accordance with art. 6 of Legislative Decree 231/2001 as well as to the Appointed Executive established pursuant to Law 262/2005;
- gives advice and support to the General Management offices of the Company involved - with no decision-making or authorization responsibility - in relation to: (i) the reliability of the safeguard systems of corporate assets; (ii) the adequacy of accounting, control and final accounting procedures for administrative events;
- is responsible for the Group's *Risk Management* Process.

## C) RISK MANAGEMENT PROCESS

As better described in the chapter related to the "Main Risks and Uncertainties", Guala Closures Group has recently established an Integrated Risk Management Process whose main objective is to adopt a structured and systematic approach for the identification and evaluation of priority risks of the company with potential negative effects and definition of appropriate mitigating actions.

To this end, Guala Closures has defined an applicable Risk Model for the Group as well as specific Risk Mapping methods, assigning to each identified risk a "risk relevance" value given by the overall assessment of general impact, probability of occurrence and level of maturity of the risk management system.

#### D) STRATEGIC PLANNING, CONTROL AND REPORTING

Guala Closures Group has for some time been equipped with a structured and continuous planning, control and reporting system, aimed at defining corporate objectives and strategies, developing plan and *budget* projections with monthly monitoring through an articulated system of collection of information from subsidiaries and meetings of the Top Management of the Parent Company and Subsidiaries ("COMEX") in order to promptly react to anomalous or unexpected results by defining appropriate countermeasures.

#### E) OFFICER IN CHARGE

The Board of Directors assigned to Dr. Anibal Diaz, as Group Chief Financial Officer, effective 6 August 2018 and with the favorable opinion of the Board of Statutory Auditors, the role of officer in charge of the preparation of the accounting and corporate documents referred to art. 154- *bis* of the TUF (the "Financial Reporting Manager"). The Financial Reporting Manager shall prepare adequate administrative and accounting procedures for the preparation of the financial statements and the consolidated financial statements, as well as any other financial information. Company documents and information disclosed to the market and relating to accounting information, including periodical information provided during the year, must be accompanied by a written declaration by the Financial Reporting Officer, by which he certifies that they comply with the documents, books and accounting records.

In particular, the Financial Reporting Officer certifies, together with the CEO, with a specific report on the financial statements, the consolidated financial statements and the condensed half-year financial statements:

- the adequacy and effective application of administrative and accounting procedures during the period the documents refers to;
- that the documents have been prepared in accordance with International Financial Reporting Standards, as endorsed by the European Union through Regulation (EC) 1606/2002 of the European Parliament and Counsel, dated 19 July 2002;
- that they correspond to the books and accounting records;
- that the documents are to provide a true and fair representation of the equity, economic and financial situation of the Company and of the group of companies included in the consolidation;
- As regards the financial statements and consolidated financial statements, that the report on operations represents a reliable analysis of operations and operating results, in addition to the financial position of the Company and the entities included in the consolidation, together with a description of the main risks and uncertainties to which they are exposed.
- for the condensed interim financial statements, that the interim management report contains a reliable analysis of the information pursuant to paragraph 4 of art. 154- *ter* of the TUF.

#### F) AUDITING COMPANY

The company appointed to audit the Company's accounts is KPMG (the "Auditing Company"). In particular, the Board of Directors of the Company of 15 January 2019, following the listing of Guala Closures on the STAR Segment Electronic Stock Market, adjusted the fee of the Independent Auditors for the statutory audit of the accounts, pursuant to the Legislative Decree no. 39/2010 of Guala Closures for nine years until 2025.

#### G) POWERS, DELEGATION OF POWERS AND ORGANIZATIONAL STRUCTURE

The powers to the Management are granted by way of general and special powers in line with the responsibilities assigned and the organizational roles defined. The general organizational structure of the Group is defined by communications issued by the CEO in line with the Corporate Governance Model, identifying the managers responsible for the various Departments/*Business Units* and Subsidiaries.

#### H) SUSTAINABILITY

Guala Closures commitment to sustainable development has long been central to the *business* model in terms of choices and activities. Business continuity and the creation of shared value strictly depend on the ability to achieve economic objectives together with sustainable purposes such as: minimum environmental impact, greater ethical-social responsibilities, sustainable research and innovation and positive impact on all the communities in which the Group operates. Given the importance covered by Sustainability, the Group has established a dedicated Function on Quality & Sustainability Management.

#### I) 231 FORM

Guala Closures, with a resolution of the Board of Directors dated 21 November 2005, has adopted its own organization and management model established by Legislative Decree no. 231 of 8 June 2001, hereinafter also referred to as "Model 231", for the purpose of creating a system of rules designed to prevent the adoption of unlawful conduct deemed potentially relevant for the purposes of the application of such legislation and consequently established a supervisory body ("Supervisory Body").

The Model has been constantly updated by the Company taking into account the organizational and corporate changes as well as the additions and amendments made in the relevant set of laws.

The Model is available on the Company website [http://investor.gualaclosures.com/sites/gualaclosures/files/allegati/mog-guala-closures\\_agg.-gennaio-2018\\_definitivo.pdf](http://investor.gualaclosures.com/sites/gualaclosures/files/allegati/mog-guala-closures_agg.-gennaio-2018_definitivo.pdf)

Model 231 consists of: (a) a general part, concerning issues related, among other things, to the validity and application of Legislative Decree 231/2001, the composition, operation and information flows of the supervisory body, as well as the penalty system to be applied in the event of violations of the Model 231 conduct principles and (b) the special parts, containing the organizational structure, general principles of behaviour and control protocols for each type of offence considered relevant to the Company.

The Supervisory Body was appointed by the Board of Directors on 17 July 2018, effective from 6 August 2018, and is composed by dott. Roberto Malvezzi (President) and dr. Marco Andreoletti. The Supervisory Body thus composed has the requisites of autonomy, independence, professionalism and continuity of action the law requires for this body.

#### J) CODE OF ETHICS

Guala Closures has adopted a Code of Ethics throughout the Group which sets out the principles of conduct that the parties are required to observe, including: directors and statutory auditors, managers, Group employees and in general all collaborators who, as a result of their position, operate in Italy and abroad and/or represent the Group, or who maintain business relations with it.

The Code of Ethics is available on *the Company website* at <http://investor.gualaclosures.com/sites/gualaclosures/files/allegati/guala-codice-etico-rev-2018-ita.pdf>.

#### K) ANTITRUST COMPLIANCE POLICY

In addition to what has been described above and governed by the Code of Ethics, the Company has adopted an *Antitrust Policy* which contains rules of conduct for compliance with competition law for the entire Group.

## L) COMPLIANCE WITH OTHER RULES AND REGULATIONS

Developments and adherence to specific rules and regulations for each country where the Group operates are monitored.

### 11.2. Coordination between the subjects involved in the Internal Control and Risk Management System

In compliance with principle 7.P.3. of the Corporate Governance Code and in consideration of the legislative and procedural provisions introduced by Legislative Decree 27 January 2010, n. 39, in order to facilitate a constant flow of information between the various corporate bodies and functions as well as to allow the Board of Statutory Auditors the adequate supervision required by law, periodical meetings are foreseen among the Board, the Control Committee and Risks, the Head of the Internal Audit Function, the Director in charge of supervising the functionality of the Internal Control System, the Manager in charge of preparing the corporate accounting documents pursuant to Legislative Decree no. 262/05, the Supervisory Body, the Independent Auditors, the General Company Secretary and the Head of Legal Services. These meetings are dedicated, among other things, to the analysis and discussion of the financial reporting process and the application of accounting principles, the effectiveness of the internal control and risk management system, the audit and the independence of the statutory audit company.

### 11.3. Main characteristics of the risk management and internal control system in relation to the financial disclosure process, pursuant to Article 123- bis , paragraph 2, letter b), TUF

Guala Closures has recently started a process of implementation of a specific and articulated risk management and internal control system in relation to the process of preparing separate and consolidated half-yearly and annual financial disclosure to safeguard the company's assets, to comply with laws and regulations, to safeguard the efficiency and effectiveness of business operations as well as reliability, accuracy and timeliness of financial reporting.

In order to allow the *Chief Financial Officer's* certification, a mapping of the companies and relevant processes that feed and generate the economic-asset or financial information was carried out and a supervision system was implemented on the controls carried out according to established practices through a chain-of-evidence mechanism.

In particular, the process relating to the formation of financial information takes place through adequate administrative and accounting procedures currently being formalized, in accordance with criteria established by the *Internal Control - Integrated Framework* issued by the *Committee of Sponsoring Organizations of Tradeway Commission* .

The administrative/accounting procedures for the preparation of the financial statements and any other financial notice are prepared under the responsibility of the *Group Chief Financial Officer* , who periodically verifies (and in any case during the annual/consolidated financial statements) the adequacy and actual implementation.

## 12. DIRECTORS' INTERESTS AND TRANSACTIONS WITH RELATED PARTIES

### 12.1 APPROVAL OF PROCEDURES FOR TRANSACTIONS WITH RELATED PARTIES

In compliance with the provisions of art. 2391- bis of the Civil Code, on 8 March 2019, the Board of Directors approved the amendments to the Procedure for Transactions with Related Parties, aimed at regulating the execution of transactions with related parties, ensuring their transparency and substantial and procedural correctness.

The Procedure in question regulates the completion of transactions entered into by the Company directly, or through Subsidiaries, with counterparties falling within the definition of "related party".

Pursuant to the Procedure for Transactions with Related Parties, a "Related Party" is a person who:

- a) directly or indirectly, also through subsidiaries, trustees or third parties:
  - (i) controls the company, is controlled, or is subject to common control;
  - (ii) holds a stake in the company that may have significant influence over the latter;
  - (iii) exercises Joint Control over the Company.
- b) is an associated company of the company;
- c) is a joint venture in which the company is a participant;
- d) is one of the Managers with Strategic Responsibilities of the Company or of its parent company;
- e) is a Close family member of one of the subjects referred to in the preceding paragraphs (a) or (d);
- f) is an entity in which one of the parties referred to in letters (d) or (e) exercises control, joint control or significant influence or directly or indirectly holds a significant share, in any case not less than 20%, of voting rights;
- g) is an Italian or foreign collective or individual supplementary pension fund, set up for the employees of the Company, or any other entity related to it.

The procedure for Related Party Transactions defines as "Related Party Transaction" any transfer of resources, services or obligations between Related Parties, regardless of whether a consideration has been agreed. However the following are included: (a) merger, de-merger by incorporation or strictly non-proportional de-merger transactions, if carried out with Related Parties; (b) any decision relating to the assignment of remuneration and financial benefits, in any form, to the members of the administrative and control bodies and to the Managers with Strategic Responsibilities.

The Procedure also differentiates Related Parties Transactions in "Transactions of Negligible Amount", "Transactions of Greater Importance", "Transactions of Lesser Importance" and "Ordinary Transactions", that is:

- Transactions of Negligible Amount: Transactions with Related Parties in which the predictable maximum amount of the consideration or the predictable maximum value of the services to be paid by the company does not exceed - for each transaction - Euro 200,000 for transactions carried out with a Juridical person Related Party and 150,000 euros for transactions carried out with a Natural Person Related Party, also in case of Transactions with Related Parties carried out with the same Related Party that are homogeneous or which have been implemented in execution of a single plan, considering their total amount.
- Transactions of Greater Importance: transactions - including homogeneous transactions or those carried out in execution of a single design with the same Related Party or with subjects related both to the latter and to the Company - in which at least one of the following relevance indexes, applicable according to the specific transaction, is higher than 5% threshold.
- Transactions of Lesser Importance: Transactions with Related Parties other than Transactions of Greater Relevance and Transactions of Negligible Amounts.

- Ordinary Transactions: Transactions with Related Parties which: (a) fall within the ordinary exercise of the operating activity and related financial activity of the Company; and (b) are concluded under conditions: (i) similar to those usually applied to unrelated parties for transactions of a corresponding nature, size and risk, (ii) based on regulated tariffs or imposed prices, or (iii) corresponding to those charged to parties with which the company is obliged by law to contract for a specific fee.

As general principles, the Procedure establishes that:

- a) The provisions of this RPT Procedure do not apply to Transactions of Small Amounts.
- b) The provisions of this RPT Procedure do not apply to meeting resolutions pursuant to art. 2389, paragraph 1, of the Civil Code relating to the compensation due to the members of the Board of Directors of the Company, as well as to the shareholders' meeting resolutions pursuant to art. 2402 of the Civil Code relating to the compensation due to the members of the Board of Statutory Auditors of the Company.
- c) Without prejudice to the provisions of art. 5, paragraph 8, of the Regulation on periodic accounting disclosure obligations, the provisions of the Regulation and this RPT Procedure do not apply:
  - (i) to the remuneration plans based on financial instruments approved by the shareholders' meeting pursuant to art. 114- *bis* of the TUF and the related executive transactions;
  - (ii) to the resolutions of the Board of Directors regarding the remuneration of directors with special duties - other than the resolutions adopted pursuant to art. 2389, paragraph 3 of the Civil Code - as well as Executives with Strategic Responsibilities, provided that:
    - A. the Company has adopted a remuneration policy;
    - B. in the definition of the remuneration policy, a committee has been involved exclusively consisting of non-executive directors who are mostly Independent Directors;
    - C. a report illustrating the remuneration policy has been submitted to the Shareholders' Meeting advisory vote;
    - D. the remuneration assigned is consistent with this policy;
  - (iii) to Ordinary Transactions. In case of applicability of the foregoing exclusion case, the Company is in any case bound to the obligations of periodic disclosure pursuant to art. 13, paragraph 3, lett. c) of the Regulations, without prejudice to the notice obligations set forth in art. 17 of Regulation (EU) n. 596/2014;
  - (iv) to Transactions with Related Parties with or between Subsidiaries, even jointly, as well as those with Associated Companies, provided that in the Subsidiaries or in the Associated Companies counterparties to the transaction there are No Significant Interests of other Related Parties of the Company.

On 08 March 2018 the Board of Directors approved a first draft of the new Procedure relating to transactions with related parties, giving the Chairman the mandate to define and integrate the aspects of detail remained

This new procedure establishes that the definition of Related Party: indicates an individual or an entity that falls within the definition of "Related parties" as per Attachment 1 of the Regulation. In particular, a person is a related party if:

- (a) directly, or indirectly, also through Subsidiaries, trustees or intermediaries:
  - (i) Controls the Company, is Controlled, or is subject to common Control;
  - (ii) holds a stake in the Company such as to be able to exert a Substantial Influence on the latter;
  - (iii) exercises Joint Control over the Company;
- (b) is an affiliated of the Company;
- (c) is a Joint Venture in which the Company is a party;
- (d) is one of the Executives with Strategic Responsibilities of the Company or its affiliates;
- (e) is a Close Family member of one of the individuals referred to in the preceding letters (a) or (d);
- (f) is an entity in which one of the parties referred to in letters (d) or (e) exercises Control, Joint Control or Significant Influence or holds, directly or indirectly, a significant portion, in any case not less than 20% of voting rights;
- (g) is a supplementary pension fund, collective or individual, Italian or foreign, set up in favor of employees of the Company, or any other entity related to it.

The Procedure also differentiates Related Parties Transactions in "Transactions of Negligible Amount", "Transactions of Greater Importance", "Transactions of Lesser Importance" and "Ordinary Transactions", that is:

- Transactions of Negligible Amount: Transactions with Related Parties in which the predictable maximum amount of the consideration or the predictable maximum value of the services to be paid by the company does not exceed - for each transaction - Euro 500,000 for transactions carried out with a Juridical person Related Party and 250,000 euros for transactions carried out with a Natural Person Related Party, also in case of Transactions with Related Parties carried out with the same Related Party that are homogeneous or which have been implemented in execution of a single plan, considering their total amount.
- Transactions of Greater Importance: transactions - including homogeneous transactions or those carried out in execution of a single design with the same Related Party or with subjects related both to the latter and to the Company - which exceed at least one of the relevance indexes indicated in Annex 3 to the Regulation, reported in Annex A of this RPT procedure.
- Transactions of Lesser Importance: Transactions with Related Parties other than Transactions of Greater Relevance and Transactions of Negligible Amounts.
- Ordinary Transactions: Transactions with Related Parties which: (a) fall within the ordinary exercise of the operating activity and related financial activity of the Company; and (b) are concluded under conditions: (i) similar to those usually applied to unrelated parties for transactions of a corresponding nature, size and risk, (ii) based on regulated tariffs or imposed prices, or (iii) corresponding to those charged to parties with which the company is obliged by law to contract for a specific fee.

As general principles, the Procedure establishes that:

- The RPT Procedure applies to Transactions with Related Parties. To this end, the Company has established a special register pursuant to Article 4 of this RPT Procedure.
- The provisions of this RPT Procedure do not apply to Transactions of Negligible Amount.



- The provisions of this RPT Procedure do not apply to meeting resolutions pursuant to art. 2389, paragraph 1, of the Civil Code relating to the compensation due to the members of the Board of Directors of the Company, as well as to the shareholders' meeting resolutions pursuant to art. 2402 of the Civil Code relating to the compensation due to the members of the Board of Statutory Auditors of the Company.
- Without prejudice to the provisions of art. 5, paragraph 8, of the Regulation on periodic accounting disclosure obligations, the provisions of the Regulation and this RPT Procedure do not apply:
  - a) to the remuneration plans based on financial instruments approved by the shareholders' meeting pursuant to art. 114- *bis* of the TUF and the related executive transactions;
  - b) to the resolutions of the Board of Directors regarding the remuneration of directors with special duties - other than the resolutions adopted pursuant to art. 2389, paragraph 3 of the Civil Code - as well as Executives with Strategic Responsibilities, provided that:
    - (i) the Company has adopted a remuneration policy;
    - (ii) in the definition of the remuneration policy, a committee has been involved exclusively consisting of non-executive directors who are mostly Independent Directors;
    - (iii) a report illustrating the remuneration policy has been submitted to the Shareholders' Meeting advisory vote;
    - (iv) the remuneration assigned is consistent with this policy;
  - c) to Ordinary Transactions. In case of applicability of the foregoing exclusion case, the Company is in any case bound to the obligations of periodic disclosure pursuant to art. 13, paragraph 3, lett. c) of the Regulations, without prejudice to the notice obligations set forth in art. 17 of Regulation (EU) n. 596/2014;
  - d) to Transactions with Related Parties with or between Subsidiaries, even jointly, as well as those with Associated Companies, provided that in the Subsidiaries or in the Associated Companies counterparties to the transaction there

### **13. APPOINTMENT OF THE BOARD OF STATUTORY AUDITORS**

The Board of Statutory Auditors is composed of 3 (three) standing auditors and 2 (two) alternate auditors, appointed by the Shareholders' Meeting based on lists presented by the shareholders. Shareholders may submit a list for the appointment of statutory auditors who are shareholders and who, at the time the list is submitted, are holders - alone or together with other presenting shareholders - of a shareholding at least equal to that determined by Consob pursuant to applicable laws and regulations . The ownership of the minimum shareholding is established having regard to the shares that are registered for the

shareholder on the day on which the lists are filed with the issuer. The relevant certification can be issued also after filing, as long as it is within the deadline set for the publication of the lists.

The lists are filed at the registered office, in the manner prescribed by the regulations in force, at least 25 (twenty-five) days before the date set for the shareholders' meeting called to resolve on the appointment of statutory auditors. Furthermore, the lists must be made available to the public by the Company at least 21 (twenty-one) days prior to the date of the aforementioned Shareholders' Meeting, in the manner prescribed by the regulations in force.

The lists must contain the names of one or more candidates for the office of standing auditor and one or more candidates for the office of alternate auditor. The names of the candidates are marked in each section ("statutory auditors" section, "alternate auditors" section) by a progressive number and are in any case no greater than the members of the body to be elected. Should the lists contain - considering both sections - a number of candidates equal to or greater than 3 (three), must contain in both sections a number of candidates such as to guarantee that the composition of the board of auditors, standing and alternate members, complies with the provisions of law and regulations in force from time to time, gender balance (male and female). The number resulting from the application of such criteria shall be rounded up to the upper unit.

The following documents must be attached to each list, under penalty of inadmissibility: (i) information relating to the identity of the shareholders who submitted them, with detail of the overall percentage shareholding; (ii) a statement by shareholders other than those who hold, even jointly, a controlling or relative majority shareholding, certifying the absence of relations of connection with the latter in accordance with the regulations in force; (iii) exhaustive information on the personal and professional characteristics of candidates, as well as a candidates' statement certifying the possession of the requisites required by law, and acceptance of the candidacy, accompanied by the list of the administrative and control positions held by them in other companies ; (iv) any other or different statement, information and/or document required by law and applicable regulatory provisions.

Each shareholder, the shareholders belonging to the same corporate group as well as the shareholders adhering to a shareholders' agreement in accordance with Article 122 of the TUF, may not submit or contribute to the submission, even through a third party or trust company, of more than one list nor can they vote different lists; in addition, each candidate may be submit on only one list, under penalty of ineligibility.

In the event that only one list has been filed on the expiry date of the submission of lists, that is only lists submitted by members connected to each other pursuant to the applicable provisions, lists may be presented up to the third day following that date. In this case the above thresholds for the submission of the lists will be reduced by half.

Statutory auditors are appointed as follows: (i) two statutory auditors and one alternate auditor are taken from the list which obtained the highest number of votes (the "Majority List"), based on the progressive order with which they are listed on the list; (ii) the third standing auditor (the "Minority Auditor"), who will be the chairman of the board of statutory auditors, and the second alternate auditor (the "Alternate Minority Auditor") are taken, based on the progressive order with which they are listed in the list, from the second list which obtained the highest number of votes and which is not - even indirectly - connected to the shareholders who submitted it or to those who voted for the Majority List pursuant to the applicable provisions. In the event of a tie between lists, a new vote will be held by the shareholders' meeting and the candidates who obtain the simple majority of votes without applying the list voting mechanism will be elected.

If at the end of the voting it turns out that the provisions of law and regulations in force from concerning the balance between genders (male and female) were not observed (including rounding up to the higher unit if the result of the criterion of division between genders is not a whole number), the candidate for the office of

standing or alternate auditor of the most represented gender elected as the last in progressive order from the Majority List will be excluded and will be replaced by the candidate for the office of effective auditor or next substitute, taken from the same list, belonging to the other gender.

If only one list has been submitted, the shareholders' meeting will express its vote on it and if it obtains the majority of votes, three standing auditors and two alternate auditors indicated in the list as candidates for such offices will be elected, in compliance with the rules and regulations in force from time to time, also with regard to the balance between genders (male and female) (including rounding up to the upper unit if the application of the criterion of division between genders does not result in a whole number ).

Auditors shall remain in office for a term of three financial periods, they may be re-elected and their office shall terminate as of the date of shareholders meeting convened for the approval of the financial statements referring to the third financial period of office.

Without prejudice to compliance with the laws and regulations in force from time to time regarding gender balance (male and female), in cases where, for any reason, (i) a standing auditor from the Majority List fails , he will be replaced by the alternate auditor drawn from the Majority List, (ii) the Minority Auditor fails, he will be replaced by the Alternate Minority Auditor. If for any reason it is not possible to proceed as detailed above, the shareholders' meeting must be called, so that it may integrate the board with the ordinary majorities and methods, without applying the list voting mechanism, without prejudice to compliance with legal and regulatory provisions in force from time to time on gender balance (male and female).

In the absence of lists, or if it is not possible for any reason to appoint the board of statutory auditors in the manner provided for in this article, the three standing auditors and the two alternate auditors shall be appointed by the shareholders' meeting with the ordinary majorities provided for by law, in accordance with law and regulatory provisions, in force from time to time also concerning the balance between genders (male and female) (including rounding up to the upper unit in the event that the application of the criterion of division between genders does not result in a whole number).

#### **14. COMPOSITION AND OPERATION OF THE BOARD OF STATUTORY AUDITORS**

On 20 July 2018, in view of the merger, the members of the Company's Board of Statutory Auditors resigned effective on the date of appointment of the new Board of Statutory Auditors. In this regard, on 25 September 2018, the Shareholders' Meeting proceeded to appoint the following members for three financial years who will expire with the Shareholders' Meeting that will be held for the approval of the financial statements as at 31 December 2020:

<b>Position</b>	<b>Name and Surname</b>	<b>Appointed on</b>
President	Benedetta Navarra	10 September 2018
Standing Auditor	Piergiorgio Valente	10 September 2018
Standing Auditor	Franco Aldo Abbate	10 September 2018
Alternate auditor	Ugo Marco Luca Maria Thumb	10 September 2018
Alternate auditor	Daniela Delfrate	10 September 2018

It should be noted that the members of the Issuer's Board of Statutory Auditors were appointed based on the single list of candidates submitted by shareholder GCL Holdings SCA.

The remuneration of the Board of Statutory Auditors was determined at the time of appointment for a gross annual amount of Euro 50,000 per year for the Chairman and a gross annual amount of Euro 35,000 for the other statutory auditors.

The board of statutory auditors meets on the initiative of any of the auditors. It is validly convened with the presence of the majority of auditors and resolves with the favourable vote of the absolute majority of those in attendance.

The meetings of the board of statutory auditors may be held with participants attending in more than one place, contiguous or distant, connected by audio or video, provided that: (i) the chairman of the meeting is allowed to ascertain the identity and legitimacy of participants, to regulate the progress of the meeting and to ascertain and announce the results of the vote; (ii) the person taking the minutes is allowed to adequately perceive the events of the meeting being recorded; (iii) the attendees are allowed to participate in the discussion and simultaneous voting on the items on the agenda, as well as to view, receive or transmit documents. Once these conditions are met, the meeting of the board of auditors is considered to be held in the place where the president is attending and where the secretary of the meeting should also be, in order to allow for the drafting of the relative minutes.

During the year ended December 31, 2018, the current Board of Statutory Auditors met no. 5 times and participated in n. 7 meetings of the Board of Directors and to n. 1 meeting of the Control and Risk Committee. Furthermore, the Chairman of the Board of Statutory Auditors participated in n. 2 meetings of the Remuneration Committee.

In the meetings held on 4 and 11 October 2018, the Board of Statutory Auditors verified the existence of the independence requirements of its members, which had already been declared by each of the members at the time of submission of their candidacy.

The Board of Auditors monitored the independence of the auditing firm, verifying both their compliance with the provisions of law and regulation governing such matter, and the nature and extent of services other than the statutory auditing of accounts provided to the issuer and its subsidiaries by the same auditing firm and the entities belonging to its network.

The Board of Statutory Auditors, in carrying out its activities, coordinated with the corporate structures, the Supervisory Body, the Control and Risks Committee and the Remuneration Committee.

The coordination methods are represented by the constant presence of at least one member of the Board of Statutory Auditors at the meetings of the Control and Risk Committee.

The Chairman of the Board of Directors has proposed any initiatives aimed at providing the Statutory Auditors with adequate knowledge of the business sector in which the Company operates, of the company dynamics and of their evolution, particularly organizing visits to the production sites of the Company.

This decision was taken having considered the training and preparation of auditors appropriate for the tasks and functions the law assigns to this body.

It is not excluded that training initiatives on certain specific topics may be taken in the future should this be considered useful.

The following is a summary curriculum vitae of each member of the Board of Statutory Auditors, from which emerge the expertise and experience gained in the field of business management.

#### **Benedetta Navarra**

Born in Rome on March 20, 1967, she graduated with honors in Economics and Management from LUISS - Guido Carli University of Rome and a degree in Law, with full marks, from the University of Rome "La Sapienza". She is qualified as a lawyer, accountant and auditor. During her career, she has gained significant experience in the field of management - including out-of-court proceedings - of corporate crisis, project

financing, securitization of bank loans and intermediary responsibility in the provision of investment services, also in the context of disciplinary measures taken by the Supervisory Authorities. In performing her tasks she mainly deals with corporate issues - also with reference to listed companies - on banking, financial and market law. She holds office as standing auditor in the following companies: Unicredit S.p.A., CDP Reti S.p.A., Italo S.p.A. and LVenture Group S.p.A. Benedetta Navarra is also a member, inter alia, of the board of directors of A.S. Roma S.p.A., of the Supervisory Board of Unicredit Bank Czech Republic and Slovakia, as well as of the Unicredit BulBank audit committee. She had previously covered numerous roles in the bodies of Italian and foreign companies, including the role of Statutory Auditor of Equitalia S.p.A. and Chairman of the Board of Statutory Auditors of Poste Italiane S.p.A. She is a member of the executive committee of the second level master's degree in business law organized by LUISS - Guido Carli University, Department of Law. She is the author of several publications on banking and financial law issues.

#### **Pergiorgio Valente**

Born in Turin on February 5, 1963, he is Full Professor at the Link Campus University of Rome, and professor at the Department of Political Science "Jean Monnet" of the University of Campania - Luigi Vanvitelli and professor at the Economic and Financial Police School of the Guardia di Finanza. He is a member of the "Fisco Internazionale" committee of Confindustria, of the "Council for Business Law" of Assolombarda, of the "Enrico Gustarelli Study Group for business taxation - Bocconi University", of the National Association of Italian Tax Administrators (ANTI ) and the International Fiscal Association (IFA). He has held various positions for the consulting firm Ernst & Young. He holds, inter alia, the role of delegate to the European Commission in the Platform for Tax Good Governance, Aggressive Tax Planning and Double Taxation, Chairman of the International Tax Committee of the International Association of Financial Executives Institutes (IAFEI). He is currently chairman of the board of statutory auditors of WFC Holding S.p.A. and Docomo Digital Italy S.p.A., as well as standing auditor of Gessi S.p.A. He also holds the position of Chairman of the Board of Directors of Centro Studi Internazionali GEB Partners S.r.l. He has participated as a keynote speaker, speaker and/or moderator in more than 250 events in the field of international taxation in Italy and abroad and is the author of numerous publications on tax law issues.

#### **Franco Aldo Abbate**

Born in Milan on 12 July 1973, he graduated in Economics and Management at the Catholic University of the Sacred Heart in Milan. He is a chartered accountant, registered in the register of statutory auditors, as well as the register of technical consultants of the Court of Milan for the following specialities: company valuation, corporate finance and securities market. He began his professional career as a financial analyst at the consulting firm Ambrosetti Stern Stewart Italia, where he worked until 2000. After working as an auditor for PriceWaterhouseCoopers S.p.A., he joined the Medinvest investment bank as Director of M&A, Corporate Finance & Private Equity. Since 2009 he has been with Centrobanca, the merchant bank of the UBI banking group, where he deals with investment banking and M&A. From 2010 to 2013 he held the position of Chief Financial Officer & Investment Manager in some foreign companies focused on investments in the renewable energy sector. He works as a freelancer with a specialization in M&A and structured finance transactions. He is currently a director of Iniziative Immobiliari S.p.A., Omni Re S.p.A. and AC S.r.l. He holds the office of standing auditor for Falk S.p.A., Esprinet S.p.A., Camuzzi S.p.A. in liquidation, Clovis Oncology Italy S.r.l., Clovis Oncology IT S.r.l., Sentinel CH S.p.a., Actelios Solar S.p.A., Prima S.r.l., S.G.P. Società Gestione Periodici S.r.l. He is Chairman of the Board of Statutory Auditors of Sifob S.r.l., Benedettina S.p.A. He also holds the position of sole auditor for Finmeria S.r.l., Tan Holdings S.r.l., Ambiente 2000 S.r.l., Esposito Servizi Ecologici S.r.l., Sesto Siderservizi S.r.l. in liquidazione, Soulkitchen S.r.l., Food Concepts S.r.l.. He is a director of Iniziative Immobiliari S.p.A., Omni Re S.p.A. and AC S.r.l. He chairs the C.I.A.I. Board of Auditors - Italian Children's Aid Center and is an auditor of the Nicola Trussardi Foundation.

#### **Ugo Marco Luca Maria Pollice**

Born in Milan on November 15, 1958, he graduated in Economics and Management at the Catholic University of the Sacred Heart in Milan and is a chartered accountant. He has actively involved in several activities on tax and corporate, also in collaboration with the Court of Milan. In 1998 he founded the Associate firm Pollice - Carella. He has held various positions with the Board of Chartered Accountants of Milan and with the Foundation of Chartered Accountants of Milan. Since March 2018 he has been a partner of Crowe Valente. He is the sole auditor for Mongetto Società Cooperativa, as well as alternate auditor for Valvosanitaria Bugatti S.p.A., Mittel Generale Investimenti S.r.l., Docomo Digital Italy S.p.A., Earchimede S.p.A., statutory auditor for O.LA.N Officina Laminazione Nastri S.p.A. and director of Koinos Informatics Organization Service of Doctors Accountants. He is Chairman of the Board of Statutory Auditors of EBV Elektronik S.r.l. and of the Board of Directors of Telecolor S.r.l.

#### **Daniela Delfrate**

Born in Busto Arsizio (VA) on 12 August 1965, she earned a degree in Economics and Management from the Catholic University of the Sacred Heart in Milan and works as chartered accountant. He is a chartered accountant, registered in the register of statutory auditors. From 1988 to 1995 he collaborated with the family company, Centro Medico Alto Milanese S.r.l. from 1995 to 2000 he collaborated with Idecon S.r.l. Since 2000 he has been a member of the CTS Studio. He is currently Statutory Auditor of Dufrital S.p.A., Sicura S.p.A., Alcatel Lucent - Italia S.p.A. DP Group S.p.A., Actelios Solar S.p.A., Eurofly Service S.p.A., Imm. Molgora S.p.A., San Lorenzo S.p.A., GBH S.p.A., ICAR S.p.A., Ortea S.p.A., Elof Management Sicaf S.p.A., AEW ECR Italy Sicaf S.p.A.

## **15. RELATIONS WITH SHAREHOLDERS**

The Company, in compliance with Principle 9.P.1 of the Code, believes that the Shareholders' Meeting is an important opportunity for discussion between shareholders and directors and, consequently, adopts measures that promote participation in the Shareholders' Meeting and exercise of voting right by shareholders. In this regard it should be noted that art. 8 (pursuant to art. 2369 of the Civil Code) of the Articles of Association require Meetings to be held with a single call and art. 10 (pursuant to Article 135-undecies of the TUF) states that the Company may designate, for each Shareholders' Meeting by means of a specific instruction contained in the call notice, a subject (a representative designated by the company) to which shareholders may grant proxy with voting instructions on all or some proposals on the agenda, in the terms and in the manner prescribed by law.

Information on relations with shareholders is ensured by making the most significant corporate documentation available on the Company's website [www.gualaclosures.com](http://www.gualaclosures.com), Investor Relations section and, where required by applicable laws and regulations, on the authorized storage mechanism "EMarket STORAGE" accessible from the website [www.emarketstorage.com](http://www.emarketstorage.com).

Investor relations are handled by the Investor Relator, who represents the point of contact between the Issuer and the market and has the task of collaborating with the corporate structure to maintain and encourage compliance with the legislation on corporate disclosure. The relation activity is shared and supported by the management.

The Company has appointed Claudia Banfi Group Investor Relator responsible for relations with the national and international financial community.

Relevant information for investors, including in particular the press releases issued, periodical accounting documentation and any other relevant information pertaining to the Company, is available on the [gualaclosures.com](http://gualaclosures.com) website, *Investor Relations* section.

The articles of association and the main documents on Corporate Governance, organization, management and control model *ex* . Leg. decree 231/2001 and the Code of Ethics.

The *Investor Relations Manager* can be contacted at the following addresses:

Claudia Banfi @: [cbanfi@gualaclosures.com](mailto:cbanfi@gualaclosures.com) Tel: +390131753309 Fax +39013152747

## **16. SHAREHOLDERS' MEETINGS**

Pursuant to art. 8 of the Articles of Association, the Shareholders' Meeting resolves on the matters the law and the Articles of Association reserve to it. The resolutions of the Shareholders' Meeting, approved in accordance with the law and these Articles of Association, bind all shareholders. The Shareholders' Meeting is held by single call and convenes and resolves with the majorities required by law.

The very same art. 8 of the Articles of Association provides that the procedures concerning transactions with related parties adopted by the Company may provide for (i) that the board of directors approves the "most significant transactions", as defined by the Consob Regulation adopted with resolution no. 17221 of 12 March 2010 (as subsequently amended), despite the contrary advice of the committee of independent directors competent to issue an opinion on the aforementioned transactions, provided that the completion of such transactions is authorized by the Shareholders' Meeting pursuant to article 2364, paragraph 1, no. 5 of the Italian civil code. In this case, the shareholders' meeting resolves with the majorities provided for by the law, provided that, if the unrelated shareholders attending the meeting represent at least 10% of the share capital with voting rights, considering each ordinary share and each B share individually, without attaching importance to the multiple voting rights attributed to B Shares, there is no opposite vote of the majority of unrelated shareholders voting at the shareholders' meeting, considering individually each ordinary share and each B Share, without attaching importance to the multiple voting right assigned to B. Shares.

Pursuant to article 10 of the Articles of Association, those entitled to vote have the right to attend the Shareholders' Meeting. The right to attend the meeting and exercise the right to vote is certified by a notice to the Company, sent by the intermediary authorized to keep the accounts pursuant to the law, based on the evidence of his accounting records at the end of the accounting day of the seventh open market day prior to the date set for the Shareholders' Meeting by single call, or on first call in the event that any subsequent calls are indicated in the single notice, received by the Company within the terms of law.

Those who have the right to vote at the Shareholders' Meeting may be represented by proxy granted in writing or by means of a proxy conferred with an electronic document electronically signed in accordance with the applicable law. Notice of the proxy to the Company may be made in the manner required in the notice of call, by means of a message addressed to the certified electronic mailbox specified in the notice itself or through use of a specific section of the Company's website.

The Company may designate for each Shareholders' Meeting, by a specific instruction in the notice of the meeting, a person to whom the shareholders may grant proxy with voting instructions on all or some proposals on the agenda, in the terms and in the manner provided by the law.

The shareholders' meeting is chaired by the Chairman of the Board of Directors or, in his absence or impediment, by the oldest Deputy Chairman if appointed or, in his absence or impediment, by the oldest Managing Director in attendance if appointed or, in his absence or impediment, by a person designated by the meeting, including the Chief Executive Officer (if appointed). The Chairman will be assisted by a secretary, also not a director and/or a non-shareholder, appointed on his proposal by a majority of those present. During the Extraordinary Meeting, and in any case when the Chairman considers it appropriate, the duties of the Secretary shall be assigned to a notary public appointed by the chairman himself.

The Shareholders' Meeting may also be held with attendees in several places, near or distant, connected with audio or video, provided that the method and the principles of good faith and equal treatment of shareholders are observed, and more specifically on condition that: (a) the chairman of the Shareholders' Meeting is allowed to verify the identity and legitimacy of the attendees, regulate the progress of the meeting, verify and announce the results of the vote; (b) the person taking the minutes is allowed to adequately understand the meeting events subject to recording; (c) the attendees are allowed to participate in the discussion and simultaneous voting on the items on the agenda; (d) this method is explained in the call notice of the Shareholders' Meeting which should also specify the places of convening. The meeting is considered to be held in the place where the chairman and the person taking the minutes are simultaneously present.

#### **17. FURTHER CORPORATE GOVERNANCE PRACTICES**

At the date of approval of the Report, there are no other corporate governance practices actually applied by the Issuer beyond the obligations required by laws or regulations.

#### **18. CHANGES FROM THE END OF THE REFERENCE FINANCIAL YEAR**

This Report takes into account the changes that have occurred since the end of the reference period up to the date of approval of this Report.

It should be noted that after the end of the year the Guala Closures Shareholders' Meeting held on 14 February 2019, in addition to what was already detailed in the Report, resolved:

- to authorize the Board of Directors to carry out (i) for a duration of 18 months, purchase transactions of ordinary shares of the Company (therefore with the exclusion of special B shares and special C shares) up to 3% of outstanding ordinary shares as of the date of this notice (equal to approximately 1,861,500 ordinary shares), as well as (ii) without time limits or restrictions, disposition transactions, including by instalments, on the same treasury shares so purchased;
- to approve the integration of the fees of the auditing company KPMG S.p.A., in charge of the legal audit of the accounts for the period 2017-2025.

#### **19. CONSIDERATIONS ON THE LETTER OF THE PRESIDENT OF 21 DECEMBER 2018 OF THE COMMITTEE FOR CORPORATE GOVERNANCE**

The Chairman of the Company's Board of Directors informed the Committees and the Board of the letter of 21 December 2018, sent by the President of the Corporate Governance Committee and addressed to the Chairmen of the administrative and control bodies and to the Managing Directors of listed companies, where among other things, highlighted the main areas of improvement identified by the Committee in order to better and more substantially adhere to the Code, in light of the results of the 2018 Report on the application of the Code. The letter is available at: <https://www.borsaitaliana.it/comitato-corporate-governance/documenti/comitato/letterapresidente2018p.pdf> ..

During the meeting held on 19 March 2019, with reference to the four areas of improvement reported (i. Disclosure on the adequacy of pre-meeting information; ii. Greater strictness and transparency in the application of the independence criteria defined by the Code; iii. Greater transparency on how the board review is carried out iv. the adequacy of remuneration policies with the pursuit of the objective of sustainability of the company's activities in the medium to long term) the Board of Directors observed the following:



- with reference to Recommendation (i), as indicated in Paragraph 4.3 above, the Board of Directors, during the self-assessment process, expressed the hope that in the future, actions will be taken to improve the completeness of pre-meeting information as well as sending them to the Directors more early than the date the meeting was called. At the date of this Report, the Company's internal functions, on the recommendation of the Chairman of the Board of Directors and Chief Executive Officer, are preparing internal processes for processing and making available the documentation of the Board, to respond to the requests of the Board of Directors;
- with reference to Recommendation (ii), the Board of Directors considered the level of independence of the members of its *governance* bodies to be adequate, which was further discussed and assessed during the *business combination* process and upon admission to listing of the Company's ordinary shares on the MTA - STAR segment. In particular, the Company believes it has rigorously applied the criteria established by the Corporate Governance Code;
- with reference to Recommendation (iii), the Company reports that it has conducted a self-assessment process (the so called *board review* ) with the support of the *general counsel* of Guala Closures Group and the external consultants of the Company, who have prepared a specific questionnaire, subsequently sent, together with the filling instructions, to each member of the Board of Directors that has completed and returned it to the Company. The results of these questionnaires and further assessments on - among other things - self-assessment, were discussed in the Board meetings held on 8 March 2019, in order to stimulate interaction between directors and the possibility for the latter to report any issues worthy of further study.
- with reference to Recommendation (iv), in consideration of the *business combination* and recent listing, the Company is currently reselling its remuneration policy in line with the principles and application criteria established by the Corporate Governance Code, also taking into account the recommendations expressed by the Chairman of the *Corporate Governance* Committee in the letter dated 21 December 2018. Further information on the remuneration policy is detailed in the remuneration report prepared pursuant to art. 123- *ter* of the TUF and art. 84- *quater* of the Issuers Regulation, available on the Company's website at [www.gualaclosures.com](http://www.gualaclosures.com) in the Investor Relations section .

## 20. SUMMARY TABLES

### 20.1. Table 1: Structure of the Board of Directors and Committees

CONSIGLIO DI AMMINISTRAZIONE													Comitato Controllo e Rischi		Comitato Remunerazioni	
Carica	Componenti	Anno di nascita	Data di prima nomina *	In carica da	In carica fino a	Lista **	Esec.	Non-Esec.	Indip. da Codice di Autodiscipl.	Indip. TUF	N.altri incarichi ***	(*)	(*)	(**)	(*)	(**)
Presidente e Amministratore Delegato	Marco Giovannini	1956	28/06/18	06/08/18	app. bil. 2020	M	X					5/5				
Vice Presidente	Edoardo Subert	1960	28/06/18	06/08/18	app. bil. 2020	M		X				5/5				M
Amministratore o	Francesco Caio	1957	28/06/18	06/08/18	app. bil. 2020	M		X	X	X		5/5		P		M
Amministratore	Francesco Bove	1958	28/06/18	06/08/18	app. bil. 2020	M		X				5/5				
Amministratore	Anibal Diaz Diaz	1953	28/06/18	06/08/18	app. bil. 2020	M		X				5/5				
Amministratore	Filippo Giovannini	1985	28/06/18	06/08/18	app. bil. 2020	M		X				5/5				
Amministratore	Luisa Maria Collina	1968	28/06/18	06/08/18	app. bil. 2020	M		X	X	X		5/5				P
Amministratore	Lucrezia Reichlin	1954	28/06/18	06/08/18	app. bil. 2020	M		X	X	X		5/5		M		
Amministratore	Nicola Colavito	1978	28/06/18	06/08/18	app. bil. 2020	M		X				5/5		M		
-----AMMINISTRATORI CESSATI DURANTE L'ESERCIZIO DI RIFERIMENTO-----																
N. riunioni CDA svolte durante l'esercizio di riferimento: 5						Comitato Controllo e Rischi:					Comitato Remun.:					
<b>Indicare il quorum richiesto per la presenziazione delle liste da parte delle minoranze per l'elezione di uno o più membri (ex art. 147-ter TUF): 2,50%</b>																

#### NOTE

I simboli di seguito indicati devono essere inseriti nella colonna "Carica":

• Questo simbolo indica l'amministratore incaricato del sistema di controllo interno e di gestione dei rischi.

◊ Questo simbolo indica il principale responsabile della gestione dell'emittente (Chief Executive Officer o CEO).

o Questo simbolo indica il Lead Independent Director (LID).

\* Per data di prima nomina di ciascun amministratore si intende la data in cui l'amministratore è stato nominato per la prima volta (in assoluto) nel CdA dell'emittente.

\*\* In questa colonna è indicata la lista da cui è stato tratto ciascun amministratore ("M": lista di maggioranza; "m": lista di minoranza; "CdA": lista presentata dal CdA).

\*\*\* In questa colonna è indicato il numero di incarichi di amministratore o sindaco ricoperti dal soggetto interessato in altre società quotate in mercati regolamentati, anche esteri, in società finanziarie, bancarie, assicurative o di rilevanti dimension

(\*). In questa colonna è indicata la partecipazione degli amministratori alle riunioni rispettivamente del CdA e dei comitati (indicare il numero di riunioni cui ha partecipato rispetto al numero complessivo delle riunioni cui avrebbe potuto partecipare;

(\*\*). In questa colonna è indicata la qualifica del consigliere all'interno del Comitato: "P": presidente; "M": membro.



**20.2. Table 2: Structure of the Board of Statutory Auditors**

<b>COLLEGIO SINDACALE</b>									
<b>Carica</b>	<b>Componenti</b>	<b>Anno di nascita</b>	<b>Data di prima nomina *</b>	<b>In carica da</b>	<b>In carica fino a</b>	<b>Lista **</b>	<b>Indip. da Codice di Autodiscipl.</b>	<b>Partecipazioni alle riunioni del Collegio ***</b>	<b>N.altri incarichi ****</b>
Presidente	Benedetta Navarra		25/09/18	25/09/18	app. bil. 2020	M	x		
Sindaco effettivo	Piergiorgio Valente		25/09/18	25/09/18	app. bil. 2020	M	x		
Sindaco effettivo	Franco Aldo Abbate		25/09/18	25/09/18	app. bil. 2020	M	x		
sindaco supplente	Ugo Marco Luca Maria Pollice		25/09/18	25/09/18	app. bil. 2020	M			
sindaco supplente	Daniela Delfrate		25/09/18	25/09/18	app. bil. 2020	M			
-----SINDACI CESSATI DURANTE L'ESERCIZIO DI RIFERIMENTO-----									
<b>Numero riunioni svolte durante l'esercizio di riferimento: 0</b>									
<b>Indicare il quorum richiesto per la presenziazione delle liste da parte delle minoranze per l'elezione di uno o più membri (ex art. 148 TUF): 2,50%</b>									
<b>NOTE</b>									
* Per data di prima nomina di ciascun sindaco si intende la data in cui il sindaco è stato nominato per la prima volta (in assoluto) nel collegio sindacale dell'emittente.									
** In questa colonna è indicata la lista da cui è stato tratto ciascun sindaco ("M": lista di maggioranza; "m": lista di minoranza).									
*** In questa colonna è indicata partecipazione dei sindaci alle riunioni del collegio sindacale (indicare il numero di riunioni cui ha partecipato rispetto al numero complessivo delle riunioni cui avrebbe potuto partecipare; p.e. 6/8; 8/8 ecc..)									
**** In questa colonna è indicato il numero degli incarichi di amministratore o sindaco ricoperti dal soggetto interessato ai sensi dell'art. 148-bis TUF e delle relative disposizioni di attuazione contenute nel Regolamento emittenti Consob. L'elenco comp									

## 21. ATTACHMENTS

### Attachment A - List of the main offices held by the Directors

List of the main positions covered (as at 31 December 2018) by each Director in other companies listed on a regulated market, in Italy or abroad, in financial companies, banks, insurance companies or large corporations in general.

CONSIGLIERI	Company	role
Nicola Colavito	Guala Closures S.p.A.	Director
	Kiko	Director
	Garofalo Healthcare	Director
Subert Edoardo	Guala Closures S.p.A.	Vice - president
	Test Industry	Director
	Space Holding S.r.l.	Director
Marco Giovannini	Guala Closures S.p.A.	Chairman and CEO
	Goglio S.p.A.	Director
	Banca Sistema S.p.A.	Director
	Fondazione CRT	Member of the steering committee
	LVenture Group12	Director
	Mperience	Director
Francesco Caio	Saipem S.p.A.	Chairman
	BNL SPA	Director
	Confindustria	advisory board member
	Politecnico Milano	advisory board member
Francesco Bove	Easytech Closures S.p.A.	Director
	Euroflex S.p.A.	Director

Luisa Maria Virginia Collina	De Longhi S.p.A.	Director
	Milan Politech Educational Consulting (Beijing Co Ltd.)	Designated member
Lucrezia Reichlin	Ageas Insurance Group	Director
	Gruppo Messaggerie Italiane	Director
	Eurobank Ergasias SA	Director

### Annex B - List of the main offices held by the Auditors

List of the main offices held by each Statutory Auditor (at 31 December 2018) in other companies listed on regulated markets, including foreign markets, in financial, banking, insurance or large-sized companies

SINDACI	Company	Role
Benedetta Navarra	Unicredit S.p.A. CDP Reti S.p.A. Italo S.p.A.	Member of the statutory auditor Committee
	A.S. Roma S.p.A.	Director
	Unicredit Bank Czech Republic and Slovakia, a.s.	supervisory Board member
	Unicredit BulBank	Audit committee member
Piergiorgio Valente	WFC Holding S.p.A. Docomo Digital Italy S.p.A.	Chairman of the statutory auditor Committee
	Gessi S.p.A.	Member of the statutory auditor Committee
Franco Abbate Aldo	Iniziativa Immobiliari S.p.A. Omni Re S.p.A.	Director
	Falk S.p.A., Esprinet S.p.A., Camuzzi S.p.A. in liquidazione, Sentinel CH S.p.a., Actelios Solar S.p.A., Prima S.r.l., S.G.P.	Member of the statutory auditor Committee

<b>SINDACI</b>	<b>Company</b>	<b>Role</b>
	Società Gestione Periodici S.r.l. Fondazione Nicola Trussardi	
	Benedettina S.p.A.	Chairman of the statutory auditor Committee

## Annex C - Space4 corporate governance

### 21.1 Profile of Space4

Space4 was a Special Purpose Acquisition Company (SPAC) established as a SIV (Special Investment Vehicle) pursuant to the Stock Exchange Regulations, whose shares were admitted to listing on the MIV/Professional Segment on 7 December 2017 with the start of trading date on 21 December 2017.

Space4 therefore had - as its exclusive corporate purpose - the search and selection of a Target with which to carry out a Relevant Transaction, i.e. a transaction for the acquisition of a business, enterprise, company or branch of the company, in whatever way, including the combination by contribution or - preferentially - merger, also in combination with the purchase or subscription of equity investments, to be carried out after listing.

The *corporate governance* system of the Company was based, as deemed appropriate by the management of the Company, on the principles recognized by international *best practice* as fundamental elements of a good corporate governance system: the central role of the Board of Directors, the correct management of the situations of conflict of interest, the efficiency of the internal control system and transparency with the market, with particular reference to the communication of corporate management choices.

The *governance* of Space4, as required by the Articles of Association, was structured according to the traditional model of administration and control and consisted of the following bodies:

- Shareholders' meeting
- Board of Directors
- Board of Statutory Auditors

The *governance* of Space4 also consisted of the Control and Risk Committee.

The Articles of Association *currently in force* provided that the statutory audit was carried out, pursuant to the applicable provisions of law, by a person meeting the requirements of laws in force.

### 21.2 Board of Directors

#### 21.2.1 Composition of The Board Of Directors

The Space4 Board of Directors, from 1 January to the Effective Date of the Merger, was composed of the following members:

<b>Name and Surname</b>	<b>Position</b>	<b>DATE OF BIRTH</b>
Roberto Italia (**)	President	19 September 2017
Carlo Pagliani (***)	CEO	19 September 2017
Edoardo Carlo Maria Subert (***)	CEO	19 September 2017
Francesco Caio (*) (**)	Director	16 November 2017
Francesca Prandstraller (*) (**)	Director	26 September 2017
Margherita Zambon (*) (**)	Director	26 September 2017

(\*) Independent director pursuant to art. 148 TUF and art. 3 of the Corporate Governance Code and member of the Control and Risk Committee.  
(\*\*) Non-executive director.



(\*\*) Executive Director.

The Board of Directors was appointed at the time Space4 was established on 19 September 2017 and subsequently supplemented by the original Shareholders' Meeting of the Issuer of 26 September 2017 and 16 November 2017.

#### **21.2.2 Activities of the Board of Directors**

During the period between January 1 and the Effective Date of the Merger, the Board of Directors of Space4 made decisions mainly on the following issues:

- Organizational model and code of ethics pursuant to Legislative Decree 231/2001; appointment of the Supervisory Body.
- Verification of the independence requirements pursuant to art. 147-ter, paragraph 4, TUF and art. 3 of the Corporate Governance Code.
- Draft balance sheet as at 31 December 2017, of the Report on Corporate Governance and Ownership Structure, of the Remuneration Report.
- Relevant Transaction as a whole - which is divided into Acquisition and Merger.
- Merger Project of Guala Closures S.p.A. in Space4.
- Project for admission to trading on the MTA of ordinary shares and market warrants issued post-merger by Space4.
- Exclusion of Space4 ordinary shares and market warrants from trading on the MIV subject to the release of the provision for the admission of said financial instruments on the MTA.
- Resolutions regarding the procedure for admission to the MTA/Star segment of the post-merger company.
- Resolutions regarding governance as of the effective date of the Merger.

#### **21.2.3 Meetings of the Board Of Directors**

In the period between 1 January 2018 and the Merger Effective Date, Space4's Board of Directors met 12 times, on the following dates:

29 January; 19 February; 15 March; 23 March; 16 April; 7 June; 15 June; 2 July; 17 July; 20 July; 23 July and 25 July.

#### **21.2.4 Delegated bodies**

On 20 November 2017, the Board of Directors appointed Roberto Italia as Chairman of the Board of Directors and Carlo Pagliani and Edoardo Subert as Managing Directors of the Issuer. The managing directors and the chairman have been granted the powers indicated in Annex A.

Chairman of the Board of Directors

On 19 September 2017, when Space4 was set up, Gianni Mion was appointed Chairman of the Board of Directors. Following the withdrawal from office of director Gianni Mion, on 20 November 2017 the Board of Directors assigned to director Roberto Italia the position of Chairman of the Board of Directors.

#### **21.3 Committees within the Board of Directors**

For reasons of simplification and efficiency of the governance structure, having assessed the organizational needs of Space4 and the methods of operation and the size of its Board of Directors, Space4 had deemed it appropriate to proceed with setting up the Control and Risks Committee only.

### **21.3.1 Audit and Risk Committee**

On 27 September 2017, the Board of Directors of Space4 approved the creation of a Control and Risks Committee composed of 3 (three) directors having the independence requirements and of which at least 1 (one) holds appropriate experience in accounting and finance or risk management.

Pursuant to the Regulation of the Control and Risk Committee, adopted by resolution of the Board of Directors on 27 September 2017, the Control and Risk Committee is composed of directors with the independence requirements required by art. 147-ter, paragraph 4, of the TUF and as set forth in the Corporate Governance Code. Moreover, at least one member of the Audit and Risk committee must have an adequate experience in accounting and finance, to be evaluated by the Board of Directors at the time of his/her appointment.

<b>Name and Surname</b>	<b>Position</b>
Francesca Prandstraller (President)	Independent director
Margherita Zambon	Independent director
Francesco Caio	Independent director

### **21.4 Internal control and risk management system (pursuant to article 123-bis, paragraph 2, letter 3, TUF)**

Taking into account the nature of the activities carried out and the current corporate organization, Spce4 had not adopted an organic internal control and risk management system, meaning a set of rules, procedures and organizational structures aimed at enabling identification, measurement, management and monitoring of the main business risks.

The management of Space4, having assessed its organizational needs, had deemed it appropriate to proceed only to the creation of the Control and Risk Committee and to the appointment of the executive director in charge of the Internal Control and Risk Management System.

### **21.5 Auditing Company**

With resolution dated 26 September 2017, the Space 4 Shareholders' Meeting approved, pursuant to art. 16, of Legislative Decree 39/2010, to entrust KPMG S.p.A. with the statutory audit of the Company's accounts. The appointment was conferred for the duration of nine financial periods (2017-2025).

### **21.6 Composition and operation of the Board of Statutory Auditors (pursuant to Article 123-bis, paragraph 2, letter d) of the TUF)**

During the period between 1 January 2018 and the effective date of the Merger, the Board of Statutory Auditors of Space4, appointed at the time of setting up Space4, on 19 September and for three financial years - i.e. until the date of the Space4 Shareholders' Meeting called to approve the financial statements as at 31 December 2020 - was composed as follows:

<b>Name and Surname</b>	<b>Position</b>	<b>Appointed on</b>
Pier Luca Mazza	President	19 September 2017
Marco Giuliani	Standing Auditor	19 September 2017
Virginia Marini	Standing Auditor	19 September 2017
Fabio Massimo Micaludi	Alternate auditor	19 September 2017
Simona Valsecchi	Alternate auditor	19 September 2017

Margherita Zambon (\*) (\*\*)

Director

19 September 2017