



REPORT
ON CORPORATE GOVERNANCE AND OWNERSHIP STRUCTURE
pursuant to Art. 123-*bis* of Consolidated Act
(traditional model of administration and control)

Issuer: Giglio Group S.p.A.

Website: <http://www.giglio.org>

Fiscal year to which the Report refers: Fiscal year closed at 31 December 2018

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GLOSSARY

Borsa Italiana: Borsa Italiana S.p.A.

Corporate Governance Code: the self-regulatory code for listed companies approved on July 2018 by the Corporate Governance Committee and promoted by Borsa Italiana, Abi, Ania, Assogestioni, Assonime and Confindustria, available to the public on the Website of the Corporate Governance Committee at <http://www.borsaitaliana.it/comitato-corporate-governance/codice/codice.htm>.

Civil Code: the Italian Civil Code.

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

Board of Directors: the Issuer's Board of Directors.

Issuer or Giglio Group or Company: Giglio Group S.p.A.

Fiscal Year: the fiscal year to which the Report refers: Fiscal year closed at 31 December 2018.

Borsa Instructions: instructions for the regulation of the markets organised and managed by Borsa Italiana S.p.A.

Borsa Regulation: the regulation of the markets organised and managed by Borsa Italiana S.p.A.

Issuers Regulation: the regulation issued by Consob with resolution no. 11971 of 1999 (as amended) regarding the regulation of issuers.

Markets Regulation: the regulation issued by Consob with resolution no. 20249 of 2017 regarding the regulation of markets.

Related-Parties Regulation: the regulation issued by Consob with resolution no. 17221 of 12 March 2010 (as amended) regarding the regulation of transactions with related parties.

Report: this corporate governance and ownership structure report that companies must draft pursuant to Art. 123-bis of the Consolidated Act, referred to the Fiscal Year.

Consolidated Act: the Legislative Decree no. 58 of 24 February 1998 (Consolidated Financial Act), as amended.

1. ISSUER PROFILE

The Issuer has adopted a traditional model of administration based on the presence of three bodies, such as the Shareholders' Meeting, the Board of Directors and the Board of Statutory Auditors. Pursuant to the applicable laws and regulations, the financial statements of the Company are audited by independent auditors. The Issuer complies with the Corporate Governance Code, in accordance with the conditions illustrated below.

The Issuer falls within the definition of SME, pursuant to Art. 1, par.1, letter *w-quater*.1), of the Consolidated Act and to Art. 2-*ter* of the Issuers' Regulation. More specifically, the capitalisation of the Company amounts to about € 50 million while the value of turnover amounts to € 32,549.00.

The following sections highlight the information regarding the ownership structure and show the related and precise implementation modalities already implemented by the Issuer, as well as the adaptation pursued by the Company as compared to the organisational model described in the Corporate Governance Code.

This Report, drafted in accordance with the legal and regulatory requirements provided for companies listed on the MTA market organized and managed by Borsa Italiana, as well as all the documents mentioned hereinafter, can be downloaded from the Company's Website <http://www.giglio.org>, in the "Corporate Government - Investor Relations" section.

2. INFORMATION ON OWNERSHIP STRUCTURE (PURSUANT TO ART. 123-BIS, PAR. 1, OF CONSOLIDATED ACT) ON 31 DECEMBER 2018

This section has been prepared in accordance with and for the purposes set forth in Art.123-*bis*, par. 1, of the Consolidated Act. It should be noted that: (i) the information required by said Art. 123-*bis*, par. 1, letter i) of the Consolidated Act are illustrated in the Remuneration Report published pursuant to Art. 123-*ter* of the Consolidated Act; (ii) the information requested by Art. 123-*bis*, par. 1, letter l) of the Consolidated Act are illustrated in the chapter of this Report dedicated to the Board of Directors (section 4.1); and (iii) all other information requested by Art. 123-*bis* of the Consolidated Act that are not present in section 2 shall be construed as inapplicable to the Company.

(a) **Share Capital Structure (pursuant to Art. 123-*bis*, par. 1, letter a) of the Consolidated Act)**

The share capital of Giglio Group is equal to € 3,208,050.00, fully subscribed and paid, and is subdivided into 16,040,250.00 ordinary shares of no expressed nominal value (hereinafter referred to as the "**Shares**"), traded on the Electronic Share Market (MTA) - STAR segment organised and managed by Borsa Italiana ever since 20 March 2018. These information are represented also in Table 1 appended to this Report. To the date of this Report, no special shares were issued, such as shares without voting rights or with limited voting rights.

On 7 March 2016, Giglio Group's Board of Directors resolved to issue the non-convertible debenture bond named "GIGLIO GROUP S.P.A. - 5.4% 2016-2020", equal to € 3,500,000.00 and ending on 30 September 2020, with a gross

nominal interest rate of 5.4% per year, as per regulation approved on 7 March 2016 and later amended on 12 February 2019.

On 9 March 2016, the security was admitted to trading on the extra segment MOT PRO of Borsa Italiana S.p.A.

On 29 October 2018, the Shareholders' Meeting resolved to approve the Stock Option Plan called "Stock Option Plan 2018 - 2021", regarding Giglio Group S.p.A.'s ordinary shares and reserved only to executive directors and/or managers with strategic responsibilities. For more information on the subject, see the relevant parts of the Company's financial statement, the information document prepared pursuant to Art. 84-bis of the Issuers Regulation and the Remuneration Report prepared pursuant to Art. 84-*quater* of the Issuers' Regulation, all available on the Company's Website at <http://www.giglio.org>, in "Corporate Governance" and "Investor Relations" sections.

(b) **Restrictions Regarding the Transfer of Shares (pursuant to Art. 123-bis, par. 1, letter b) of the Consolidated Act)**

As at the date of this Report, Shares can be transferred freely by deed between living persons and/or by inheritance due to death and are subject to the legal and regulatory requirements applicable to trading of listed shares issued by Italian companies.

(c) **Major Holders of Share Capital (pursuant to Art. 123-bis, par. 1, letter c) of the Consolidated Act)**

As at the date of this Report, according to the results of the shareholders' register taken into account the notices received pursuant to Art. 120 of the Consolidated Act, the major shareholders with equity interests of more than 5%, directly and/or indirectly (these information are represented also in Table 1 appended to this Report), were as follows:

Declarant	Direct Shareholder	% of shares issued	% of voting share capital
Alessandro Giglio	Meridiana Holding S.r.l.	55.671	55.671
NIPPON TELEGRAPH AND TELEPHONE CORPORATION	Docomo Digital Italy S.p.A.	9.906	9.906

(d) **Shares that Confer Special Control Rights (pursuant to Art. 123-bis, par. 1, letter d) of the Consolidated Act)**

As at the date of this Report, the Shares of the Company are registered, indivisible, and freely transferable. Each share gives the same patrimonial and administrative rights, according to applicable law and the by-laws.

(e) **Employees Stock Ownership: Mechanism Applicable to Voting Rights (pursuant to Art. 123-bis, par. 1, letter e) of the Consolidated Act)**

As at the date of this Report, there is no specific employees' stock option plan that makes no provision for the voting right of the employees.

(f) **Restrictions on Voting Rights (pursuant to Art. 123-bis, par. 1, letter f) of the Consolidated Act)**

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

(g) **Shareholder Agreements (pursuant to Art. 123-bis, par. 1, letter g) of the Consolidated Act)**

As at the date of this Report, the Company is not aware of the existence of any shareholder agreement as per Article 122 of the Consolidated Act.

(h) **Change of Control Clauses (pursuant to Art. 123-bis, par. 1, letter h) of the Consolidated Act) and provisions of the By-laws governing tender offers (pursuant to Art. 104, par. 1-ter and 104-bis, par. 1 of the Consolidated Act)**

As at the date of this Report, neither Giglio Group nor any of its subsidiaries signed any agreement providing for any clause of change of control.

With regard to the provisions of the By-laws governing tender offers (pursuant to Art. 104, par. 1-ter and 104-bis, par. 1 of the Consolidated Act), the Company's By-laws do not provide for any exceptions to the passivity rule found in Art. 104, par. 1 and 1 bis of the Consolidated Act, nor does it provide for the application of neutralization rules laid down in Art- 104-bis, par. 2 and 3 of the Consolidated Act.

(i) **Authorisation to Increase the Share Capital and Purchase Treasury Shares (pursuant to Art. 123-bis, par. 1, letter m) of the Consolidated Act)**

On 29 October 2018, the Shareholders' Meeting resolved to empower the Board of Directors, pursuant to Art. 1443 of the Civil Code, for a period of five years since the date of the resolution, to increase the share capital against payment, with pre-emption rights excluded pursuant to Art. 2441, par. 8 and - insofar as disclosure may be necessary, par. 5 of the Civil Code, in one or more issues pursuant to Art. 2439, par. 2 of the Civil Code, to a maximum amount of € 130,000.00 in nominal value, via the issuance, in one or more tranches, of maximum 690,000 ordinary shares, without nominal value, with the same characteristics of the ordinary shares in circulation at the issue date, with regular dividend rights, to be offered in subscription to the beneficiaries of the "Stock Option Plan 2018-2021".

In the same meeting, Shareholders resolved to empower the Board of Directors, for a period of five years since the date of the resolution, to increase the share capital against payment, with pre-emption rights excluded pursuant to Art. 2441, par. 4, second period of the Civil Code, in one or more issues pursuant to Art. 2439, par. 2 of the Civil Code, by respecting the limit of 10% of the existing share capital, via the issuance, in one or more tranches, of maximum 690,000 ordinary shares, without nominal value, with the same characteristics of the ordinary shares in circulation at the issue date, with regular dividend rights, to be offered in subscription to the individuals identified by the Board of Directors - including qualified industrial and/or financial investors - on the condition that the issue price of the new shares corresponds to the market value of those already issued and that this is confirmed by a specific report from a statutory auditor or an auditing company.

On 15 March 2019, the Board of Directors resolved to submit to the Meeting the proposal to authorise the Board of Directors to purchase and dispose of the Company's treasury shares, pursuant to Art. 2357 of the Civil Code.

It is noted that, at the date of this Report, the Company does not hold treasury shares.

(l) **Management and Coordination Activities (pursuant to Art. 2497 et seq. of the Civil Code)**

Giglio Group believes that Meridiana Holding S.r.l. ("**Meridiana Holding**") does not exercise management and coordination activities due to the following reasons:

- a) Giglio Group operates under conditions of corporate governance autonomy, having the power to negotiate independent relations with customers and suppliers and to define its own strategic and development lines without any interference by persons outside of Giglio Group;
- b) Meridiana Holding does not exercise, de facto, functions centralised at group level that involve Giglio Group (e.g. strategic planning, creation of industrial and financial plans, management control, creation of group annual budgets, drafting of remuneration plans, group legal and corporate affairs, management of the financial structure and centralised cash management system, as well as communication and promotion activities);
- c) Meridiana Holding does not determine the operational size of each company and no acquisition, divestiture, merger or division are subject to its authorization;
- d) Giglio Group owns an organizational structure composed of expert professionals who, according to their powers and positions, operate independently along the direction dictated by the General Management and the Board of Directors, in accordance with regulated control procedures and systems;
- e) The Board of Directors of Meridiana Holding operates in full managerial autonomy.

Based on the above assumptions, on 13 October 2017 the Board of Directors of the Issuer confirmed the absence of exercise of management and coordination activities on behalf of Meridiana Holding. For this purpose, it is noted that the relationship between Meridiana Holding and the Issuer is limited to the exercise of administrative and patrimonial rights arising from the shareholder status.

3. COMPLIANCE

Giglio Group endorses the Corporate Governance Code approved on July 2018 by the Corporate Governance Committee, available to the public on the Corporate Governance Committee's Website <http://www.borsaitaliana.it/comitato-corporate-governance/codice/codice.htm>.

It is noted that neither the Issuer nor its Subsidiaries with a strategic relevance are subject to non-Italian laws that might affect the Corporate Governance structure of the Issuer.

4. BOARD OF DIRECTORS

4.1 APPOINTMENT AND REPLACEMENT OF DIRECTORS (PURSUANT TO ART. 123-BIS, PAR. 1 LETTER L) OF THE CONSOLIDATED ACT)

The Shareholders' Meeting determines the number of the members of the Board of Directors, at the time of their appointment, within the limits described in the following paragraph 4.2. Directors remain in office for no more than three years and may be re-elected.

Article 15 of the Issuer's By-laws, regarding to the appointment and replacement of the Board of Directors and/or of its members, provides that members of the Board of Directors shall be elected based on slates of candidates pursuant to the procedures set forth below.

A number of shareholders representing, jointly or severally, at least 2.5% of the share capital represented by shares that entitle the holder to vote in the Meeting resolutions regarding the appointment of the Board of Directors and the Board of Statutory Auditors, or such other percentage that might be established by applicable rules and legislations in force each time, can present a slate of candidates. This percentage is in line with the one established by Art. 144-*quater* of the Issuers Regulation in relation to the companies with a market capitalisation lower than or equal to € 1 billion. The call of the Meeting shall indicate the percentage required for the purpose of presenting a slate.

Shareholders cannot present or contribute to present, not even through a third party, more than one slate. Furthermore, those shareholders who: (i) belong to the same group (or, pursuant to Art. 93 of the Consolidated Act, are in a relationship of control with one another or are subject to joint control), or (ii) are party to a relevant shareholders' agreement, pursuant to Art. 22 of the Consolidated Act, regarding the shares of the Company, or (iii) are party to a shareholders' agreement and, as provided by the law, control, are controlled by or are subject to the joint control of one of the shareholders, cannot present or contribute to present more than one slate nor can they vote for different slates. Support for the filing of a slate and votes cast in violation of this prohibition shall not be attributed to any slate.

Slates and the relative *curricula vitae* of the candidates including exhaustive information on the personal and professional characteristics of each and every one of them and undersigned by the shareholders who presented them, or their mandate, with information on their respective identity and the overall percentage of equity investment held at the date of presentation, must be lodged with the Company's registered office at least 25 days prior to the date set for the Shareholders' Meeting, while the relative certifications and communications confirming the aforementioned equity and issued by an authorised intermediary as per applicable laws and regulations may be lodged with the registered office even later, but always within 21 days prior to the date set for the Meeting.

Every slate shall include, identifying expressly, a number of candidates who meet the independence requirements set forth in Art. 148, par. 3 of the Consolidated Act, at least equal to the minimum provided for by the Company's By-laws. The slates

presenting a number of candidates of three or above shall be composed of candidates belonging to both genders, so that the under-represented gender comprises at least one-third of the candidates (rounded up to the nearest whole number).

Within the deadline for the submission of the slate, statements shall be filed whereby the single candidates accept their nomination and certify, under their own responsibility, the non-existence of any reasons for ineligibility and incompatibility, set out by the applicable law, the existence of the independence requirements required by Art. 148, par. 3 of the Consolidated Act, as well as the existence of the integrity and professional qualification requirements set out by the applicable laws and the Company's By-laws. Slates presented in violation of the above rule are considered void.

Pursuant to Art. 47-ter, par. 4, of the Consolidated Act, at least one of the members of the Board of Directors, or two if the Board is comprised of more than seven members, must meet the independence requisites required by Art. 148, par. 3 of the Consolidated Act, as well as the other requirements provided for by the codes of conduct prepared by regulated market management companies or business associations, if applicable by the Company's By-laws. The independent director who, after its appointment, shall lose its independent requirements, shall promptly notify the Board of Directors and, in any case, shall be debarred from holding the office, unless the requirement are still held by the minimum number of directors who, pursuant to the By-laws, must possess said requirement.

Each person entitled to vote may vote for one slate only. At the end of voting, the candidates of the two slates that obtained the most votes shall be elected as members of the Board of Directors according to the following criteria:

- (a) From the slate that obtained the largest number of votes, a number of directors is drawn equal to the total components of the Board, as previously set forth in the Meeting, minus one; within this numeric limit, the candidates are elected in the numerical order in which they appear on the slate;
- (b) From the slate that obtained the smallest number of votes and that is not connected in any way, not even indirectly, with the shareholders who presented or voted for the majority list mentioned in par. (a), one director is drawn, according to the percentage of votes received. For this purpose, the votes obtained by each slate shall be subsequently divided by one and by two. The quotients thus obtained shall be progressively assigned to the candidates of each slate according to the order in which they appear on them. The quotients thus assigned to the candidates of the various slates are grouped together in one decreasing ranking list. Those candidates with the highest quotient will be elected. Should several candidates obtain the same quotient, the candidate from the slate that has not yet elected any director or that has the lower number of directors shall be elected. In the event none of these slates have yet elected a director or have elected the same number of directors, the candidate who obtained the greatest number of votes on such slates shall be elected. In the event of an equal number of slate votes and still with the same quotient, a new vote will be held by the entire Meeting and the candidate with a simple majority of votes will be elected.

Slates are not taken into consideration unless they obtain a percentage of votes equal at least to half the percentage required for submitting the slates.

In the event that the compliance of applicable laws and regulations in force each time regarding gender equality is not guaranteed in the Board of Directors, the last candidate of the most-represented gender taken from slate with the largest number of votes shall be replaced by the first candidate of the less-represented gender not elected in the same slate according to the progressive order. If, following the application of the above procedure, the minimum number applicable at the time is not reached for the less-represented gender, the substitution shall take place by a resolution passed by a relative majority of the Meeting, subject to the presentation of candidatures of persons belonging to the less-represented gender.

If the candidates elected in the manner described above do not include a director - or two, if the Board is composed of more than seven members - who meets the independence requirements set forth by Art. 148, par. 3 of the Consolidated Act, the non-independent candidate elected last in progressive order from the slate that had the largest number of votes shall be replaced with the first unelected independent candidate, based on the numerical sequence in the same slate or, otherwise, with the first unelected independent candidate listed sequentially on other slates, chosen in accordance with the number of votes received by each slate. This replacement procedure shall be used until the Board of Directors includes a number of Directors who meet the independence requirements set forth in the By-laws. Finally, should said procedure not ensure the last result indicated, the substitution shall take place by a resolution passed by a relative majority of the Meeting, subject to the presentation of candidatures of persons having the aforementioned requisites.

Where two or more slates to obtain an equal number of votes, a new ballot shall take place in the Meeting by a resolution passed by a relative majority, in order to ensure the compliance with applicable pro tempore laws and regulations regarding gender equality.

If only one slate is presented, the above procedure is not applied and the Shareholders' Meeting elects by statutory majority all of the directors, according to the relative progressive order and up to the number of directors determined the Shareholders' Meeting, with the election of at least the minimum number of independent directors pursuant to Art. 148, par. 3 of the Consolidated Act and to the Company's By-laws, and in compliance with applicable pro tempore laws and regulations regarding gender equality.

In the case where no slate is presented and in the case where a minimum number of directors are not elected as required by the Company's By-laws for the composition of the Board, the Board of Directors is, respectively, appointed or supplemented by the Shareholders' Meeting by statutory majority, with the election of at least the minimum number of independent directors pursuant to Art. 148, par. 3 of the Consolidated Act and to the Company's By-laws, and in compliance with applicable pro tempore laws and regulations regarding gender equality.

If one or more Directors were to leave office during any given financial year, the Board shall replace the Directors with a resolution approved by the Board of Statutory Auditors, in accordance with applicable pro tempore laws and regulations regarding gender equality, as described below:

- a) The Board of Directors shall carry out the substitution from names appearing on the same slate on which the retiring Director appeared and the Shareholders' Meeting shall resolve on the same, with statutory majority, observing the same criterion;
- b) When the above-mentioned slate does not contain candidates not previously elected or candidates with the necessary requisites, or when for whatever reason that stated in letter a) cannot be complied with, the Board of Directors makes the replacement, as subsequently resolved by the Meeting, in accordance with statutory majority, without the voting of slates.

In any case, the Board and the Shareholders' Meeting shall proceed with the appointment in such a way as to ensure the presence of directors who comply with the requirements set forth in Art. 148, par. 3 of the Consolidated Act. Directors thus appointed remain in office until the subsequent Meeting, and the ones appointed by the Meeting shall remain in office for the time of that directors they replaced should have.

Should the majority of directors no longer be present, the entire Board shall retire from office with effect as from its reconstitution. In this event, the directors still in charge shall call an urgent Meeting for the appointment of the entire Board.

Succession Plan

It is noted that, on 26 October 2017, the Company's Board of Directors approved a succession plan to be implemented in the event of the application of interdiction orders against executive directors, in order to protect the Issuer' business continuity. More specifically, it is provided that in the event that one of the aforementioned directors is prevented from the performance of his/her office, his/her powers shall be transferred to another director with similar skills and requirements or, otherwise, to the General Manager. If this procedure cannot be implemented, the Company shall be able to make use of a company specialised in the recruitment sector in order to identify a new director to be co-opted to replace the previous one.

4.2 COMPOSITION (PURSUANT TO ART. 123-BIS, PAR. 2 LETTER E) AND D-BIS) OF THE CONSOLIDATED ACT)

Article 15 of the By-laws provides that the Company shall be managed by a Board of Directors composed of three to eleven members, including non-shareholders, in accordance with the previous decision of the Shareholders' Meeting upon each appointment.

On 11 May 2018, the Shareholders' Meeting appointed the Board of Directors, electing seven directors that shall remain in office until the approval of the financial statement for the fiscal year that shall close on 31 December 2020. In this occasion, the members of the Board of Directors were appointed on the basis of two different slates: a) 6 directors were appointed from slate number 1), presented by Meridiana Holding S.r.l., while b) 1 director was appointed from slate number 2), presented by the minority shareholder Docomo Digital Italy S.p.A.

Slate number 1) was composed of the following candidates:

- Alessandro Giglio, born in Genoa on 30 July 1965;
- Yue Zhao, born in Tianjin (China) on 8 October 1982;

- Massimo Mancini, born in Treviso on 29 June 1973;
- Anna Maria Lezzi, born in Rome on 16 June 1961;
- Giorgio Mosci, born in Genoa on 15 May 1958, independent director;
- Graziella Capellini, born in Piacenza on 25 August 1962, independent director;
- Stefano Fae', born in Conegliano on 23 March 1975, independent director.

Slate number 2) was composed of the following candidates:

- Carlo Giuseppe Frigato, born in Milan on 23 April 1963; and
- Giovanni Fortini, born in Perugia on 09 December 1969, independent director.

Candidates from slate 1) were elected with the favourable vote from Meridian Holding, holder of 8,264,802.00 shares, while the candidate from slate 2) was elected with the favourable vote of Docomo Digital Italy S.p.A. and of the shareholder Amundi Microcaps Europe, holders of 2,144,448.00 shares in total. With reference to the slate proposed, no votes against were expressed. The capital attending the Meeting and with a right to vote was 64.89% of the whole share capital.

Mr Giorgio Mosci and Ms Graziella Capellini qualified as independent directors upon their appointment pursuant to Art. 148, par. 3 of the Consolidated Act and pursuant to Art. 3 of the Corporate Governance Code.

It is noted that, as announced to the public via the press releases of 22 December 2018 and 21 December 2018, Mr Carlo Frigato resigned from his office of director of Giglio Group with immediate effect in order to seek new professional opportunities. On the date of his resignation, Mr Carlo Frigato was vested with the authority of executive member of the board of Directors, as well as acting as CFO and Investor Relator for the Company. On the same date, Mr Frigato also officially resigned from his position of Chief Financial Officer of Giglio Group with effect from 1 January 2019.

It is noted that, other than what due by law, Mr Carlo Frigato was not awarded and additional remuneration, for any reason and in any form, nor other benefits, and that no non-competition agreement was signed between him and the Company.

Following Mr Carlo Frigato's resignation, given that the resigning director had been elected amongst the candidate of the minority slate presented by the shareholder Docomo Digital Italy S.p.A., pursuant to the Company's By-laws, the Company requested to said shareholder the availability of the second (and only) individual at the time designated in the aforementioned minority slate, i.e. Mr Giovanni Fortini, to take up the position of director, as well as, in case of unavailability, to designate a different name for the co-optation. Upon such request, the shareholder Docomo Digital Italy S.p.A. notified the unavailability of Mr Giovanni Fortini to the Company and expressed its will to not designate any candidate for the co-optation.

In light of this event, on 23 January 2019, the Board of Directors co-opted as its new director, upon proposal of the Appointments and Remuneration Committee and with resolution approved by the Board of Statutory Auditors, Mr Carlo Micchi, considering him to be the most suitable individual to meet the Company's needs. Mr Carlo Micchi shall remain in office until the next Shareholders' Meeting. His *curriculum vitae* is available on the Website <http://www.giglio.org>, on the "Corporate Governance" section.

On the same date, the Board of Directors assigned the function of Chief Financial Officer and of Investor Relator to Giglio Group's current General Manager, Massimo Mancini.

At the end of the Fiscal Year, the Board of Directors was composed of six members, shown in the following table (for more information, see Table 2 appended to this Report).

Name and Surname	Office	Place and Date of Birth	Title	Internal Control, Risk and Related-Parties Committee	Appointment and Remuneration Committee
Alessandro Giglio	Chairman of the Board of Directors and CEO	Genoa, 30 July 1965	Executive		
Massimo Mancini	Vice Chairman	29 June 1973	Executive		
Anna Maria Lezzi	Director	16 June 1961	Executive		
Yue Zhao	Director	08 October 1982	Non-Executive		
Giorgio Mosci	Director	Genoa, 17 May 1958	Non-Executive and Independent ¹	Member	Chairwoman
Graziella Capellini	Director	25 August 1962	Non-Executive and Independent ¹	Chairman	Member

Ms Yue Zhao, one of the directors of the Issuers, is married with Mr Alessandro Giglio, CEO and Chairman of the Board of Directors, as well as indirect controlling shareholder of the Issuer.

Below, a brief summary of the personal and professional characteristics of each director in office at the end of the Fiscal Year, pursuant to Art. 144-*decies* of the Issuers' Regulation.

Alessandro Giglio. Alessandro Giglio obtained a specialist degree in Performing Arts and Multimedia Studies at the National Academy for Dramatic Arts, followed by a Masters in management at LUISS. In the course of his career he has held various posts, including national deputy chairman of UNAT-AGIS, member of the Technical Committee at the Ministry of Tourism and General Manager for Europe at MGE. He has spent the past 15 years planning and organising large-scale events for theatre and television, while also conceiving business initiatives which led him to found Giglio Group in 2003. He is also a consultant for several television networks in expanding markets for issues concerned with scheduling and programming strategies. He currently holds the post of Arbitrator on the Board of Directors of Confindustria Radio Televisione and is also Chairman of the Board of Directors and Chief Executive Officer of Giglio Group.

¹ Independent pursuant to Art. 148, par. 3 of the Consolidated Act and to Art. 3 of the Corporate Governance Code.

Massimo Mancini. Born in Treviso and with a first-class degree in Economic Policy, specialising in Monetary and Financial Economics at Bocconi University and with a thesis on bank-business relations, for most of his career Massimo has worked in the financial management of firms, gaining twenty years of experience in the administration and finance of some of the most important Italian groups, including Benetton Group, Telecom Italia Mobile, Recordati and Esselunga. Since 2008, he has occupied several positions in the Buongiorno group, an international leader in digital applications for the mobile phone industry, eventually becoming CFO for the group's firms in the Mediterranean area. Following the acquisition of the Buongiorno group by Ntt Docomo, he took responsibility for business and operations, becoming Managing Director of a division dedicated to payment systems for e-commerce. General Manager of Giglio Group since 1st June 2017, in recent years Massimo has developed enormous expertise in corporate governance, start-ups and digital technology.

Anna Maria Lezzi. A graduate in Performing Arts at the "Silvio d'Amico" National Academy of Dramatic Arts, in the course of her career Anna Maria has gained extensive experience in the production and organisation of theatre events, live shows and exhibitions, both in Italy and overseas. She has worked with the company since its foundation on TV programmes for broadcasting on RAI and other channels, such as "Carramba che Sorpresa" with Raffaella Carrà, "Navigator" with Enzo De Caro and "Segreti e Bugie" with Katia Ricciarelli.

Yue Zhao. Yue Zhao has a degree in Economics from Tianjin University and an MBA from Beijing University. Over the years, she gained significant experience as consultant to leading firms on issues concerning international trade and institutional relations with the People's Republic of China. She is responsible for major projects for multinationals such as K Flex insulation, ACS, Dobfar and Brentag. She is currently holding the office of Director for Giglio Group.

Giorgio Mosci. Giorgio was born in Genoa on 17th May 1958 and graduated in Economics and Business Studies from the University of Genoa; he has been a member of the Order of Chartered Accountants of Genoa since 1982. He gained more than ten years' experience at the auditing firm Ernst&Young, with specific expertise in the financial valuation of firms and accountancy support and organisation. He has also been an external lecturer at the University of Genoa. Giorgio currently holds the post of Independent Administrator of Giglio Group.

Graziella Capellini. Independent Director of the Company, she gained vast experience in the fields of governance, compliance, anti money-laundering, organization and internal control system having served as Head of Compliance and Anti Money-Laundering for major foreign investment banks in Italy.

It is noted that, as at the date of this Report, Ms Graziella Capellini is not a member of the Company's Board of Directors. Indeed, as publicly communicated via press release on 26 January 2019, subsequent to the end of the Fiscal Year, on 25 January 2019, Ms Graziella Capellini resigned from her office of Director for Giglio Group with immediate effect. Her decision was determined by the many professional commitments that prevented her to devote sufficient time to her offices within the Company. As specified in the press release, she was not awarded and additional remuneration, for any reason and in any form, nor other benefits, and no non-competition agreement was signed between her and the Company.

As at the date of her resignation, Ms Graziella Capellini was vested with the authority of non-executive and independent member of the Board of Directors, as well as of Chairwoman of the Internal Control, Risks and Related-Parties Committee and of member of the Appointments and Remuneration Committee.

To replace Ms Capellini, on 4 February 2019, the Board of Directors, supported by the Director and Chairman of the Appointments and Remuneration Committee, Giorgio Mosci², as well as via resolution approved by the Board of Statutory Auditors, co-opted Ms Silvia Olivotto as Director, born in Varallo (VC) on 4 September 1950, Tax ID number: LVTSLV50P44L669I, confirming her office until the next Shareholders' Meeting. For this purpose, it is noted that, pursuant to Art. 15 of the By-laws and to the applicable law, in order to guarantee an adequate equality between the genders, it was not possible to proceed with the replacement drawing from the majority slate to which the resigning Director belonged.

Within the same meeting, the Board of Directors also assessed, on the basis of the information provided by Ms Olivotto and of other available information, the existence of independence requirements laid down in Art. 148 of the Consolidated Act and in Art. 3 of the Corporate Governance Code. Moreover, the Board of Statutory Auditors carried out all necessary and appropriate verification regarding the correct application of assessment criteria and procedures adopted by the Board of Directors in order to assess Ms Silvia Olivotto's independence.

The appointment of Ms Olivotto thus re-established the number of independent directors required by law. Furthermore, belonging to the same gender as the resigning director, her appointment guarantees the compliance with the gender equality requested by the Board of Directors.

Ms Silvia Olivotto was also appointed for the office of Chairwoman of the Internal Control, Risk and Related-Parties Committee as well as of member of the Appointments and Remuneration Committee. Her *curriculum vitae* is available on the Website <http://www.giglio.org>, on the "Corporate Governance" section.

In addition to the aforementioned, as at the date of the end of the Fiscal Year, the composition of the Board of Directors of the Company has not changed.

As at the date of this Report, the Board of Directors of the Company is thus composed of seven members, one third of which is composed of the less-represented gender (rounded up to the nearest whole number).

Both Mr Giorgio Mosci and Ms Graziella Capellini qualified as independent directors upon their appointment pursuant to Art. 148, par. 3 of the Consolidated Act and pursuant to Art. 3 of the Corporate Governance Code.

The Board of Directors shall assess every year whether directors that qualified as "independent" upon appointment continue to meet the independence requirements pursuant to applicable laws and legislations in force.

² It is noted that, following the resignation of Director Graziella Capellini, the Appointments and Remuneration Committee was composed only of Director Giorgio Mosci (Chairman), who, as such, supported the Company in the selection phase of a new member of the Board of Directors and in the co-optation process.

The presence of two independent directors aims at protecting a good corporate governance through enabling debate and dialogue between all of the Directors. The contribution of the independent directors permits the Board to evaluate with sufficient independence in cases of potential conflicts of interest of the Company with the controlling shareholders.

With regards to the gender equality policy *pursuant to* Art. 123-bis, par. 2, letter d-bis) of the Consolidated Act, it is noted that, on 5 March 2019, the Company's Board of Directors resolved to postpone the adoption of said gender equality policy, being there no need to renew the Corporate Bodies during the fiscal year.

The Company considers the promotion of equal treatment and opportunities between genders as a key factor within its corporate organization and, for this purpose, it shall assess during 2019 the opportunity to adopt specific measures aimed at further enhancing these factors.

The following table shows administrative and management office held by the members of the Company's Board of Directors on 31 December 2018, both in listed and non-listed companies:

1. Alessandro Giglio

Company	VAT Number	Office
E.A.O. EUROPEAN ARTISTIC ORGANISATION DI GIGLIO ALESSANDRO & C. LIMITED PARTNERSHIP	03152220103	Managing Partner
MERIDIANA HOLDING S.R.L.	02196450999	Governing Director
GIGLIO GROUP S.P.A.	07396371002	CEO and Chairman of the Board of Directors
CLASSTVMODA HOLDING S.R.L.	09826660962	Chairman of the Board of Directors
CLOUDFOOD S.R.L.	10290840965	Chairman of the Board of Directors
IBOX S.R.L.	02285370975	Chairman of the Board of Directors
MAXFACTORY S.R.L.	12309161003	Governing Director
GIGLIO TV HK LTD	HK0019746329	Director
GIGLIO (SHANGAI) TECHNOLOGY LIMITED COMPANY	CN110175110544	Director

2. Massimo Mancini

Company	VAT Number	Office
GIGLIO GROUP S.P.A.	07396371002	- Vice-Chairman of the Board of Directors - General Manager - Director
CLOUDFOOD S.R.L.	10290840965	Director
IBOX SA	02360450973	Representative in Italy
IBOX S.R.L.	02285370975	Director
NAUTICAL CHANNEL	ns	Director
GIGLIO US	ns	Director

3. Carlo Micchi

Company	VAT Number	Office
GIGLIO GROUP S.P.A.	07396371002	Director
PENTA MARCHE IMMOBILIARE S.R.L. IN LIQUIDATION	01473320438	Liquidator
CENTROMETAL S.R.L.	03069530040	Independent Auditor
DESIGN CITY S.R.L.	06146530966	Governing Director
SUISSEGAS ITALIA S.P.A.	03126040124	Governing Director
ITALMARE S.P.A. IN LIQUIDATION	07465970635	Liquidator
R.S.O. S.P.A. IN LIQUIDATION	07466340150	Liquidator
NOVA ARS MUSICA ARTE CULTURA S.R.L. IN LIQUIDATION	08828701006	Liquidator
HOLDING CIVITAVECCHIA SERVIZI S.R.L. IN LIQUIDATION	10202781000	Liquidator
CITTA' PULITA S.R.L. IN LIQUIDATION	10711721000	Liquidator
INFOCONNECT S.R.L. IN LIQUIDATION	11374981006	Liquidator
RC COSTRUZIONI S.P.A.	12090961009	Statutory Auditor
MLA & PARTNER S.R.L.	12282041008	Governing Director
ENERGRID S.R.L. IN LIQUIDATION	08600990017	Liquidator
ATLANTICA DIGITAL S.P.A.	14650841001	Statutory Auditor
ENERGIA E TERRITORIO S.R.L. IN LIQUIDATION	08309130014	Liquidator
GM - LIMITED PARTNERSHIP OF CARLO MICCHI	04412010276	Managing Partner

4. Anna Maria Lezzi

Company	VAT Number	Office
GIGLIO GROUP S.P.A.	07396371002	Director
GIGAS SOCIETA' COOPERATIVA SOCIALE	03370010757	Governing Director

5. Yue Zhao

Company	VAT Number	Office
GIGLIO GROUP S.P.A.	07396371002	Director
CHINA SYSTEM SRL	5374970969	Director

6. Giorgio Mosci

Company	VAT Number	Office
GIGLIO GROUP S.P.A.	07396371002	Independent Director

PORTO ANTICO DI GENOVA SPA	03502260106	Chairman of the Board of Directors
SVILUPPO ORTI SAULI SRL	01709630998	Director
RESILIENZA S.R.L.	02345700997	Chairman of the Board of Directors
ALPIDORICA - S.P.A.	01426140065	Director
SOPRA STERIA GROUP S.P.A.	10850910158	Statutory Auditor
BOMBARDIER TRANSPORTATION (HOLDINGS) ITALY S.P.A.	05524150967	Statutory Auditor
COGENERATION ROSIGNANO S.P.A.	09669820962	Statutory Auditor
BOMBARDIER TRANSPORTATION ITALY S.P.A.	00839490158	Statutory Auditor
REPLY S.P.A.	97579210010	Chairman of the Board of Statutory Auditors
HAIER A/C (ITALY) TRADING S.P.A.	03702260260	Chairman of the Board of Statutory Auditors

7. Silvia Olivotto

Company	VAT Number	Office
GIGLIO GROUP S.P.A.	07396371002	Independent Director
GRIEF ITALY S.R.L.	03677820163	Statutory Auditor
LEICA GEOSYSTEMS SPA A SOCIO UNICO	12090330155	Statutory Auditor
HEXAGON GEOSYSTEM SERVICES S.P.A.	09430450966	Statutory Auditor
SMITH & NEPHEW S.R.L.	09331210154	Statutory Auditor
KARDEX ITALIA S.P.A.	03903300154	Substitute Auditor
SAS INSTITUTE S.R.L.	08517850155	Statutory Auditor
GARMIN ITALIA SRL	08783950150	Chairman of the Board of Statutory Auditors
RESINDION S.R.L.	09484810156	Statutory Auditor
EXPEDIA ITALY S.R.L.	04036910968	Independent Statutory Auditor
NOOTER/ERIKSEN S.R.L.	02222190023	Substitute Auditor
VENERE NET S.R.L.	05649781001	Independent Statutory Auditor
ASSICURAZIONI GENERALI -S.P.A.	00079760328	Substitute Auditor

In accordance with Art. 1.C.3 of the Corporate Governance Code, considering the size of the Company, the Board of Directors has not considered the adoption of predefined criteria regarding the maximum number of appointments for administration and control in other companies. The Board shall assess the definition of said criteria during 2019, in order to ensure the effective performance of all Directors' functions within the Company.

For the purpose of maintaining an adequate knowledge of the activity sector in which the Company operates, Directors shall receive periodically and whenever appropriate, information and updates of the sector in which the Issuer operates,

pursuant the principles of good economic governance and the applicable laws, also through meeting with Company's advisors held on the fringe of the meetings in which they were called to participate.

4.3 FUNCTIONS OF THE BOARD OF DIRECTORS (PURSUANT TO ART. 123-BIS, PAR. 2, LETTER D) OF THE CONSOLIDATED ACT)

The Board of Directors is the corporate body entrusted with the Company administration and holds the powers assigned to it by the law and by the By-laws. It is organized and operates in order to guarantee the effective and efficient performance of its functions. Its Directors act and deliberate in a knowledgeable and independent manner pursuing the creation of value for the shareholders, reporting to the Shareholders' Meeting about their administration.

Pursuant to Art. 22 of the By-laws, the Board of Directors is vested with the widest powers of ordinary and extraordinary administration of the Company.

Furthermore, the Board of Director have the competence, in a non exclusive manner, to adopt resolutions regarding the following subjects:

- (i) The decision to merge in the cases provided for in Articles 2505, 2505-*bis* of the Civil Code.
- (ii) The opening and closing of secondary offices;
- (iii) The reduction of the share capital in the case of return of shares by shareholders;
- (iv) The alignment of the Company By-laws to the regulatory provisions;
- (v) The designation of the Directors who represent the Company;
- (vi) The transfer of the registered office within the national territory;
- (vii) The reduction of the share capital in the case of losses, provided for in Art. 2446, last par. of the Civil Code.

In carrying out their duties, the directors shall review the information received from the delegated bodies, ask the same for any clarifications, elaborations or supplements that are deemed necessary or appropriate. For this purpose, the delegated bodies shall provide, at least quarterly, the Board of Directors with adequate information regarding the general management performance and its and expected future developments, as well as on transactions carried out by the Company or its subsidiaries that are particularly significant.

Although the By-laws do not provide for a minimum time stages for the meetings of the Board of Directors, it has now become common practice to meet monthly. The meetings of the Board of Directors to approve periodic financial reports, as well as to approve the final financial report, are programmed on the basis of a calendar approved at the beginning of the year in order to facilitate maximum participation. The calendar is published via press release within the 30th day following the end of the Fiscal Year and is available on the Website www.giglio.org in the "Investor Relations - Press Releases" section.

During this Fiscal Year, the Board of Directors held 12 meetings of about 125 minutes each, which were duly attended by all the Board Members; the overall participation was 93.85%. As far as the participation of each Director is concerned, see the table

inserted at the end of this Report. All members of the Board of Statutory Auditors participated to the 12 meetings of the Board of Directors, with the exception of 2 meetings, where Marco Centore and Monica Mannino were declared absent with legitimate reasons, respectively.

For the current Fiscal Year, a number of no less than 8 meetings is provided, 5 of which already took place on 23 January 2019, 4 February 2019, 12 February 2019, 5 March 2019 and 11 March 2019.

The meetings of the Board of Directors can be attended also by bodies external to the Company, where invited. More specifically, during the Fiscal Year, the managers of the Issuer and of its Subsidiaries where invited, as well as external consultants and the directors of the Company were invited on the occasions where their presence was deemed useful to provided suitable in-depth information regarding the subjects on the agenda. The presence of the managers is not often necessary due to the presence within the Board of Directors of the General Manager, of the CFO and of the Financial Reporting Officer.

Directors and Statutory Auditors, well in advance of the meeting of the Board of Directors, shall receive the documents and all relevant information to be able to express themselves on an informed basis about the matters being examined. The organization of the works of the Board shall be assigned to the Chairman, who takes care that the items on the agenda have enough time to be discussed over constructively.

The Company believes that two days is an adequate time for the advanced notice; During the Fiscal Year, this period was not always respected, due to occasional delays in the provision of documents.

The measures under Art. 1.C.1, lett. a) of the Corporate Governance Code shall be considered reserved to the competence of the Board of Directors, given that they were not subject to any delegation. More specifically, the Board of Directors has sole jurisdiction over the examination and approval of the following:

- (a) The strategic, industrial and financial plans of the Issuer, as well as the periodic monitoring of their implementation;
- (b) The strategic, industrial and financial plans of the group headed by the Issuer, as well as the periodic monitoring of their implementation;
- (c) The Corporate Governance system of the Issuer;
- (d) The structure of the group.

For the purpose of implementing Art. 1 and the corresponding implementation criteria of the Corporate Governance Code, it is note that the Board of Directors, on 5 March 2019, following the receipt of the results of the self-assessment procedure, performed an assessment on the size, composition and performance of the Board itself, of the Internal Control, Risks and Related-Parties Committee, as well as of the Appointments and Remuneration Committee, also with regard to its independent directors.

For the purposes of this self-assessment, the Board of Directors, following a method in accordance with the sector's best practices and supported by Mazars Italia S.p.A. as external advisors, performed a curricular check of professional experiences as well as of present and past offices held by the components of the Corporate Bodies.

Furthermore, it requested all directors in office to fill a questionnaire aimed at the assessment of the size and composition of the Board itself, as well as of the operational performance of the information flows within and towards the administrative body.

Furthermore, on 15 March 2019, the Board of Directors, also on the basis of the report of the executive director responsible for the internal control and risk management system and of the report prepared by the Internal Control, Risk and Related-Parties Committee, assessed the adequacy of the organizational, administrative and accounting structure of the Issuer. The assessment was partially performed also on the Group's subsidiaries and strategic subsidiaries. The assessment shall be completed by the Company on all those subsidiaries who shall be deemed strategic following the transfer of the media area.

The Board of Directors evaluated the overall management performance, taking into account, specifically, the information received by the delegated bodies, as well as by confronting, periodically, the results obtained with the programmed ones.

The Board of Directors examined and approved in advance significant strategic, economic, capital and financial transactions of the Issuer and its Subsidiaries. In this regard, it is noted that, as at the date of this Report, no general criteria for the identification of significant operations for the Issuer have been established, given that the Board of Directors' jurisdiction includes all the operations outside the content of the powers conferred to executive directors.

The Shareholders' Meeting did not authorise any did not authorise a general and pre-emptive departure from the competition restrictions set out in Art. 2390 of the Italian Civil Code.

Taking into account Giglio Group's structure, the shareholders' characteristics and the composition of the slates of candidates proposed by Shareholders according to the rules set forth in the By-laws, the Board of Directors in charge pro tempore did not issue guidelines on what professional profiles would be expedient in its members. However, on the basis of the results of the Self-assessment Procedure of the members of the Board of Directors, the opportunity to include a third independent and/or executive director emerged, or the opportunity to include within the Board another directors with skills and knowledge in the Company's business area (Fashion, e-Commerce and IT).

4.4 DELEGATED BODIES

Chief Executive Officers

On 11 May 2018, the Board of Directors appointed Mr Alessandro Giglio, already Chairman of the Board of Directors, as CEO of the Company. Mr Alessandro Giglio was vested with the following powers, specifying jurisdiction and subject limits:

- (a) Convene the Board of Directors' meetings and ensure that the members of the Board and the Board of Statutory Auditors are provided, with reasonable advance notice, with the documentation and information necessary to enable them to express an informed opinion about the matters submitted to their examination and approval;
- (b) Coordinate the activities of the Board and conduct the proceedings of Board meetings;

- (c) Within the context of his/her functional competences, implement the resolutions passed by the Board of Directors and ensure their correct implementation;
- (d) Define corporate strategies, submitting them to the Board of Directors for their approval, as well as the relative implementation methods;
- (e) Sign correspondence and all documents related to the areas that are the subject of this delegation of powers;
- (f) Coordinate the relationship with the other subsidiaries, adopting determinations related to their management and planning policies, in order to give effect to the coordination process within the group;
- (g) In respect with any guideline adopted by the Board of Directors, exercise its right to vote (even by proxy) in the meetings of its subsidiaries, affiliates and associates;
- (h) Draw up the budget forecast and the operational and strategic plans related to the activities of the Group, to be submitted for approval to the Board of Directors.
- (i) Give directions for the creation of the half-year and annual reports, as well as for the interim reports of the Company;
- (j) Represent the Company in dealing with any person, body or office, company or administration, public or private, including the administration of the Italian State or of foreign states, the railway administration, the Regions, the customs offices, the municipal and provincial offices, the chambers of commerce and the financial offices, with regard to the Company's activities and, more specifically, to the fulfilment, implementation and application of the provisions of law, subscribing claims and appeals;
- (k) Represent the Company in everyone of its active or passive trial, in every state and degree of judgement, in front of any judicial authority both in Italy and abroad, both ordinary and administrative, such as the Court of Cassation, the Court of Accounts, the Council of State, the Constitutional Court, the Court of Appeal, the Court House, the office of the Judge of Peace, and for any administrative, tributary, civil and criminal case; appoint and remove lawyers and attorneys for lawsuits, as well as arbiters, amicable arbitrators and experts in the limits described in the following point (v); accept and subscribe clauses leading to competence and jurisdiction derogations; challenge decrees, orders, decisions or judgements of any court; file lawsuits, requests, declaration and complaints; notice protests and require precepts; proceed to enforcement or precautionary measures; represent the Company in any bankruptcy procedure and promote, where appropriate, its declaration; attend to the creditors' meetings; contribute to the appointment of monitoring delegations, accepting and exercising their office; declare the credits of the principal Company affirming their truth and reality; vote in favour or against any demand of credit compound or bankruptcy; accept or reject arrangement proposals;
- (l) Join as injured party in criminal cases, in the name and in the interest of the Company, filing lawsuits and complaints;

- (m) Settle any dispute or pending suit that the Company has with third parties, as long as the unit value of every suit or dispute does not exceed € 1,000,000.00;
- (n) Receive from postal, telegraphic, customs, railway offices and offices of air and maritime companies and, in general, of every public or private office, letters, packages, ordinary, registered and insured, collect postal and telegraphic money orders and cheques of any kind and for any sum; request and receive sums, securities, goods and documents, signing the relevant receipts, releases and exonerations from liability with any public and/or private administration, including any body, entity, office or savings institutions;
- (o) Demand or collect any sum owed to the Company for any purpose and by anyone (State, public or private entities, companies and physical or juridical persons), as well as issuing valid receipts and discharges.
- (p) Accept the establishment of mortgages, unsecured guarantees and/or sureties from third parties in favour of the Company for a sum no higher than € 100,000.00 for each transaction; agree to cancellations and registrations of mortgages by debtors or third parties in favour of the Company to curtail or settle an obligation;
- (q) Open and close bank current accounts and a current account in the name of the Company at the post office current account department, sign cheques payable from such current accounts within granted limits, transfer or protest against a cheque;
- (r) Undertake all financial transactions for the ordinary administration of the Company and its Subsidiaries (including issuing guarantees and letters of patronage in their favour) within the limits of powers conferred, and for a sum no higher than € 5,000,000.00 for each transaction; request credit lines for deposits and guarantees, always within the limits of the Company's funding at each time, contract new guarantees on said lines, as well as integrating the ones already existing, for a sum no higher than € 5,000,000.00 for each transaction;
- (s) Request, contract, change and terminate bank contracts such as funding, loans, credit lines, sureties and guarantees covering corporate obligations, for a sum no higher than € 5,000,000.00 for each transaction;
- (t) Conclude deals with leasing, factoring and insurance companies;
- (u) Receive, construct and release deposits, as well as release bank or insurance sureties and/or guarantees as security, allow restrictions of any kind; assign credits with or without recourse, for a sum no higher than € 3,000,000.00 for each transaction.
- (v) Assign professional appointments, including professional appointments related to procedural arbitration activities for a sum no higher than € 1,000,000.00 of each appointment;
- (w) Conclude, amend and terminate collaboration and consultancy contract, for a sum no higher than € 500,000.00 for each contract;
- (x) Hire, promote or transfer employees, determining their tasks and salary pursuant to applicable laws and regulations, with the power to adopt against them all administrative and disciplinary provisions, dismissal included;

- (y) Settle and reconcile both with the Minister of Labour and the Provincial Employment Office;
- (z) Represent the Company in all its dealings with workers and employers trade unions, signing with them agreements in the name and on behalf of the Company; to attempt conciliation, make settlements and sign the minutes relating to settlements;
- (aa) Represent the Company with mutual and social security bodies and sign on behalf of the Company the periodic declaration to the social security and assistance organisations related to the payment of the contributions due for employed and non-employed staff.
- (bb) Supply on behalf of the Company extracts of payrolls and attestations regarding the employees both administrations and public bodies and for privates, ensure compliance with the obligations of the Company as tax substitute, with the power to sign, for the purpose of said obligations, declarations, attestations and any other act and certificate; supply banks who lend to the Company's employees declarations attesting the commitment to withhold from the pay of said employees and transfer to the banks the amounts of the instalments and/or of the residual debt;
- (cc) Assign severance indemnity advances and loans to employees for sums no higher than the sum allocated to the severance indemnity of the employee;
- (dd) Negotiate and sign, terminate, recess from or cancel contracts for a sum no higher than € 2,000,000.00 for each contract, such as, by way of non-limiting example, contracts regarding the purchase, sale, distribution or licensing of advertising space, audiovisual products, dubbing services, authorial and editorial tasks, technological services, products, TV production and more generally of all services related to the Company's and its Subsidiaries' ordinary activities, including contracts and agreements with public administrations and bodies, as well as to take steps for their implementation;
- (ee) Sign, terminate, recess from or cancel contracts of any type related to registered and unregistered movable properties or amend contracts of any type, including but without any limitation, purchase, supply, transport, location, procurement of services agreements, as long as the unit value of each contract does not exceed € 300,000.00;
- (ff) Sign, terminate, recess from or cancel location, leasing, rental contracts, as well as free loans for goods and real estate assets, as long as the unit value of each contract does not exceed € 300,000.00;
- (gg) Draw up and sign letters of intent, term sheets and other non-binding commitments on behalf of the Company;
- (hh) Purchase, subscribe, transfer or exchange shares, units, bonds, or any other type of financial instrument and equity investments in other companies for a sum no higher than € 2,000,000.00 for each transaction;
- (ii) Purchase, sell and exchange goods and raw materials pertinent to the corporate object, as well as equipment, plants, registered and non-registered

movables in general, setting the prices and the terms and conditions of payment until a maximum of € 2,000,000.00 for each transaction;

- (jj) Sign, amend, renew and terminate contracts and insurance policies of any nature (including the ones against damages, for civil liability, etc.), setting the relative ceilings; pay premiums as well as collect compensation and premium refunds;
- (kk) Deposit and renew brands, deposit patents, register, renew or cancel Internet domains as well as granting and use in any form industrial property rights;
- (ll) Sign contracts for outsourced services also of an IT nature, as long as the unit value does not exceed € 500,000.00;
- (mm) Appoint proxies, agents, representatives and commission agents, determining their powers, within the limits of the powers granted;
- (nn) With regard to the Company's participation in public or private calls for tenders:
 - Submit requests to partake in calls for tenders;
 - Sign acts and declarations related to the submission of the offer;
 - Sign in the name and on behalf of the Company all relevant declarations and attestations, pursuant to Legislative Decree 50/2016 and by EU, governmental, regional and provincial legislations regarding tenders and supplies;
 - Sign in the name and on behalf of the Company, as well as delegate to third parties the power to sign in the name and on behalf of the Company, public or private tender, concession and public supply contracts, or mandate acts for associations' shareholdings or temporary groups of undertakings, as well as accepting the mandate of association and grouping;
- (oo) Request the issue of sureties in the name and on behalf of the Company, binding it for what requested by public and private bodies for a sum no higher than € 1,000,000.00 for each transaction;
- (pp) Delegate, through the assignment of specific proxies, all of each of the aforementioned powers to the person/s deemed more suitable for skills and professional ability.

By virtue of the powers vested upon him by the Board of Directors, the Chairman of the Board of Directors and CEO, Mr Alessandro Giglio, is the main person responsible for the Company's management. It is noted that no interlocking situation has been found with regard to Mr Alessandro Giglio.

On 11 May 2018, the Board of Directors also vested Mr Massimo Mancini, already General Manager of the Company, with the following powers:

- (a) Define, coherently with corporate strategies and objectives, the Company's organizational, logistic and operational policies and guidelines, making use of the competent structures of the Company, as well as coordinate the implementation of said guidelines and policies by the responsible function;

- (b) Define, coherently with corporate strategies and objectives, the organisation structure of the Company, subject to sharing it with the CEO;
- (c) Sign correspondence and all documents related to the areas that are the subject of this delegation of powers;
- (d) Sign, amend and terminate, both as lessee and lessor, lease contracts of less than nine years, agree on inherent clauses and conditions, collect and pay related fees, giving and obtaining the relative receipts for a sum no higher than € 300,000.00 for each transaction;
- (e) Purchase, sell and change vehicle in general, signing every related act;
- (f) Sign, amend, renew and terminate contracts and insurance policies of any nature (including the ones against damages, for civil liability, etc.), setting the relative ceilings; pay premiums as well as collect compensation and premium refunds;
- (g) Sign contracts of service and maintenance for plants, buildings and machinery;
- (h) Open and close bank current accounts and a current account in the name of the Company at the post office current account department, sign cheques payable from such current accounts within granted limits, transfer or protest against a cheque for a sum no higher than € 1,500,000.00 for each transaction;
- (i) Undertake all financial transactions for the ordinary administration of the Company and its Subsidiaries (including issuing guarantees and letters of patronage in their favour) within the limits of powers conferred, and for a sum no higher than € 1,500,000.00 for each transaction; request credit lines for deposits and guarantees, always within the limits of the Company's funding at each time, contract new guarantees on said lines, as well as integrating the ones already existing, for a sum no higher than € 1,500,000.00 for each transaction;
- (j) Request, contract, change and terminate bank contracts such as funding, loans, credit lines, sureties and guarantees covering corporate obligations, for a sum no higher than € 1,500,000.00 for each transaction;
- (k) Conclude deals with leasing, factoring and insurance companies;
- (l) Receive, construct and release deposits, as well as release bank or insurance sureties and/or guarantees as security, allow restrictions of any kind; assign credits with or without recourse, for a sum no higher than € 1,000,000.00 for each transaction.
- (m) Receive from postal, telegraphic offices, letters, packages, ordinary, registered and insured, collect postal and telegraphic money orders and cheques of any kind and for any sum;
- (n) Request and collect documents, goods and money from shipping and transport companies, customs, public and private railway

offices, public and private warehouses and other storage spaces, public offices in general, signing the relevant receipt and releases. Undertake any other deed or transaction with them;

- (o) Represent the Company in dealing with any person, body or office, company or administration, public or private, including the administration of the Italian State or of foreign states, the railway administration, the Regions, the customs offices, the municipal and provincial offices, the chambers of commerce and the financial offices, with regard to the Company's activities and, more specifically, to the fulfilment, implementation and application of the provisions of law, subscribing claims and appeals; represent the Company in everyone of its active or passive trial, in every state and degree of judgement, in front of any judicial authority both in Italy and abroad, both ordinary and administrative, such as the Court of Cassation, the Court of Accounts, the Council of State, the Constitutional Court, the Court of Appeal, the Court House, the office of the Judge of Peace, and for any administrative, tributary, civil and criminal case; appoint and remove lawyers and attorneys for lawsuits, as well as arbiters, amicable arbitrators and experts in the limits described in the following point (s);
- (p) Accept and subscribe clauses leading to competence and jurisdiction derogations; challenge decrees, orders, decisions or judgements of any court; file lawsuits, requests, declaration and complaints; notice protests and require precepts; proceed to enforcement or precautionary measures; represent the Company in any bankruptcy procedure and promote, where appropriate, its declaration; attend to the creditors' meetings; contribute to the appointment of monitoring delegations, accepting and exercising their office; declare the credits of the principal Company affirming their truth and reality; vote in favour or against any demand of credit compound or bankruptcy; accept or reject arrangement proposals;
- (q) Accept, sign and enter agreements with the financial administration of the state and local bodies;
- (r) Settle any dispute or pending suit that the Company has with third parties, as long as the unit value of every suit or dispute does not exceed € 500,000.00;
- (s) Assign professional appointments, including professional appointments related to procedural arbitration activities for a sum no higher than € 500,000.00 for each appointment;
- (t) Conclude, amend and terminate collaboration and consultancy contract, for a sum no higher than € 500,000.00 for each contract;
- (u) Sign contracts for outsourced services also of an IT nature, as long as the unit value does not exceed € 500,000.00;
- (v) Hire or dismiss employees, after informing the CEO, excluding executive directors, determining their tasks and salary; apply disciplinary measures, sanctions and suspensions;
- (w) Appoint and, if necessary, remove agents, business hunters, claims

representatives for the sale, with or without deposits, of goods;

- (x) Set territorial fees and limitations;
- (y) Draw up, for the part under its responsibility, the consolidated financial statement and the interim reports to be submitted to the Board of Directors for approval, in line with the directions given by the CEO;
- (z) Settle and reconcile both with the Minister of Labour and the Provincial Employment Office;
- (aa) Represent the Company in all its dealings with workers and employers trade unions, signing with them agreements in the name and on behalf of the Company; to attempt conciliation, make settlements and sign the minutes relating to settlements; represent the Company with mutual and social security bodies and sign on behalf of the Company the periodic declaration to the social security and assistance organisations related to the payment of the contributions due for employed and non-employed staff.
- (bb) Supply on behalf of the Company extracts of payrolls and attestations regarding the employees both administrations and public bodies and for privates, ensure compliance with the obligations of the Company as tax substitute, with the power to sign, for the purpose of said obligations, declarations, attestations and any other act and certificate; supply banks who lend to the Company's employees declarations attesting the commitment to withhold from the pay of said employees and transfer to the banks the amounts of the instalments and/or of the residual debt;
- (cc) Assign severance indemnity advances and loans to employees for sums no higher than the sum allocated to the severance indemnity of the employee;
- (dd) Carry out all fulfilments and tasks provided for by Legislative Decree no. 196/2003 as amended and by all other applicable laws and regulations regarding personal data protection and processing;
- (ee) In respect with any guideline adopted by the Board of Directors, exercise its right to vote (even by proxy) in the meetings of its subsidiaries, affiliates and associates;
- (ff) Delegate, through the assignment of specific proxies, all of each of the aforementioned powers to the person/s deemed more suitable for skills and professional ability;
- (gg) Manage, direct, organize and control all the aspect inherent to the safety and health risks at the workplace, in all productive units and in all other workplaces of the Company, attributing to this purpose to the General Manager the title of "Employer" pursuant to Legislative Decree no. 81/2008 as amended and integrated, with power to implement, as such, any act, fulfilment and activity necessary to comply with the aforementioned legislation and with all applicable laws and legislation regarding health, safety and hygiene at work, as well as prevention and protection of workers'

psychophysical integrity and of the environment, with full financial autonomy and autonomous spending powers for the implementation of this office. More specifically, as a way of non-limiting example, the General Manager is vested with the following powers:

- Understand, also through consultancy bodies external from the Company, any supplementary law and legislation, amending and integrating, issued and being issued, in the field of safety and health protection of workers and the prevention of accidents at the workplace, and comply with the obligations provided by the aforementioned laws and legislations;
- Assess the risks and draw the relative Risk Assessment Document, as well as appointing the person in charge of the Prevention and Protection Service;
- Delegate, by conferring specific proxies, the functions and powers attributed with this proxy and delegable pursuant to Legislative Decree no.81/2008 to the person/s deemed more suitable for skills and professional ability in order to guarantee constant and continued compliance, with due diligence, to the obligations of health and safety at the workplace, conferring also spending management, organisation and control powers requested by the nature of the delegated functions, authorising also, where deemed necessary, the sub-delegation from its own delegates to other individual of specific functions;
- Revoke the aforementioned proxies and/or authorizations;
- Guarantee the financial security for all extraordinary interventions exceeding the management and financial autonomy of delegated subjects in accordance with the previous points and necessary and useful to comply with laws and regulations, as well as supervising the skills of its own delegates and the correct fulfilment of the functions transferred to them, also by adopting and effectively implementing the verification and control method set forth in Art. 30 of Legislative Decree no.81/2008 and Legislative Decree no. 231/2001;
- Represent the Company with public administrations, entities and public and private offices in order to undertake all acts and transactions required to obtain concessions, permits and other authorisations related to the exercises of the Company's industrial activity, more specifically those related to workers' health and safety;

(hh) Decide and carry out organisational choices and expenses in the exercise of the function set forth in point (gg), with full financial autonomy, autonomous spending powers and discretion, assuming in its person or in the persons of its delegates and sub-delegates, each one within the limits of its functions and powers, any criminal liability that might arise from any violation of applicable obligations related

to workers' health and safety and to the protection of the environment, as well as to the protection of personal data, conferred with this resolution;

(ii) In the exercise of the functions set forth in point (gg), revoke proxies, authorizations and, in general, any other appointment eventually made until today by the Company within its organisation, having as object functions and powers regarding workers' health and safety, the protection of the environment and the protection of personal data;

(qq) Commit the Company, towards the individual that shall eventually be delegated and by their sub-delegates, within the limits allowed by the law, to agree to indemnify each one of them from any cost and expense they shall incur in after assuming in their persons the responsibility for workers' health and safety, the protection of the environment and the protection of personal data, without prejudice to intentional fault and/or gross negligence.

Chairman of the Board of Directors

The Chairman of the Board of Directors, Mr Alessandro Giglio, pursuant to Art. 28 of the By-laws, is vested with the legal representation of the Company with third parties and in judicial processes separately, without any limits other than the ones set forth by the By-laws, the law and this resolution.

In view of his competence and in consideration of the Company's structure and interests, Chairman Alessandro Giglio was vested also with the powers of CEO.

The Chairman of the Board of Directors, Mr Alessandro Giglio, is the main person responsible for the Company's management, as well as the controlling shareholder of the Issuer, indirectly through Meridiana Holding S.r.L., of which he holds 99% of the share capital.

Report to the Board of Directors

Pursuant to Art- 23 of the By-laws, the delegated bodies promptly and adequately report, at least quarterly or in any way upon the Board's meeting, to the Board of Directors and the Board of Statutory Auditors, on the activities carried out, the general management performance and on expected future developments, as well as on transactions carried out by the Company or its subsidiaries that are particularly significant.

More specifically, the delegated bodies report on the transactions in which they have an interest, directly or on behalf of thirds, or which are influenced by the administrating or coordinating body, if applicable.

Delegated bodies report to the Board of Directors on a quarterly basis on the use of the powers granted to them.

4.5 OTHER EXECUTIVE DIRECTORS

Other than the Chairman and CEO, Mr Alessandro Giglio, and the Vice Chairman, Mr Massimo Mancini, the Board of Directors of the Company is composed of two more executive members in the persons of:

- Anna Maria Lezzi, who was vested via proxy on 17 July 2018 with the following powers, acknowledged by the Board of Directors on 27 September 2018:

- (a) Keep and sign the Company's correspondence;
- (b) Sign in the name and on behalf of the Company any kind of customs declaration required for the import/export operations, invoice or dispatch note, applications for granting and extending bank clearances, as well as invoices, credit and debit notes issued by the Company;
- (c) Demand or collect any sum owed to the Company for any purpose, as well as issuing valid receipts and discharges.
- (d) Open and close bank current accounts at banks, private bankers, credit institutions and Italian and foreign banking institutions, and carry out operations up to € 500,000.00. Request the opening of account credit lines, current account overdrafts, discounts and loans on bills and to request credits in general, also in the form of securities lending of any kind up to € 500,000.00.
- (e) Sign payment orders and issue and sign cheques in the name of the Company, also from current account overdrafts, within the limits of the credit facilities granted and no higher than € 500,000.00. Endorse any kind of cheques and collect the sums on the bank accounts of the Company, request and collect payments and deliveries of money, shares, securities of all kinds, goods and documents, issuing their receipt;
- (f) Rent, use and terminate safety boxes or safes;
- (g) Open and close postal account and carry out operations on them;
- (h) Receive from postal, telegraphic offices, letters, packages, ordinary, registered and insured, collect postal and telegraphic money orders and cheques of any kind and for any sum;
- (i) Request and collect documents, goods and money from shipping and transport companies, customs, public and private railway offices, public and private warehouses and other storage spaces, public offices in general, signing the relevant receipt and releases. Undertake any other deed or transactions with them;
- (j) Represent the Company in Italy and abroad with any entity, public or private, and in all its relations with the public administration.
- (k) More specifically, with the Ministries and their peripheral offices, Revenue Agency offices, Civil Engineering offices, Technical Revenue offices, Municipal Technical offices, Register offices, Value Added Tax office, Public Car Register, Government Debt offices, Deposits and Loans Fund offices, National Bank offices, Provincial and Municipal Treasuries, Companies Register, Chambers of Commerce, the offices of any Contracting Authority and, in general, with any public or private office, holding the powers to sign all declarations, certificates and communication required by applicable fiscal laws.
- (l) Furthermore, with the Telegraph, Telephone and Postal Service offices, with transport companies, public and private, by sea, land and air, insurance companies offices, customs and social security offices;
- (m) Sign and present claims, appeals and other deeds; sign and present all the declarations for social security and fiscal entities;
- (n) Intervene in the name and on behalf of the Company to call for tenders issued by any office, service of public/private administration, also governmental, regional, provincial or municipal, with powers to present tenders, sign and present all documents requested and eventually agree, with the contractor, terms and conditions for the implementation of the tendered contracts;
- (o) Represent the Company with all social security and assistance organisation for mandatory work insurances, as well as with trade union and administrative organisations and trade associations, providing for the requirements laid down by applicable laws, with the powers to sign declarations, certificated and communications related to labour relations;
- (p) Carry out all fulfilments and tasks provided for by Legislative Decree no. 626/2003 of 19 September 1994 as amended and by all other applicable laws and regulations regarding workers' health and safety at the workplace;
- (q) Carry out all fulfilments and tasks provided for by Legislative Decree no. 675 of 31

December 1996 as amended and by all other applicable laws and regulations regarding personal data protection and processing;

- (r) In respect with any guideline adopted by the Board of Directors, represent the Company in the Shareholders' Meetings of its Subsidiaries and Affiliates, with power of proxy;
 - (s) Assign, amend and revoke, both to employees of the Company and to third parties, powers, also with continuous character, as long as within the powers granted by this proxy.
- Carlo Micchi, who was not vested with any powers by the Board of Directors and who supports the Company in the reorganization of its administrative and financial structure aimed also at an industrial and commercial revitalisation, via advice contract signed for that purpose.
 - Carlo Frigato, resigning director, who on 3 September 2018, on the occasion of his appointment as CFO, was vested by the Board of Directors with the following powers, which he held until the effective date of his resignation:
 - (a) Within the context of his/her functional competences, implement the resolutions passed by the Board of Directors and ensure their correct implementation;
 - (b) Sign correspondence and all documents related to the areas that are the subject of this delegation of powers;
 - (c) Coordinate the relationship with the other subsidiaries, adopting determinations related to the performance of their function;
 - (d) In respect with any guideline adopted by the Board of Directors, exercise its right to vote (even by proxy) in the meetings of its subsidiaries, affiliates and associates;
 - (e) Collaborate to draw up the budget forecast and the operational and strategic plans related to the activities of the Group, to be submitted for approval to the Board of Directors.
 - (f) Give directions for the creation of the half-year and annual reports, as well as for the interim reports of the Company;
 - (g) Represent the Company in dealing with any person, body or office, company or administration, public or private, including the administration of the Italian State or of foreign states, the railway administration, the Regions, the customs offices, the municipal and provincial offices, the chambers of commerce and the financial offices, with regard to the Company's activities and, more specifically, to the fulfilment, implementation and application of the provisions of law, subscribing claims and appeals;
 - (h) Receive from postal, telegraphic, customs, railway offices and offices of air and maritime companies and, in general, of every public or private office, letters, packages, ordinary, registered and insured, collect postal and telegraphic money orders and cheques of any kind and for any sum; request and receive sums, securities, goods and documents, signing the relevant receipts, releases and exonerations from liability with any public and/or private administration, including any body, entity, office or savings institutions;
 - (i) Demand or collect any sum owed to the Company for any purpose and by anyone (State, public or private entities, companies and physical or juridical persons), as well as issuing valid receipts and discharges.
 - (j) Accept the establishment of mortgages, unsecured guarantees and/or sureties from third parties in favour of the Company for a sum no higher than € 100,000.00 for each transaction; agree to cancellations and registrations of mortgages by debtors or third parties in favour of the Company to curtail or settle an obligation;
 - (k) Open and close bank current accounts and a current account in the name of the Company at the post office current account department, sign cheques payable from such current accounts within granted limits, transfer or protest against a cheque;

- (l) Undertake all financial transactions for the ordinary administration of the Company and its Subsidiaries (including issuing guarantees and letters of patronage in their favour) within the limits of powers conferred, and for a sum no higher than € 2,000,000.00 for each transaction; request credit lines for deposits and guarantees, always within the limits of the Company's funding at each time, contract new guarantees on said lines, as well as integrating the ones already existing, for a sum no higher than € 2,000,000.00 for each transaction;
- (m) Request, contract, change and terminate bank contracts such as funding, loans, credit lines, sureties and guarantees covering corporate obligations, for a sum no higher than € 2,000,000.00 for each transaction;
- (n) Conclude deals with leasing, factoring and insurance companies;
- (o) Receive, construct and release deposits, as well as release bank or insurance sureties and/or guarantees as security, allow restrictions of any kind; assign credits with or without recourse, for a sum no higher than € 3,000,000.00 for each transaction.
- (p) Supply on behalf of the Company extracts of payrolls and attestations regarding the employees both administrations and public bodies and for privates, supply banks who lend to the Company's employees declarations attesting the commitment to withhold from the pay of said employees and transfer to the banks the amounts of the instalments and/or of the residual debt;
- (q) Sign, amend, renew and terminate contracts and insurance policies of any nature (including the ones against damages, for civil liability, etc.), setting the relative ceilings; pay premiums as well as collect compensation and premium refunds;
- (r) Deposit and renew brands, deposit patents, register, renew or cancel Internet domains as well as granting and use in any form industrial property rights;
- (s) Sign contracts for outsourced services also of an IT nature, as long as the unit value does not exceed € 500,000.00;
- (t) Appoint proxies, agents, representatives and commission agents, determining their powers, within the limits of the powers granted;
- (u) With regard to the Company's participation in public or private calls for tenders:
- (v) Submit requests to partake in calls for tenders;
- (w) Sign acts and declarations related to the submission of the offer;
- (x) Sign in the name and on behalf of the Company all relevant declarations and attestations, pursuant to Legislative Decree 50/2016 and by EU, governmental, regional and provincial legislations regarding tenders and supplies;
- (y) Request the issue of sureties in the name and on behalf of the Company, binding it for what requested by public and private bodies for a sum no higher than € 1,000,000.00 for each transaction;
- (z) Delegate, through the assignment of specific proxies, all of each of the aforementioned powers to the person/s deemed more suitable for skills and professional ability.

4.6 INDEPENDENT DIRECTORS

The Corporate Governance Code recommends that the Board of Directors elects an adequate number of independent directors. In accordance with the indications of the Corporate Governance Code, a director is not to be considered independent if he/she:

- (a) Directly or indirectly, also through subsidiaries, trustees or third parties, controls the Issuer or is in a position to significantly, also through their participation in shareholders' agreements through which one or more entities can control or have a significant influence on the Issuer;

- (b) Is or has been, over the past three financial years, a top level representative of the Issuer, of any of its strategically important subsidiaries or of a company subject to joint control with the Issuer, or in a company or body that, even together with others through a shareholding agreement, controls the Issuer or is able to exercise over the same a considerable influence;
- (c) Directly or indirectly (e.g. through subsidiaries or companies in which holds an office of significance, or as a partner in a professional firm or a consulting company) has, or has had over the previous year, any significant business, financial or professional relationship:
 - With the Issuer, any of its Subsidiaries or with any other significant representative;
 - With any party that, even together with others through a shareholders' agreement, controls the Issuer or, if a company or entity, with any other significant representative;

Or is, or has been in the preceding three fiscal years, an employee of the aforementioned subjects;
- (d) Receives, or has received in the preceding three fiscal years, from the Issuer or a subsidiary or holding company a significant remuneration (over and above the "fixed" remuneration for a non-executive director of the issuer and to remuneration of the membership in the committees that are recommended by the Corporate Governance Code) also in the form of participation in incentive plans linked to the company's performance, including stock option plans;
- (e) Was a director of the Issuer for more than nine years in the last twelve years;
- (f) Holds a position as an executive director in another company in which an executive director of the Company holds an administrative position;
- (g) Is a shareholder or director of a company or entity belonging to the same network as the company appointed to perform the audit of the Issuer;
- (h) Is a close relative of a person who is in one of the situations described at the preceding sub-indentents;

The Board of Directors includes among its directors two individuals who possess the independence requirement set forth by the Corporate Governance Code and the Borsa Regulation. The number of Independent Directors, having regard to the total number of members of the Board of Directors, is in line with the provisions set forth in Art. 148 of the Consolidated Act and in the Borsa Instructions (Art. I.A.2.10.6).

It is noted that, for the whole duration of the Fiscal Year, Mr Giorgio Mosci and Ms Graziella Capellini held the office of independent directors for the Company, having qualified as such upon appointment from the Shareholders' Meeting, pursuant to Art. 148 of the Consolidated Act and to Art. 3 of the Corporate Governance Code.

On the same date, the Board of Directors had verified that the independence requirement was met by both independent directors in office, also on the basis of the statements and information released by the same, pursuant to Art. 148 of the Consolidated Act and to Art. 2.2.3, par. 3, letter m) of Borsa Regulation, applying, inter alia, the criteria set forth in the Corporate Governance Code.

Following the resignation of Ms Graziella Capellini, which took place after the end of the Fiscal Year, the Board of Directors, on 4 February 2019, co-opted as new non-executive director Ms Silvia Olivotto, verifying her independence requirements, also on the basis of the statements and information released by the same, pursuant to Art. 148 of the Consolidated Act and to Art. 2.2.3, par. 3, letter m) of Borsa Regulation, applying, inter alia, the criteria set forth in the Corporate Governance Code. In the same meeting, the Board of Statutory Auditors carried out all necessary and appropriate verification regarding the correct application of assessment criteria and procedures adopted by the Board of Directors in order to assess the independence of its members.

Last but not least, on 11 March 2019, the Board of Directors verified the compliance with independence requirements of non-executive director Giorgio Mosci, applying the assessment criteria set forth in the Corporate Governance Code.

During the Fiscal Year, independent directors Giorgio Mosci and Graziella Capellini took part in the Internal Control, Risk and Related-Parties Committee's and Appointments and Remuneration Committee's meetings, as their sole members. It was not necessary to organize further meetings to ensure the confrontation of independent directors in the absence of other directors.

Independent Director appointed by the Shareholders' Meeting have expressed their eligibility as independent in the slates for the appointment in the Board of Directors and, to the knowledge of the Issuer, committed themselves to maintain their independence during the office.

4.7 LEAD INDEPENDENT DIRECTOR

In line with the recommendation of the Corporate Governance Code, and taking into account that the Chairman of the Board of Directors hold the role of main person responsible for the Company's management (CEO), on 11 May 2018, the Board of Directors appointed the independent director Mr Giorgio Mosci as its lead independent director.

It is noted that on 27 July 2017, the Board of Director had already appointed Mr Giorgio Mosci as its lead independent director subject to the condition of the beginning of the negotiation of the Shares on the MTA market.

The lead independent director shall collaborate with the Chairman of the Board of Directors to ensure the good operation of the Board of Directors and to ensure that the board members receive complete information in a timely manner. Non-executive directors and, more specifically, independent ones, refer to this office in order to improve the activities and operating procedures of the Board. In particular, he shall call, independently or upon the request of other board members, meetings to be attended by independent directors only on issues regarding the operating procedures of the Board of Directors or the corporate governance system.

During the Fiscal Year, the lead independent director actively participated in the meetings of the board, coordinating, when necessary or appropriate, the requests and contributions made by non-executive directors and in particular by independent ones.

4.8 GENERAL MANAGER

Starting from 29 June 2017, the current Vice-Chairman of the Board of directors, Mr Massimo Mancini, is also holding the office of Giglio Group's General Manager. For further information on the powers of Vice-Chairman and General Manager Massimo Mancini, see the previous paragraph Chief Executive Officers.

5. HANDLING OF CORPORATE INFORMATION

On 31 May 2017, the Company adopted a procedure for the internal management and the communication to the outside of privileged information, implementing the provisions of the new Market Abuse Regulation introduced by Regulation (EU) no. 596/2014 of the European Parliament and of the Council of 16 April 2014 concerning market abuses, by the European Commission Delegated Regulation no. 2016/522 of 17 December 2015 and by the European Commission Delegated Regulation no. 2016/523 of 10 March 2016, regulating also the institution of the register of persons with access to privileged information lastly updated on 27 September 2018 by the Board of Directors. The procedure is available on the Company's Website <http://www.giglio.org> in the "Corporate Governance – Governance System and Rules" section.

During the Fiscal Year, the Company disseminated nine press releases regarding internal dealings, available on its Website <http://www.giglio.org>, in the "Investor Relations", having received relevant notices regarding relevant operations pursuant to Regulation (EU) no. 596/2014 of the European Parliament and of the Council of 16 April 2014 and to Art. 152-sexies et seq. of the Issuers Regulation.

6. INTERNAL COMMITTEES OF THE BOARD OF DIRECTORS (PURSUANT TO ART. 123-BIS, PAR. 2, LETTER D) OF THE CONSOLIDATED ACT)

The Board of Directors did not constitute any internal committee other than the ones provided for by the Corporate Governance Code, without prejudice to the Related-Parties Committee, which, for the purpose of complying with the provisions set forth in the Related-Parties Regulation, was merged with the Internal Control and Risk Committee.

The Company did not reserve the functions of the committees provided for by the Corporate Governance Code within the Board of Directors, under the coordination of the Chairman, or divided them in a different way than the one set forth in the Corporate Governance Code.

Taking into account the number of members of the Board of Directors and the size of the Company, the Board of Directors saw it fit to merge the functions of the remuneration committee with those of the appointments committee in a single committee for appointments and remuneration (hereinafter referred to as the "**Appointments and Remuneration Committee**"), pursuant to the provisions set forth in the Corporate Governance Code. For more information on the composition and operating procedures of the Appointments and Remuneration Committee, see paragraph 7.

7. APPOINTMENTS AND REMUNERATION COMMITTEE

For the purpose of conforming its corporate governance model with the recommendations included in the Corporate Governance Code, the Board of

Directors, on 11 May 2018, constituted the Appointments and Remuneration Committee.

Composition and Operating Procedures of the Appointments and Remuneration Committee (pursuant to Art. 123-bis, paragraph 2, letter d) of the Consolidated Act)

As at the date of this Report, the Appointments and Remuneration Committee is composed of two directors in the persons of Mr Giorgio Mosci, as its Chairman, and Ms Silvia Olivotto, both non-executive, independent directors. Mr Giorgio Mosci and Ms Silvia Olivotto possess adequate knowledge and experience in financial and remuneration policies. The members of the Committee do not receive any additional remuneration other than the one received for the performance of their activities as directors, as resolved by the Board of Directors on 11 May 2018.

The members of the Appointments and Remuneration Committee shall remain in office for the whole duration of their office as directors, without prejudice to the power of the Board of Directors to revoke or replace them.

During the Fiscal Year, the Appointments and Remuneration Committee was composed in its majority of independent directors.

It is noted that, on 11 May 2018, the Board of Directors of the Issuer had appointed as members of the Appointments and Remuneration Committee the independent director Giorgio Mosci, as Chairman, the independent director Graziella Capellini and the non-executive director Carlo Frigato.

Later, in the meeting of 3 September 2018, the Board of Directors, acknowledging the loss of non-executive director's status of Mr Carlo Frigato, resolved to modify the composition of the Committee, which, starting from that date, is now composed of two independent directors, in accordance with the Company's Corporate Governance Code, according to which the Board of Directors shall not include more than eight members.

The director Graziella Capellini has been a member of the Committee for the whole duration of the Fiscal Year. Following her resignation, on 4 February 2019, the Board of Directors appointed the newly-elected independent director Silvia Olivotto in her position.

The Appointments and Remuneration Committee uses its own internal regulation, which governs its composition and appointment, its operating procedures, its tasks, its powers and its means.

The Committee's meetings shall be chaired by the Chairman or, in the event of its absence or unavailability, by the most senior member present. The Chairman of the Committee programs and coordinates the activities of the Committee, represents it, convenes and chairs all its meetings and informs the Board of Directors of the resolutions adopted and of the activities carried on by the Committee at the first relevant meeting.

The Committee's meetings are attended by the Chairman of the Board of Statutory Auditors or by a standing statutory auditor delegated in its place; furthermore, upon invitation from the Committee's Chairman, the Chairman of the Board of Directors, the CEO, the responsible for the Human Resources function as well as other parties

can participate too, in order to provide information and competency assessments with reference to the individual items on the agenda.

The Secretary shall draw up the minutes of the meetings. The minutes shall be signed by the Chairman of the meeting and the Secretary and later forwarded to the members of the Committee, to the Chairman of the Board of Statutory Auditors (or to the Auditor eventually delegated by them) as well as to the Chairman of the Board of Directors and to the CEO, if present..

As provided in the relevant regulation, no Director shall take part in the discussions and resolutions of the Appointments and Remuneration Committee, where the proposals of the Board of Directors regarding its own remuneration are formulated.

The Committee shall report to the Board of Directors on the activities carried out at least once a year, and in any case no later than the term for the approval of the financial statement, in the Board meeting appointed by the Chairman of the Board of Directors. Moreover, following every meeting, the Committee shall update the Board of Directors at the first relevant meeting regarding the subjects covered and the observations, suggestions and opinions formulated.

During the Fiscal Year, the Committee for Appointments and Remuneration held 6 meetings of about 60 minutes each. During the Fiscal Year, the participation of Ms Graziella Capellini, Mr Giorgio Mosci and Mr Carlo Frigato was of 95.33%. Upon invitation from the Committee, Marlene Schranz from the Company's Legal and Corporate Affairs Office attended to 5 meeting as the person preparing the minutes, without the right to vote. Stefano Gnocchi also attended to 1 meeting as Internal Auditor, without the right to vote. Upon invitation from the Committee, Mr Fabio Fedel as representative of the consultancy company Spafid s.p.a attended on the single items of his competence, that prepared the remuneration system approved during the Fiscal Year. The Appointments and Remuneration Committee's meetings were also attended by the Board of Statutory Auditors

For the current Fiscal Year, a number of no less than 4 meetings is provided, 3 of which already took place on 23 January 2019, 5 March 2019 and 8 March 2019. The meetings of the Committee were duly minuted and the Chairman of the Committee gave the information on the first possible Board meeting.

Competence of the Appointments and Remuneration Committee

The Committee, within its powers, carries out consulting and proposing functions for the Board of Directors regarding the remuneration of directors and managers with strategic responsibilities, as well as the appointment of directors.

The Committee is assigned with the following tasks regarding the appointment of directors:

- (a) Submit to the Board of Directors candidates for directors offices if, during the Fiscal Year, one or more directors cease to hold office (Art. 2386, par. 1, Civil Code), ensuring respect for the provisions on the minimum number of independent directors and on the positions reserved to the less-represented gender;
- (b) Provide to the Board of Directors, upon proposal of the CEO, together with the Chairman, the candidates to the office of members of the corporate bodies:
 - (i) of direct subsidiaries;
 - (ii) of indirect subsidiaries included within the scope of

consolidation, whose individual turnover is equal to or higher than € 5 million. The proposal of the Committee is mandatory;

(c) Elaborate and propose/formulate:

- annual self-assessment procedures for the Board of Directors and its internal Committees;
- recommendations on the maximum number of directors and statutory auditors held in other companies listed in regulated stock exchanges, also foreign, in financial, banking, insurance or other large companies, that can be considered compatible with an effective conduct of the role of director of the Company or of its subsidiaries, also taking into account the attendance by the directors to the committees set up within the Board;
- assessment criteria for the independence and professionalism criteria of the Company and its subsidiaries' directors;
- opinions to support the evaluation of the Board of Directors regarding specific problematic circumstances in the presence of a general and pre-emptive authorisation to derogate the ban on competition provided for in Art. 2390 of the Civil Code;
- opinions regarding the size and composition of the Board of Directors, as well as recommendations regarding the professional and managerial figures whose presence within the Board is considered expedient;
- opinions regarding the Directors and Managers with strategic responsibilities' succession plan approved by the Company.

As far as the appointment of directors is concerned, during the meetings of the Fiscal Year, the Appointments and Remuneration Committee focused in particular on:

- providing non-binding opinion to the Board of Directors on the appointment of Carlo Frigerio as CFO and Investor Relator of the Company;
- providing non-binding opinion to the Board of Directors on the co-optation of two directors, verifying their compliance with the requisites necessary to be vested with said powers.

The Committee is assigned with the following tasks regarding the remuneration of directors and managers with strategic responsibilities:

- (a) To prepare the remuneration policy for directors and managers with strategic responsibilities to be approved by the Shareholders' Meeting upon approval of the Board of Directors, reviewing it at least once a year;
- (b) To submit for the Board of Director's approval the remuneration report to be presented to the Shareholders' Meeting called for the approval of the financial statement, within the terms provided by the law; to this regard, in the same meeting, to report on the exercise of its functions to the Meeting, through the Chairman of the Committee or another Committee member appointed by the former;

- (c) To examine the content of the vote regarding the remuneration report expressed by the Shareholders' Meeting in the previous fiscal year and to express its opinion to the Board of Directors;
- (d) To formulate proposal or express opinions regarding the remuneration of the members of the Committees within the Board of Directors established by the Board itself;
- (e) To express opinions, also on the basis of the CEO's indications, regarding:
 - General criteria for the remuneration of managers with strategic responsibilities;
 - General principles for the remuneration of other managers of the Company and its subsidiaries;
 - Annual and long-term incentive plans, also stock-based;
- (f) To express opinions, also on the basis of the CEO, regarding the definition, the performance objectives and the review of corporate results; to propose the definition of claw-back clauses linked to the implementation of the incentive plan and to the determination of the variable remuneration of directors with proxies;
- (g) To propose the definition, regarding directors with proxies, i) of the indemnities to be granted in case of termination of employment and ii) of the non-competition agreements in line with the principles set forth in the policy;
- (h) To monitor the implementation of the decisions adopted by the Board of Directors, verifying, periodically, the adequacy, overall consistency and actual implementation of the policy adopted, also making of the information provided by the CEO, formulating proposals to the Board on the matter;
- (i) To carry out any task requested by the procedure related to the transactions with related parties adopted by the Company concerning remuneration;
- (j) To verify that the incentive mechanism of the Internal Auditor and of the director responsible for the preparation of accounting documents is coherent with the tasks assigned to them.

During the meetings held throughout the Fiscal Year, the Appointments and Remuneration Committee focused especially on the following actions related to remuneration:

- Allocating among the members of the Board of Directors the remuneration on the basis of the overall compensation approved by the Meeting;
- Assessing the remuneration of Mr Carlo Frigato as consultant of the Company;
- Reviewing the general remuneration policy adopted by the Company;
- Examining the "Long-term Incentive Plan" incentive plan approved during the Fiscal Year;
- Assessing performance objectives proposed by the CEO for the execution of the incentive plan called "Long-term Incentive Plan";
- Analysing the Stock Option Plan called "Stock Option Plan 2018-2021" approved during the Fiscal Year.

For more information on the functions of the Appointments and Remuneration Committee pursuant as far as remuneration is concerned, see the section of the remuneration report published pursuant to Art. 123-ter of the Consolidated Act.

In the performance of its functions, the Appointments and Remuneration Committee has the power to access the necessary information and company functions, as well as, under the conditions established by the Board, to make use of external consultants who are not in a position to compromise their autonomous judgement. In this regard, the Committee was supported during the Fiscal Year by Spafid s.p.a. for the creation of the remuneration policy, having previously verified that the company was not in a position to compromise its judgement independency.

Taking into account the activities performed by the Appointments and Remuneration Committee, on 3 September 2018, the Board of Directors resolved to provide to the Committee an annual budget of € 10,000.00.

8. REMUNERATION OF DIRECTORS

As far as remuneration is concerned and according to the By-laws, the remuneration of directors is regulated by the terms set forth in Art. 2389 of the Civil Code. The Shareholders' Meeting may grant them extraordinary or periodic indemnity and remuneration, including in relation to profits. In any event, directors shall be reimbursed of the expenses incurred by way of their office.

As far as the variable component of the remuneration is concerned, the Borsa Regulation, for the purpose of obtaining the STAR qualification, requires that the Company nominates a Remuneration Committee and that a significant part of the remuneration of executive directors and managers with strategic responsibilities is of an incentive nature.

For more information on the remuneration policy, the share-based remuneration plans, the remuneration of the executive directors, of the general manager, of the managers with strategic responsibilities and of non-executive directors, see the remuneration report published pursuant to Art. 123-ter of the Consolidated Act.

On 11 May 2017, the Board of Directors resolved, with reference to the three-year term of the Board, to ascribe an annual total compensation of € 315,000 for the members of the Board itself. On the same date, the Board of Directors, after hearing the opinion of the Appointments and Remuneration Committee and of the Board of Statutory Auditors, resolved to ascribe to each member the compensation described in the Remuneration Report, within the limit set by the Meeting.

By reason of the intense activity carried out by the Board of Directors and, more specifically, by the Internal Control, Risk and Related-Parties Committee, throughout 2018 and given that, also by reason of the strategic lines included in the new Industrial Plan and the related transfer of the media area, over the following years of the term, the activities of the Committee and the Board shall be as intense, the Board of Directors resolved to submit to the Shareholders' Meeting, called on 30 April 2019, the proposal to increase the total annual compensation of the Board of Directors from current € 315,000 to € 335,000.

Indemnities Payable to Directors in the Event of Resignation, Dismissal or Termination due to a Tender Offer (pursuant to Art. 123-bis, par.1, letter i) of the Consolidated Act)

As at the date of this Report, there are no agreements between the Company and the Directors which provide for indemnity in the event of resignation, dismissal and/or revocation of office without just cause, or if the employment ceases following a takeover bid.

As made known to the public with the respective press releases, no resigning director during the Fiscal Year and in the period spanning from the end of the Fiscal Year and the date of this Report has been awarded with any indemnity or any other benefits.

9. INTERNAL CONTROL, RISK AND RELATED-PARTIES COMMITTEE

For the purpose of conforming the corporate governance model of the Company with the recommendations included in Art. 7, principle 7.P.3, lett. a), sub. (ii) of the Corporate Governance Code, the Board of Directors, on 11 May 2018, constituted an internal committee of internal control and risk management, also vesting it with the functions of the committee of the transactions with related parties (hereinafter referred to as the "**Internal Control, Risk and Related-Parties Committee**").

Composition and Operating Procedures of the Internal Control, Risk and Related-Parties Committee (pursuant to Art. 123-bis, par. 2, letter d) of the Consolidated Act)

As at the date of this Report, the Internal Control, Risk and Related-Parties Committee is composed of two independent non-executive directors in the persons of Ms Silvia Olivotto, as Chairwoman, and Mr Giorgio Mosci. Mr Giorgio Mosci and Ms Silvia Olivotto possess adequate knowledge and experience in financial, accounting and/or risk management policies and received a gross annual remuneration for their activities, as resolved by the Board of Directors on 11 May 2018.

During the Fiscal Year, the Internal Control, Risk and Related-Parties Committee was composed in its majority of independent directors.

It is noted that, on 11 May 2018, the Board of Directors of the Issuer had appointed as members of the Internal Control, Risk and Related-Parties Committee (with effect from the beginning of the negotiations of Ordinary Shares on the MTA-STAR market) the independent director Graziella Capellini, as Chairwoman, the independent director Giorgio Mosci and the non-executive director Carlo Frigato.

Later, in the meeting of 3 September 2018, the Board of Directors, acknowledging the loss of non-executive director's status of Mr Carlo Frigato, resolved to modify the composition of the Committee, which, starting from that date, is now composed of two independent directors, in accordance with the Company's Corporate Governance Code, according to which the Board of Directors shall not include more than eight members.

The director Graziella Capellini has been Chairwoman of the Internal Control, Risk and Related-Parties Committee for the whole duration of the Fiscal Year. Following her resignation, on 4 February 2019, the Board of Directors appointed the newly-elected independent director Silvia Olivotto in her position.

The Internal Control, Risk and Related-Parties Committee has adopted its own internal regulation, which regulates composition, appointment, operation modalities, tasks, powers and means.

The meetings of the Committee are chaired by the Chairman of the Committee or, in case of his/her absence or hindrance, by the most senior member present. The Chairman of the Internal Control, Risk and Related-Parties Committee programmes and coordinates the activities of the Committee, represents it, chairs and directs the meeting, informing the Board of Directors of any resolution taken by the Committee at the first relevant meeting.

The Committee meets with the necessary frequency to carry out its functions, or at least quarterly.

The meetings of the Committee are attended by the Chairman of the Board of Statutory Auditors or another Auditor appointed by the former; moreover, upon invitation of the Chairman of the Committee, the CEO, the director responsible for the internal risk and risk management system, as well as other subjects in order to provide suitable information and assessments referring to specific items on the agenda;

Any information regarding the items on the agenda shall be communicated by the Secretary via e-mail to the addresses pointed out by the members of the Committee, as well as via any other means to be agreed at least three days before the meeting date, save in exceptional cases.

The meetings of the Committee are valid if the majority of its members in office are present; its decisions shall be taken by the majority of the attending members. In the event of an equal vote, the vote of the Chairman of the Board prevails.

The Secretary shall draw up the minutes of the meetings. The minutes shall be signed by the Chairman of the meeting and the Secretary and later forwarded via mail to the Chairman of the Board of Statutory Auditors (or to the Auditor eventually delegated by them) as well as to the Chairman of the Board of Directors, the director responsible for the internal control and risk management system and to the Internal Auditor, if present.

During this Fiscal Year, the Internal Control, Risk and Related-Parties Committee held 6 meetings of about 80 minutes each. During the Fiscal Year, the participation of Ms Graziella Capellini, Mr Giorgio Mosci and Mr Carlo Frigato was of 100%. Upon invitation from the Committee, Marlene Schranz from the Company's Legal and Corporate Affairs Office attended to 5 meetings as the person preparing the minutes, without the right to vote. Stefano Gnocchi also attended to 2 meetings as Internal Auditor, without the right to vote. Eugenio Mittiga also attended to 2 meetings as Internal Auditor, without the right to vote. Massimo Mancini as General Manager and director responsible for the preparation of the company's accounting documents and Carlo Frigato as CFO were also invited to participate to 1 meeting. During all the meetings, the Board of Statutory Auditors was always represented.

For the current Fiscal Year, a number of no less than 8 meetings is provided, 4 of which already took place on 4 February 2019 and 11 February 2019, 5 March 2019 and 8 March 2019. The meetings of the Committee were duly minuted and the Chairman of the Committee gave the information on the first possible Board meeting.

Functions Assigned to the Internal Control, Risk and Related-Parties Committee

The Internal Control, Risk and Related-Parties Committee provides advice and formulates proposal and, pursuant to Art. 7, principle 7.P.3, lett. a), sub. (ii) of the Corporate Governance Code, is tasked with supporting, with suitable preliminary activities, the valuations and decisions of the Board of Directors with regard to the internal control and risk management system as well as those relating to the approval of periodic financial reports.

More specifically, the Internal Control, Risk and Related-Parties Committee shall:

- (a) Express opinions and formulates proposals regarding:
 - i. The definition by the Board of Directors of the guidelines of the internal control and risk management system, in order to ensure that the risks for the Company and its subsidiaries are correctly identified and adequately measured, managed and monitored, also determining the degree of compatibility of these risks with a management of the Company and the Group which is consistent with the identified strategic objectives;
 - ii. The review by the Board of Directors of main corporate risks, identified by taking into account the characteristics of the activities carried out by the Company and its subsidiaries;
 - iii. The approval by the Board of Directors, at least once a year, of the plan of work prepared by the Head of the internal audit function;
 - iv. The description by the Board of Directors, within the Report on corporate governance, of the main characteristics of the risk management and internal control system and of the procedures for coordination between the interested parties, as well as the evaluation of its adequacy;
 - v. The assessment by the Board of Directors, after hearing the Board of Statutory Auditors, of the findings reported by the external auditor in the suggestions letter, if any, and in the report on key matters arising from the statutory audit;
- (b) Express its favourable opinion regarding the proposals concerning the appointment, removal and, coherently with corporate policies, definition of the fixed and variable remuneration's structure of the Internal Auditor; assess the compliance with the requirements of honour, professionalism, competence and experience, as well as the adequacy of the resources assigned to the former for the performance of his/her responsibilities; evaluate, in the event that this function is assigned to an external subject, the presence of the requirements for professionalism, independence and organization and assesses that the externalisation was properly motivated;
- (c) Express opinions on specific aspects relating to the identification of the principal risks for the company;
- (d) Examine and expresses opinions on the adoption and amendment of the rules for transparency and effective and procedural correctness in the management of transactions with related parties and in those transactions

where an auditor or a director has an interest on his own behalf or on behalf of third parties and still carries out the tasks assigned to him/her by the Board of Directors, also with reference to the exam and issue of a non-binding reasoned opinion on specific types of transaction, except those concerning remuneration, pursuant to the procedure of transactions with related parties approved by the Board of Directors. For the purpose of the issue of its opinion, the Committee can be assisted by independent experts of its own choice by acquiring appraisals and legal or fairness opinions;

- (e) Express opinions regarding the key guidelines of the internal regulation to be approved by the Board of Directors, any amendment or update, as well as specific aspects related to its implementation, upon request of the Director responsible for the internal control and risk management system; and
- (f) Report to the Board, at least half-yearly, upon the approval of the annual financial report and of the half-year report about the activities carried out, as well as the adequacy of the internal control and risk management system.

Furthermore, the Internal Control, Risk and Related-Parties Committee, while assisting the Board of Directors, shall:

- (a) Evaluate together with the executive responsible for the preparation of the company's accounting documents, after hearing the Comptroller and the Board of Statutory Auditors, the correct utilization of the accounting principles and, their consistency for the purpose of the preparation of the consolidated balance sheet, prior to the approval by the Board of Directors;
- (b) Examine and assess the reports prepared by the CFO/director responsible for the preparation of corporate accounting documents and express its opinion to the Board of Directors regarding the adequacy of the means and powers assigned to the former and to the actual compliance with administrative and accounting procedures, in order for the Board to perform the supervisory tasks set forth by the applicable law;
- (c) Support, upon request of the Board, with an adequate preliminary activity, the assessments and decisions of the Board of Directors regarding the management of risks arising from detrimental facts known to the Board;
- (d) Monitor the autonomy, adequacy, efficiency and efficacy of the Internal Auditor, supervising its activities in relations with the tasks held by the Board, and on its behalf the Chairman, in order for these to be carried out ensuring that all necessary independence, objectivity competence and due diligence conditions are kept, pursuant to what set forth in Giglio Group S.p.A.'s Code of Ethics and in international standards. More specifically, the Committee shall:
 - i. Examine the results of the auditing activities carried out by the Internal Auditor;
 - ii. Examine the periodic reports, prepared by the Internal Auditor and containing adequate information on the activities carried out, the performance modalities of the risk management, the respect of plans defined for their reduction, as well as the suitability assessment of the internal control and risk management system; examine, moreover, the

reports prepared promptly by the Internal Auditor concerning events of major importance;

- iii. Examine the information received by the Internal Auditor and express promptly its expertise assessment to the Board of Directors, in the event of:
 - Serious defects in the irregularities' prevention system and fraudulent acts or irregularities or fraudulent acts perpetrated by members of the management or by employees with relevant offices in the design or operation of the internal control and risk management system;
 - circumstances that may create harm to the maintenance of the Internal Auditor and auditing activities' independence conditions;
- iv. Request to the Internal Auditor to carry out verifications on specific operational areas, giving simultaneous communication to the Chairman of the Board of Statutory Auditors and to the Director responsible for the internal control and risk management system;

(e) Examine and assess:

- i. The communications and information received by the Board of Statutory Auditors and its members and by the Director responsible for the internal control and risk management system;
- ii. The internal control and risk management system, also with regard to the results of the preliminary activities carried out by the Internal Auditor after any notification received, also anonymously;
- iii. Half-year reports issued by the Supervisory Body, also as Guarantor of the Code of Ethics, as well as the prompt information issued by the Body, subject to prior notice to the Chairman of the Board of Directors and to the CEO regarding any material or significant events verified while carrying out its tasks;
- iv. Disclosures on the internal control and risk management system, also in the context of periodic meeting with the Company's appropriate bodies;
- v. Investigations and exams carried out by third parties regarding the internal control and risk management system;

(f) Supervise the activities of the Legal Affairs Division in the event of criminal investigations in Italy and/or abroad for criminal offences perpetrated by relevant employees of the Company in the interests of the same.

In the performance of its office, the Internal Control, Risk and Related-Parties Committee has the power to access the necessary information and company functions, as well as, under the conditions established by the Board, to make use of external consultants.

As shown in the procedure for the conduct of related party transactions approved by the Board of Directors on 31 May 2017, pursuant to the Consob Regulation's resolution no.17221 of 12 March 2010, an important role of the Committee is the preparation of

measures and systems aimed at ensuring transparency and fairness to the transactions with related parties in the approval of these transactions.

During the meetings held throughout the Fiscal Year, the Internal Control, Risk and Related-Parties Committee focused especially on the following actions:

- Examine periodic financial relations;
- Assess the correct use of accounting principles in the drafting of periodic financial relations;
- Assess the internal control and risk management system;
- Examine and assess the reports made available by the Supervisory Board and amendments of model 231/2001;
- Approve audit plans and of reports made available by the function;
- Amend the procedure for the management and treatment of privileged information;
- Adopt a privacy procedure.

The Committee's meetings were always attended by the Board of Statutory Auditors, pursuant to the regulation of the Committee.

Taking into account the activities performed by the Internal Control, Risk and Related-Parties Committee, on 3 September 2018, the Board of Directors resolved to provide to the Committee an annual budget of € 10,000.00.

10. INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM

The internal control and risk management system shall consist of all of the rules, procedures and organisational structures designed to enable, through adequate identification, measurement, management and monitoring of the main risks, the sound and correct management of the Company in a manner consistent with predetermined objectives.

The Board of Directors shall assess yearly the effectiveness of the internal control and risk management system, as well as its adequacy with regard to the company's characteristics.

The Board of Directors, in the definition of strategic, industrial and financial plans, defined the nature and level of risk compatible with the Issuer's strategic objectives, including in its assessment all the risks that may become relevant in the medium/long-term sustainability of the Issuer's activities, and also defined the guidelines of the internal control and risk management system so that the main risks for the Issuer and its Subsidiaries are correctly identified, as well as adequately measured, managed and monitored, determining the compatibility of said risks with a company management coherent to the identified strategic objectives.

The Company adopted an internal control and risk management system in which the risk management system and the internal control system are integrated, considering that they cannot be regarded as separate with regard to the financial reporting process. This system is aimed at ensuring the reliability, accuracy, trustworthiness and timeliness of the financial reporting.

The internal control and risk management system of the Company, pursuant to recommendations of Art. 7 of the Corporate Governance Code and to the sector's best practices, is a collection of rules, procedures and departments intended to allow, through an adequate process of identification, measurement, management and monitoring of the main risks concerning the Company and its subsidiaries, a healthy and correct management of the business coherent with the strategic objectives of the Company.

The internal control system is an integral part of the financial reporting procedure and falls within the wider context of the internal control and risk management system. In general, the internal control system adopted by the Company is aimed at ensuring the protection of the Company's assets, the respect of regulations, the efficiency and efficacy of corporate operations and the reliability, accuracy and promptness of the financial reporting.

The internal control system on the financial reporting is aimed at identifying and assessing the events capable of compromising reliability, accuracy, trustworthiness and promptness of financial reporting and the capacity of the financial statement drafting's procedure as a whole to produce the financial reporting in accordance with reference accounting standards.

The design approach in the construction of the control model for the financial reporting process was inspired by international standards and the sector's best practices.

Administrative and accounting procedures for the drafting of the financial statement and of any other financial communication are prepared under the responsibility of the Directors responsible for the preparation of corporate accounting documents who, together with the Chairman of the Board of Directors, certifies their adequacy and effective application on the occasion of the financial statement and of the consolidated financial statement, as well as of the half-year report of the Company.

Main Characteristics of the Internal Control and Risk Management System Over Financial Reporting (pursuant to Art. 123-bis, par. 2, letter b) of the Consolidated Act)

The Internal Control and Risk Management System includes, among its supporting elements, the internal control system concerning the financial reporting's creation process, which is aimed at guaranteeing the reliability, accuracy, trustworthiness and promptness in the creation and communication of financial reporting.

During the course of 2018, the Company started a transformation process, given that its media area is currently being valorised for transfer. Moreover, as an answer to the opportunity to adjust specific corporate procedures, highlighted during listing, it arranged a detailed action plan envisaging the update of the procedures provided for by Law 262 of 2005 and the adoption of a new financial reporting's management, accounting and administrative system, to be definitely introduced in April 2019.

Therefore, the verification of the adequacy of administrative and accounting procedures was carried out pursuant to the methodological rules used in current international best practices and, pending the complete implementation of the corrective actions provided by the aforementioned action plan, supplementary control procedures have been carried out for the creation of the consolidated financial statement of 31 December 2018.

In accordance with best practices, in order to consider the administrative and accounting procedures as an adequate tool for the coordination and control of the financial statement's creation process, as well as of any other financial communication, an assessment framework for the adequacy and efficacy of the internal control system has been used in various corporate processes.

The aforementioned system of administrative and accounting procedures and the assessment framework were prepared by the Issuer in order to certify "the adequacy and actual application of the administrative and accounting procedures" of the financial statement, pursuant to Art. 154-bis of the CFA. For the purpose of executing its tasks, the Financial Reporting Officer relied on the support of the management responsible for internal processes, in order to ensure the effective implementation, monitoring and update of the internal control and risk management system concerning financial reporting.

In light of the above, the internal control and risk management system concerning financial reporting is comprised of three main stages:

- risk identification and assessment;
- controls identification and documentation;
- controls assessment and effective implementation of administrative/accounting procedures.

The methodology adopted for these assessment ensures the traceability of their operation. With regard to the risk identification and assessment on financial reporting, the Issuer carried out its own analyses and auditing activities on the companies under the Group in accordance with a corrective action plan driven by the significance of turnover and assets levels. Moreover, a rotation of assessment and verification analyses was planned, including all the companies under the Group, regardless of their quantitative contribution to the creation of the consolidated financial statement.

The risks identified and assessed according to the international best practices for risk assessment concern those operating processes that feed general accounting items, focused both on the prevention of accuracy and completeness errors and on fraud prevention. The assessment of risks "relevance" is qualitative, and is carried out with reference to the materiality and nature of accounting items.

With regard to controls identification and documentation, in correspondence of the processes identified in the previous stage, reference framework have been prepared, with a risk-based representation of internal controls and by analysing existing documents and information retrievable via interviews with the individuals responsible for the control.

As far as controls assessment and effective implementation of administrative/accounting procedures are concerned, the Company took into consideration first- and second-level controls on the processes that feed main accounting items. The adequacy and effectiveness assessments of controls put in place to mitigate risks are qualitative and focus on operating processes related with material accounting items; moreover, given the transformation context of the Issuer's organisation scope and the simultaneous remodulation of corporate information systems, ad hoc verifications were carried out on supplementary control procedure,

to verify the disclosures provided in the consolidated financial statement at 31 December 2018.

The internal control and risk management system concerning financial reporting is governed by the Financial Reporting Officer who, once appointed by the Board of Directors, is responsible for the implementation and update of the Accounting and Administrative Control Model, as well as the assessment of its implementation, creating a certification related to the half-yearly and annual financial report, also consolidated. The Financial Reporting Officer is also responsible for the arrangement of adequate administrative and accounting procedures for the creation of the financial statement and the consolidated financial statement.

The Financial Reporting Officer, in the performance of its activities:

- interacts with the Internal Auditor, who carries out independent verifications concerning the control system operation;
- is supported by the heads of functions involved, who, each within the limit of its competence, ensure the completeness and reliability of information flows toward the Financial Reporting Officer, in order to create the accounting disclosures;
- establishes a mutual information exchange with the Internal Control, Risk and Related Parties Committee and with the Board of Directors on the use of main accounting standards and their homogeneity for the purpose of creating the consolidated financial statement, as well as on the adequacy of the internal control and risk management system; periodically reports to the Board of Statutory Auditors, to the Supervisory Body and to the Board of Directors with regard to the adequacy and effectiveness of the administrative and accounting system.

During the course of Fiscal Year 2018, the Group worked in order to adapt the structure of the system to the commitments undertaken with Borsa Italiana at listing, as well as to the recommendations of Law no. 262/2005. More specifically, preparatory work for the management of a structured, documented and certified financial reporting process was developed, through specific controls at operational process level that feed the administrative/accounting system and at the level of the main activities of accounts closing, in order to support the process of attestation of the Director responsible for the preparation of corporate accounting documents.

During the listing of the Company on the MTA-STAR market, the main risks to which the Company is subject were identified, as better described in the "Informative Prospect regarding the admission to trading Giglio Group S.p.A. ordinary shares on the MTA market organised and managed by Borsa Italiana S.p.A.", available at www.giglio.org – section Investor Relations, Informative Prospect. On the basis of the risks thus determined and identified, the Company adopted a series of actions aimed at organising an adequate internal control and management system of the identified risks.

Among the specific stages of the internal control and major risks management system, the following activities are highlighted:

- i. An initial scoping operation was carried out, thus identifying the relevant companies of the Group and, more specifically, other than the parent companies, the subsidiaries with strategic relevance such as Ibox S.A., Ibox s.r.l., Nautical Channel Ltd, Giglio USA Lcc, as well as the main corporate processes fuelling its income statement and balance sheet, both through quantitative (significance of revenues and assets of each company on consolidated value) and qualitative analyses (specific and potential risk related to the business and the activities carried out). In the context of the relevant company thus identified, material balance sheet items and corporate processes fuelling said items were selected, thus reaching the definition of the risks on the financial reporting arising from failing to meet control objectives aimed at ensure a truthful and correct representation of the financial reporting. In general, the control objectives for the financial reporting process are connected to typical financial statement assertions such as the existence, completeness and accuracy of accounting records, rights and obligations and the assessment of operations, as well as the presentation of the report. To this regard, Navision blueprinting is highlighted (new administrative/accounting financial reporting system), which shall be introduced on March/April 2019. This system shall provide the Company with an adequate census and reporting of administrative data. The system shall constitute the starting point for the integration with the strategic plan and management control system.
- ii. The Company strengthened its Administration, Finance and Control function, specifically by identifying some key figures for the implementation of the Management Control System, such as:
 - Manager responsible for the consolidated financial statement, who shall carry out verifications on subsidiaries' reporting. The control concerns the financial control and the quality of the reporting. This figure reports directly to the CFO.
 - Manager responsible for the corporate financial statement, who shall supervise all financial and economic transactions of the parent company. This figure reports directly to the CFO.
 - Manager responsible for the Treasury, who shall verify collections and payments. This figure operates autonomously and separately from the administrative and accounting apparatus. This figure reports directly to the Financial Reporting Officer. To this regard, it is specified that, on 27 September 2018, the Board of Directors resolved to assign the powers needed to exercise this office to Ms Anna Lezzi.
 - Manager responsible for the corporate accounting, who shall supervise all corporate accounting of the company. This figure reports directly to the CFO.
 - Manager responsible for the administration of the subsidiaries, who shall receive the reporting package and shall verify and prepare the consolidated financial statement of the entity, recalculating the accounting costs to be charged back to the subsidiaries. Moreover, it shall verify the application of IAS and IFR accounting standards aimed at homogenise the Group's accounting principles

- iii. The role of the subject involved in the management of identified risks was better defined and identified. Specifically, an internal control and risk management system has been identified, involving, each for its own part:
- the Board of Directors, defining the guidelines and assessing the adequacy of the internal control and risk management system;
 - the Internal Control, Risk and Related-Parties Committee, vested with the tasks mentioned in the previous paragraph, supporting with an adequate preliminary and recommendatory activity the assessments and decision of the Board of Directors regarding the system, as well as those regarding the approval of periodic financial reports;
 - the Internal Auditor, Mr Stefano Gnocchi from Mazars Italia S.p.A., responsible for the good operation and adequacy of the internal control and risk management system, in accordance with the tasks described in detail in the following paragraphs;
 - the Board of Statutory Auditors who, even as Committee for internal control and financial audit pursuant to Art. 19 of Legislative Decree no. 39/2010, monitors the efficacy of the internal control and risk management system.
 - The Supervisory Body, keeping the Organisational and Management Model adopted by the Company and the Code of Ethics up to date, pursuant to Legislative Decree no. 231/2001, verifying as well the correct application of the rules set forth in the adopted model.
- iv. Lastly, over the months of October, November and December 2018, a significant effort has been put, with the support of an external advisor, in the update of the procedures set forth in the regulation introduced by law no. 262 of 28 December 2005, in order to adapt the procedures to the updated organizational processes of the Company. More specifically, both the active and passive cycle processes of Nautical Channel Ltd were reviewed and streamlined, while the magazine, active and passive cycles of Ibox distribution division, Giglio USA and Giglio Shanghai were only reviewed.

Overall Adequacy Assessment of the Internal Control and Risk Management System

Based on the information and the evidence collected with the support of the investigative work performed by the Internal Control, Risk and Related-Parties Committee and the contribution provided by the Head of the internal audit function, by the Supervisory Board pursuant to Legislative Decree no. 231/2001 and by the Data Protection Officer, the Board of Directors and in particular the Committee believe that the Internal Control and Risk Management System is substantially adequate if compared to the structure and size of the Company.

However, the Board believes it necessary to implement the following adaptation plan for 2019 regarding the following activities:

- Adaptation of reporting administrative, accounting and management systems and of its relative procedure consistent with the new application platform;
- Adaptation to GDPR provisions on Privacy [EU Regulation 679/2016];

- Finalise the formalisation of internal procedures.

10.1 DIRECTOR RESPONSIBLE FOR SUPERVISING THE OPERATION OF THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM

On 11 May 2018, with the favourable opinion of the Internal Control, Risk and Related-Parties Committee, the Board of Directors identified the Executive director responsible for supervising the operation of the internal control and risk management system in the person of the Chairman of the Board of Directors and CEO Mr Alessandro Giglio, vesting him with the powers set forth in the Corporate Governance Code.

The Director responsible for the internal control and risk management system shall inter alia: (i) Identify the key corporate risk areas, in consideration of the characteristics of the activities carried out by the company and its subsidiaries, and subjecting them periodically to the scrutiny of the Board of Directors; (ii) put into effect the strategies defined by the Board, plan, create and manage the internal control system, constantly verifying its adequacy, efficacy and efficiency; (iii) amending the system to the operating conditions and the legislative and regulatory panorama; (iv) ask the internal audit function to conduct audits of specific areas of operation and of the compliance of internal rules and procedures in the execution of corporate activities, giving immediate notice to the Chairman of the Board of Directors, the Chairman of the Internal Control, Risk and Related-Parties Committee and the Chairman of the Board of Statutory Auditors; and (v) notify immediately the Internal Control, Risk and Related-Parties Committee (or the Board of Directors) issues and problems that resulted from his activity or of which he became aware in order for the Committee (or the Board) to take the appropriate actions

10.2 HEAD OF THE INTERNAL AUDIT FUNCTION

Pursuant to Art. 7 of the Corporate Governance Code, it is noted that, on 26 October 2017, the Board of Directors appointed Mazars Italia S.p.A. as Head of the internal audit function upon proposal of the director responsible for the internal control and risk management system, after favourable opinion of the Internal Control, Risk and Related-Parties Committee, as well as after hearing the Board of Statutory Auditors, subject to the admission of the Company's Shares on the MTA-STAR market, vesting it with the powers briefly outlined below.

For the three-years period 2017-2019, Mazars Italia S.p.A. was assigned with the function of internal auditor, which entails (i) the appointment of Mr Stefano Gnocchi as Internal Auditor and (ii) the assistance in the implementation of the audit plan and the assistance to the Financial Reporting Officer.

Furthermore, the assistance to the Financial Reporting Officer entails: (i) the definition of the intervention schedule; (ii) the selection of a control sample to be tested for every company within the scope of the intervention, as well as the performance of programmed verification activities; (iii) the preparation of conclusive memoranda and their sharing with the Financial Reporting Officer; (iv) the preparation of action plans for the resolution of any non-conformity.

The Head of the internal audit function, responsible in particular for assessing the suitability and effectiveness of internal control and risk management system:

- (i) Shall verify, both on an ongoing basis and in relation to specific needs and in compliance with international standards, the operation and the adequacy of the system of internal control and risk management, through an audit plan,

approved by the Board of Directors, based on a structure analysis and prioritisation of key risks;

- (ii) Is not responsible for any operational area and is hierarchically dependent to the Board of Directors;
- (iii) has direct access to all the information he requires to execute his task;
- (iv) Shall draft periodic reports containing adequate information on its own activity and on the company's risk management process, as well as about the compliance with the management plans defined for risk mitigation. The periodic reports shall contain an overall adequacy assessment of the internal control and risk management system;
- (v) Shall draft promptly reports on significant events;
- (vi) Shall communicate the reports set forth in points (iv) and (v) to the Board of Statutory Auditors, the Internal Control, Risk and Related-parties Committee and the Board of Directors, as well as to the director responsible for the internal control and risk management risk system;
- (vii) Shall verify, as part of the audit plan, the reliability of information systems including accounting systems.

More specifically, the main activities carried out by the Internal Auditor are as follows:

- a) To periodically assess the internal control and risk management system;
- b) To prepare the audit plan on a three-years and annual basis; this entails the performance of the following activities: (i) verifications according to the schedule included in the audit plan; (ii) preparation of worksheets to support the activities carried out and the conclusions; (iii) verifications upon request of administrative and management bodies; (iv) supporting the Internal Auditor in its assessments.
- c) To verify the operation and consistency of the internal control and risk management system;
- d) To prepare periodic reports on activities carried out and on the results obtained, sharing them with corporate bodies; and
- e) To verify the reliability of IT and accounting systems.

Taking into account the nature of the activity carried out by the Internal Auditor, the Company did not see it necessary to assign to the aforementioned individual a predetermined spending ability, thus remunerating him as adviser.

Based on the Internal Audit Plan approved by the Board of Directors on 10 September 2018, audit activities for the period covering the analysis have been carried out and any criticalities have been identified, as well as the related corrective actions, consistently with the defined risk profiles and the corporate objectives.

The Internal Auditor, as at the date of this Report, completed and shared the following audits:

- Internal Dealing;
- Market Abuse;
- Insider List Register;

- Regulation 679/2016 (GDPR);
- Conformity of administrative/accounting process pursuant to Law no 262 of 2005 and risks related to business operative processes.

Periodic information flows have been produced, specific to the various organisational levels on the activities carried out and their results. At the end of the audit activity, the recommendations of the Internal Auditor were shared with the management, which proactively cooperated in order to schedule the corrective actions. The Internal Auditor kept monitoring the whole risk management system and the identified corrective actions. Consistent with the annual intervention plan, the Internal Auditor keeps performing the remaining auditing activities for the period covering the analysis. More specifically, the ongoing interventions regard the audit of the measures adopted by the Company concerning:

- Risks connected to the business growth and to profit forecasts/estimations or expected growth;
- Risks connected to the customer concentration and contract dependence;
- Risks connected to the execution of development strategies and future programmes;
- Risks connected to the implementation of reorganizational strategies;
- Changes in the national and international regulatory framework;
- Changes in the tax legislation
- Risks connected to the investment in start-ups, acquisitions and business development of Giglio Group abroad.

Consistent with the report of the Internal Auditor for Fiscal Year 2018, shared with the Board of Directors, the Internal Control, Risk and Related-Parties Committee and the Board of Statutory Auditors, and based on the assessments carried out as at the date of this Report, the internal control system is adequate.

Following the report of the Internal Auditor, the Company's Management adopted an action plan to address the following issues:

- Conclude the adaptation activities to the Privacy regulation set forth in EU Regulation 679/2016;
- Finalise the formalisation of internal procedures;
- Adapt the reporting administrative, accounting and management systems and the relative procedures consistent with the new application platform.

10.3 ORGANIZATION, MANAGEMENT AND CONTROL MODEL AS PER ITALIAN LEGISLATIVE DECREE 231/2001

The Board of Directors, in accordance with the methods and terms prescribed by Art. 2.2.3, par. 3, letter j) of the Borsa Regulation, on 19 May 2017, approved the "Organization, Management and Control Model" pursuant to Art. 6 of Legislative Decree no. 231/2001, as amended (hereinafter referred to as the "**Model**"). The Model was drafted in accordance with the guidelines set forth by Confindustria while complying with the relevant case law and best practices.

By adopting and efficiently implementing the Model, the Company shall be free from any administrative liability arising from crimes committed by top managers and by individuals supervised and managed by the same, taken place in the interest or for the benefit of the Company

The Model contains the mapping of corporate process with potential crime risk and provides for a series of rules of conduct, procedures and control activities, as well as a system of powers and proxies aimed at preventing the criminal activities described in Legislative Decree no. 231/2001 in the mapped processes. Furthermore, the Company adopted a disciplinary system applicable in the event of the violation of the Model.

For the purpose of assessing the suitability and efficacy of the Model, a Supervisory Body (hereinafter referred to as the "**Supervisory Body**") has been established and vested with the powers set forth in Art. 6, par. 1, letter b) of the Legislative Decree no. 231/2001. The Supervisory Body is composed of two external members, lawyer Mario Ippolito as representative of the consulting company Professional Governance Overview S.r.l. (PGO), and Mr Stefano Gnocchi, as representative of the consulting company Mazart Italia S.p.A., as well as by Mr Giorgio Mosci, independent director of the company, who were appointed in this office until the approval of the financial statement of 31 December 2018.

The Supervisory Body shall:

- (i) Survey the efficacy of the Model to ensure that behavioural patterns implemented inside the company comply with the provisions of the same;
- (ii) Verify the adequacy and effectiveness of the Model in preventing the criminal violations referred to in the Decree;
- (iii) Evaluate any proposal of update and/or revision of the Model before their adoption; use its best endeavours to make the Board of Directors to keep constantly updated the Model in order to adapt it to corporate and legislative changes;
- (iv) Carry out verification and spot checks provided for in the Model for all members of the Supervisory Board.

Furthermore, on a more operational level, the Supervisory Board shall:

- (a) Periodically verify the mapping of areas at risk annexed to the Model in order to propose to the Company to realise the necessary amendments upon its update;
- (b) Periodically verify, on the basis of an annual programme communicated to the Board of Directors, the effectiveness of the Model and the adequate application of its procedures and controls;
- (c) Based on this assessment process, prepare an annual report to be submitted to the Board of Directors highlighting the activities performed, the results of the assessments, any additional correction suggested and their development;
- (d) Coordinate with other functions (also with meetings held for the purpose) for the purpose of: (i) An exchange of information aimed at keeping updated the areas at risk of crimes; (ii) Constantly monitoring the risk profile of the activities performed by the Company and their evolution; (iii) monitoring the

various aspects regarding the implementation of the Model; (iv) making sure that the corrective actions necessary to make the Model effective and adequate are undertaken promptly; gathering, elaborating and storing all relevant information received with regard to the Model; (v) promoting initiative for the training of the Model's addressees and for its communication and dissemination.

The Supervisory board, within the limits of existing legislation, shall have free access to all relevant corporate documents, as well as the possibility to directly acquire data and information from responsible entities.

The Model was updated throughout the years in order to take note of the updates introduced by the legislator each time. More specifically, the last amendment took place on 14 November 2018, when the Board of Directors took note and approved some amendments to the Model aimed at:

- i. Updating the sections of the Model dedicated to the organizational structure, which underwent an important change after the listing of the Company on the STAR segment;
- ii. Introducing further offences in the context of the application of the Legislative Decree 231/2001; and
- iii. Adapt the Model to Law no. 179 of 30 November 2017 regarding whistleblowing.

The Model has been published on the Company's Website and communicated to the whole staff, third parties, clients, suppliers and partners, as provided for by the law.

Finally, always within the scope of implementing the Model, on 19 May 2017, the Board of Directors adopted Giglio Group's Code of Ethics. Indeed, as highlighted by Confindustria Guidelines, adopting ethical principles relevant to crime prevention is an essential element of the preventive control system. More specifically, Giglio Group's Code of Ethics identifies company values and states all the rights, duties and responsibilities of its addressees and provides for the application of sanctions, pursuant to the law and the National Labour Contract.

It is noted that, pursuant to Art. IA.2.10.2, par. 2, of Borsa Instructions, upon admission to the listing on Borsa Italiana's STAR segment, the Issuer duly attested the adoption by the Company of the Organization, Management and Control Model on 19 May 2017, pursuant to Art. 6 of the Legislative Decree no. 231/2001 and the composition of the Supervisory Board. The attestation is part of the document requested yearly by Borsa Italiana to companies listed on the STAR segment of the stock exchange aimed at maintaining said qualification.

During the Fiscal Year 2018, the Supervisory Board held 10 meetings. As at the date of this Report, the Board of Directors did not consider it necessary to grant the functions of the Supervisory board to the Board of Statutory Auditors.

10.4 INDEPENDENT AUDIT FIRM

On 1 December 2017, the Shareholders' Meeting, upon reasoned proposal of the Board of Statutory Auditors, entrusted the independent audit firm Ernst & Young S.p.A., with registered office in Via Po 32, Rome, with the office of performing the activity of legally auditing the financial statement's accounts, auditing the financial

statement, verifying the accounting records and all relevant fulfilments as provided by law for Fiscal Years 2017-2025.

More specifically, for the fiscal years comprised in the office, the following activities shall be undertaken:

- a) Audit the separate financial statements and the consolidated financial statements of Giglio Group S.p.A.;
- b) Check the accounting records and make sure that the management performance is properly recorded on the accounts;
- c) Check the consistency of the management report with the separate financial statements and the consolidated financial statements;
- d) Audit limitedly the condensed half-yearly financial statements pursuant to the international accounting standard applicable to the financial reporting process adopted by the EU (IAS 34);
- e) Premonitory activities to the subscription of tax returns;
- f) Audit the following subsidiaries: Giglio TV HK Limited, Giglio Shanghai, Ibox SA, Ibox S.r.l.

On 11 May 2018, the Shareholders' Meeting, based on the admission to negotiation of the ordinary shares of the Company on the MTA market, amended the nine-year validity period. Today, the office covers fiscal years 2018-2026 starting from the first trading day on the stock exchange market.

10.5 FINANCIAL REPORTING OFFICER

On 31 May 2017, the Board of Directors of the Company attested Ms Myriam Amato as Financial Reporting Officer pursuant to Art. 154-bis of the Consolidated Act.

Following the termination of the consultancy agreement with Ms Myriam Amato, on 3 September 2018, the Board of Directors appointed the charge of Financial reporting Officer with the favourable opinion of the Board of Statutory Directors, in the person of Director and General Manager Mr Massimo Mancini, in fulfilment of the requirements of professionalism as provided by Art. 26 of the By-laws and of the requirements of good standing set forth in Art. 148, par. 4 of the Consolidated Act.

On 3 September 2018, the Board of Directors provided the Financial Reporting Officer, Mr Massimo Mancini, with adequate means and powers to perform his office, without prejudice to the obligation to report to the Board of Directors and without prejudice to the monitoring of the latter on the conferral of said means and powers and on the effective respect of administrative and accounting procedures. Furthermore, the Board of Directors decided that the officer, already Director and General Manager of the Company, shall not receive any additional remuneration, also in consideration of the existing subordinate employment contract between him and the Company.

10.6 COORDINATION OF THE INDIVIDUALS INVOLVED IN THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM

As at the date of the Report, the Issuer has not yet assessed the adoption of specific coordination procedures between the individuals involved in the internal control and

risk management system, believing that its bodies and function are sufficiently and efficiently integrated between them and no duplications of tasks exist.

11. DIRECTORS' INTERESTS AND RELATED-PARTIES TRANSACTIONS

In compliance with the provisions of the Related-Parties Regulation and subsequent interpretative communications, (i) on 31 May 2017, the Board of Directors adopted an internal procedure aimed at setting out the rules and principles to be followed for the purpose of ensuring the transparency and substantive and procedural fairness of Giglio Group's transactions with its related parties, directly or through its direct/indirect subsidiaries and (ii) on 11 May 2018, constituted the Internal Control, Risk and Related-Parties Committee, currently composed of two independent directors (in the persons of Mr Giorgio Mosci and Ms Silvia Olivotto). As provided for by the Related-Parties Regulation, the internal procedure has been approved by the Board of Directors with the favourable opinion of the Independent Directors.

In compliance with what suggested by Consob Communication DEM/10078683 of 24 September 2010, the internal procedure shall be subject to annual reassessment and, finally, it has been object of verification by the Board of Directors on 27 September 2018. Following said verification, the Company is currently undergoing a thorough revision.

More specifically, the procedure provides that, in transactions with Related Parties, Directors who have an interest (including a potential or indirect interest) in transactions with related parties must promptly and fully inform the Board of the existence of the interest and the related circumstances, and shall leave the Board meeting room when the relative resolution is brought up for vote.

When the nature, amount or other characteristic of a transaction require it, the Board of Directors, in order to avoid entering into terms for a transaction which would differ from a similar agreement between two non-related parties, shall take care that the transaction is closed with the assistance of independent experts who can value the assets legally, technically and, financially.

The Procedure provides for, among other things:

- The definition and identification of intra-group transaction, of transactions with other related parties, of atypical and unusual transactions and of transactions to be concluded at standard conditions, pursuant to Consob applicable provisions;
- The stipulation of resolution principles regarding intra-group and related-parties transaction providing for, among other things, the reservation of exclusive responsibility to the Board of Directors for resolutions regarding quantitative limits for any proxy to one or more directors of the decision and implementation of the aforementioned transactions, to be reported to the Board in the first possible meeting;
- The provision that the Board shall adopt all relevant resolutions, after an examination and on the basis of adequate information concerning the nature of the transaction, regarding the manners in which the transaction will be executed, the prerequisites - also economic ones - for its implementation, the assessment process adopted, the justification of the transaction, the underlying interests and any risk to the Company;

- The provision of an information procedure for the quarterly collection of aggregated data related to intra-group and related-parties transactions;
- The provision of an information procedure, pursuant to Art. 150 of the Consolidated Act, for the quarterly communication to the Board of Statutory Auditors on behalf of the Board of Directors of intra-group and related-parties transactions.

Taking into account the limited number of situations in which a director has an interest on his own behalf or on behalf of third parties, and by reason of the proper functioning of the procedure for related-parties transactions, the Board of Directors did not see it fit to adopt further operational solutions for identifying and managing the situations in which a director has an interest on his own behalf or on behalf of third parties, which are analysed individually directly by the CEO.

The full text of the procedure for related-parties transactions is available on the Company's Website <http://www.giglio.org>, in the "Investor Relations" section.

12. APPOINTMENT OF THE BOARD OF STATUTORY AUDITORS

Pursuant to Art. 29 of the Company's By-laws, the Board of Statutory Auditors is composed of three statutory auditors and three substitutes, eligible for re-election. The composition of the Board of Statutory Auditors shall ensure gender equality in compliance with applicable legislative and regulatory provisions.

The statutory auditors, who may be re-elected, are selected from persons meeting the requirements established by applicable laws and regulations, including the professional standing requirements established by Ministry of Justice Decree No. 162 of March 30, 2000, whereby it is understood, in respect of Article 1, paragraph 2, letters b) and c), of that Decree, that the following are considered closely related to the company's activity: (i) subjects pertaining to commercial law, tax law, accounting, business economics, general and international economics, financial markets and corporate finance; and (ii) the sectors of the publishing industry and trade and communication generally.

The Board of Statutory Auditors are appointed, in accordance with the procedure illustrated in the following paragraphs, in compliance with applicable law and regulations on gender equality, based on slates presented by shareholders. Each slate is composed of two sections: one for the candidates for the office of Standing Auditor and the other for the candidates for the office of Substitute Auditor, in which the candidates are listed in progressive number.

The slates containing three or more candidates must contain candidates belonging to both genders, in order that the under-represented gender is represented by one third (rounded up to the nearest whole number) of the standing auditor candidates, as well as one third (rounded up to the nearest whole number) of the candidates for substitute auditor.

A number of shareholders representing, jointly or severally, at least 2.5% of the share capital represented by shares that entitle the holder to vote in the Meeting resolutions regarding the appointment of the Board of Directors and the Board of Statutory Auditors, or such other percentage that might be established by applicable rules and legislations in force each time, can present a slate of candidates. The call of the Meeting shall indicate the percentage required for the purpose of presenting a slate.

Shareholders cannot present or contribute to present, not even through a third party, more than one slate. Furthermore, those shareholders who: (i) belong to the same group (or, pursuant to Art. 93 of the Consolidated Act, are in a relationship of control with one another or are subject to joint control), or (ii) are party to a relevant shareholders' agreement, pursuant to Art. 22 of the Consolidated Act, regarding the shares of the Company, or (iii) are party to a shareholders' agreement and, as provided by the law, control, are controlled by or are subject to the joint control of one of the shareholders, cannot present or contribute to present more than one slate nor can they vote for different slates. Support for the filing of a slate and votes cast in violation of this prohibition shall not be attributed to any slate.

The slates, together with the curriculum vitae of the candidates containing extensive professional and personal details including the list of offices held in other companies, and signed by the shareholders that presented them, or their mandate, with information on their respective identity and the total shareholding at the presentation date must be filed at the registered office at least 25 days before the date of the Shareholders' Meeting in first or single call together with a declaration of the presenting shareholders, where they are different than those that hold, also jointly, a controlling shareholding or relative majority in the share capital (this latter as defined above in the present article), attesting to the absence of any relationship with these latter in accordance with current legislative and regulatory provisions. The relative certificate or communication confirming the above-mentioned shareholding and issued by the authorised intermediary in accordance with applicable legislative or regulatory provisions may also be made subsequently, provided at least 21 days before the date of the Shareholders' Meeting in first call.

Within the deadline for the submission of the slate, statements shall be filed whereby the single candidates accept their nomination and certify, under their own responsibility, the non-existence of any reasons for ineligibility and incompatibility, set out by the applicable law, as well as the existence of the independence requirements required by Art. 148, par. 3 of the Consolidated Act, as well as any requirements prescribed by the By-laws, law and regulations for the members of the Board of Statutory Auditors.

Where within twenty-five days prior to the date of the Shareholders' Meeting in first or single call, only one slate has been presented, or slates have been presented only by shareholders which are connected to each other in accordance with current legislative and regulatory provisions, further slates may be presented until the third day subsequent this date and the minimum shareholding for the presentation of slates indicated in the call notice will be reduced by half. Also in the case of this presentation, the relative certificate or communication confirming the necessary shareholding and issued by the authorised intermediary in accordance with applicable legislative or regulatory provisions may also be made subsequently provided within 21 days before the date of the Shareholders' Meeting in first call.

The slates and information presented must also be published in accordance with current regulatory provisions.

Each person entitled to vote may vote for one slate only. The statutory auditors shall be elected as follows:

- a) From the slate that has obtained the highest number of votes, based on the progressive order with which they are shown on the slate, two statutory

auditors and a substitute auditor are elected, subject to the applicable gender equality laws and regulations;

- b) From the slate that has obtained the second highest number of votes and that is not associated, even indirectly, with the shareholders who have presented or voted on the slate that obtained the highest number of votes, based on the progressive order with which they are shown on the slate, one statutory auditor, who is the Chairman of the Board of Statutory Auditors, and another substitute auditor are elected.

For the purpose of the appointment of auditors set forth in letter b), in the case of parity between slates, the candidate presented by the shareholder with the largest holding will prevail or, the largest number of shareholders.

Where a party connected with a shareholder which has presented or voted the slate which obtained the highest number of votes has voted for a minority slate the existence of this connected relationship is only significant where the vote contributed to the election of the statutory auditor to be taken from this minority slate.

Where only one slate is presented, all candidates on this slate are elected with the votes of those representing a majority of the share capital at the Shareholders' Meeting.

Where following the voting by slates or voting on the only slate presented the composition of the Board of Statutory Auditors, for the standing members, does not comply with the applicable gender equality laws and regulations, the standing auditor listed last on the slate which obtained the highest number of votes or the only slate belonging to the over-represented gender is excluded and replaced by the subsequent candidate, according to the progressive numbering by which candidates are elected, belonging to the other gender.

Where two or more slates have obtained the same highest number of votes, the Shareholders' Meeting votes by relative majority. The Chairman of the Board of Statutory Auditors shall be the first candidate of the section for standing auditor of the slate as per the aforementioned letter a).

Where only one slate is presented, the Shareholders' Meeting votes on this slate; where the slate obtains the majority required by law, three candidates shall be elected standing auditor as indicated by progressive order in the relative section and two candidates shall be elected substitute auditor as indicated by progressive order in the relative section; the Chairman of the Board of Statutory Auditors shall be the first candidate of the section for standing auditor in the slate presented.

Where no slate is presented, the Shareholders' Meeting appoints the Board of Statutory Auditors by relative majority of the share capital represented at the Shareholder' Meeting, which must however comply with legislative and regulatory provisions on gender equality.

On the replacement of a standing auditor, where more than one slate has been presented, the substitute auditor from the same slate shall be appointed, which must however comply with legislative and regulatory provisions on gender equality. In the replacement however of a standing auditor of the minority slate, the next candidate shall be appointed, according to the original presentation order and without taking into account the original standing or substitute auditor candidates, belonging to the

same slate of the auditor resigning, or where this is not possible, the first candidate of the minority slate which obtained the second highest number of votes is elected, which must comply however with legislative and regulatory provisions on gender equality. In all other cases, including the lack of candidates on the slate, the Shareholders' Meeting appoints the standing or alternative auditors in order to supplement the Board of Statutory Auditors by majority vote.

Where the Shareholders' Meeting is required to appoint standing and/or alternative auditors to supplement the Board of Statutory Auditors the following procedures apply: where auditors elected from the majority slate are to be replaced, the appointment is made with the favourable votes of a relative majority without being tied to a slate, which must however comply with legislative and regulatory provisions on gender equality; where instead auditors elected from the minority slate are to be replaced, the Shareholders' Meeting replaces them with the favourable votes of a relative majority, choosing where possible from among the candidates on the slate from which the auditor to be replaced was elected or, if not possible, from the minority slate which achieved the second highest number of votes, in both cases without taking into account the original candidate for the office of standing or alternative auditor, which must however comply with legislative and regulatory provisions on gender equality. In any case, shareholders who wish to propose a candidate must present in advance the same documentation relating to the candidate as that outlined above for the presentation of slates for the appointment of the entire Board of Statutory Auditors, if this refers to an update of that already presented in such an occasion.

Where the application of these procedures does not permit, for any reason, the replacement of the statutory auditors designated by the minority slate, the Shareholders' Meeting will vote with relative majority and as per legislative and regulatory provisions on gender equality, with prior presentation of candidates - together for each candidate with the same documentation outlined above in the case of the presentation of slates for the appointment of the entire Board of Statutory Auditors - by shareholders which hold, alone or together with other presenting shareholders, shares with voting rights equal to 2.5% of the share capital not permitting however the presentation by shareholders which hold, even jointly, a controlling shareholding or relative majority in the share capital or connected to these latter as per legislative and regulatory provisions. The results of this latter voting will not take account of votes by shareholders which are not permitted the presentation of candidates. The Chairman of the Board of Statutory Auditors shall be the minority statutory auditor so appointed. Where no candidates are presented as illustrated above, the Shareholders' Meeting votes by relative majority, in accordance with applicable legislation and regulations on gender equality. The above regulations are subject to any further amendments to the law and regulations.

Where the Chairman of the Board of Statutory Auditors is replaced, the replacement standing auditor also assumes the office of the Chairman of the Board of Statutory Auditors.

Statutory auditors must have the requisites of good standing, professionalism and independence required by law and the applicable regulations. The Shareholders' Meeting determines the remuneration of the statutory auditors, in addition to the reimbursement of expenses incurred for the office held.

13. COMPOSITION AND OPERATING PROCEDURES OF THE BOARD OF STATUTORY AUDITORS (PURSUANT TO ART. 123-BIS, PAR. 2, LETTER D) AND D-BIS) OF THE CONSOLIDATED ACT)

On 11 May 2018, the Shareholders' Meeting appointed the Board of Statutory Auditors of the Company, who shall expire upon approval of the 2020 Annual Report.

The members of the Board of Statutory Auditors have been elected on the basis of two slates: a) 2 statutory auditors and 1 substitute have been elected from slate number 1), presented by shareholder Meridiana Holding S.r.l., while b) 1 statutory auditor and 1 substitute have been elected by slate number 2), presented by shareholder Docomo Digital Italy S.p.A.

Slate number 1) was composed of the following candidates:

- Monica Mannino, born in Palermo on 18 October 1969, statutory auditor;
- Marco Andrea Centore, born in Casorate Primo (PV) on 28 June 1982, statutory auditor;
- Corrado Luigi Totucci, born in Milan on 20 June 1965, statutory auditor;
- Gianfranco Bertolini, born in Genoa on 27 February 1961, substitute auditor.

Slate number 2) was composed of the following candidates:

- Cristian Tundo, born in San Pietro Vernotico (BR) on 25 October 1972, statutory auditor;
- Stefano Mattioli, born in Parma on 6 May 1967, substitute auditor.

As communicated in the press release of the Issuer published on 25 April 2018, Mr Gianfranco Bertolini, the candidate for the office of substitute auditor, announced his unavailability to accept the potential appointment for other professional commitments, thus withdrawing his candidacy. Meridiana Holding thus communicated to the Company its willingness to propose in the voting of the Meeting the substitute auditor Ms Cristina Quarleri, born in Voghera on 24 August 1965, who confirmed her availability.

The candidates of slate number 1) were elected with the favourable vote of 8,820,302.00 shares of Meridiana Holding S.r.l. and the candidates of slate number 2) were elected with the favourable vote of 1,588,948.00 shares of Docomo Digital Italy S.p.A. With regard to the slates, no votes against were expressed. The capital attending the Meeting and with a right to vote was 64.89% of the whole share capital.

As at the date of this Report, the Board of Statutory Auditors is composed as follows:

Name and Surname	Office	In Office Since	Participation to the Board's Meetings
Cristian Tundo	Chairman of the Board of Statutory Auditors	11 May 2018	100%
Monica Mannino	Statutory Auditor	11 May 2018	100%
Marco Andrea Centore	Statutory Auditor	11 May 2018	85%
Cristina Quarleri	Substitute Auditor	11 May 2018	0%

A third of the Board of Statutory Auditors is composed of the less-represented gender. Below, a brief summary of the personal and professional characteristics of each auditor pursuant to Art. 144-*decies* of the Issuers' Regulation.

Cristian Tundo. After graduating in Economics and Business Studies in 1998 from Parma University, since 2003, Christian has worked as a chartered accountant and auditor as an associate of AGFM, a studio of associated chartered accountants with offices in Parma and Milan. He has developed specific skills in the handling of administrative and corporate issues in listed groups. He works as a business, fiscal and corporate consultant for medium to large industrial and commercial companies, and has particular experience in the management of fiscal issues in firms using IAS-IFRS standards and groups with considerable dealings overseas. He also acts as a statutory auditor in several medium to large industrial firms.

Monica Mannino. Born in Palermo, Monica now lives in Milan, where she is a partner at Bignami Associati. She graduated with a first-class degree in Business Management from Bocconi University in Milan in 1994. She works in business, corporate and tax consultancy for Italian and international joint stock companies, with a particular focus on: corporate governance, drafting of financial statements and consolidated financial statements, Italian and international tax issues, appraisals and technical consultancy. In 2016, she took the ASSOGESTIONI Induction course for independent administrators and auditors for listed companies. She obtained a Masters diploma in Corporate Governance at Sole 24 Ore, a Masters in Fiscal Offences and a postgraduate diploma in Corporate Governance. She is a Statutory Auditor and, since 2004, a Technical Consultant to the Public Prosecutor's Office in Milan, where she has completed numerous appointments. She is a member of the Governance Committee for listed companies and the Equal Opportunities Committee of the Order of Chartered Accountants of Milan. From 1996 to the present, she has taken the role of Chair or acting member of the Board of Auditors of listed and non-listed firms, operating in various sectors, both Italian-owned and belonging to foreign multinationals.

Marco Centore. Since 2013 Marco has been listed in the Register of Chartered Accountants and the Register of Statutory Auditors. A partner at Studio Centore Commercialisti & Avvocati, he is a business consultant with a particular focus on extraordinary operations and crisis management. He is part of the working Committee "OCC, Business Crisis and Judicial Activities" of the Order of Chartered Accountants of Genoa. He also has solid experience in finance and taxation, specifically in the management of tax litigation. He acts as standing auditor in commercial and industrial companies active in various sectors.

Cristina Quarleri. After graduating in Economics and Trade in 1989 from Bocconi University of Milan, she became Public Accountant on 1994 and Auditor in 1995. She is a partner of KPMG s.p.a. from 2001, where she matured experience with national and international clients; she is a member of the coordinators of Assirevi's Commission for the Relations with Professional Bodies; and she was a member of the Order of Public Accountants and Auditors of Milan from 2008 to 2016, as well as auditor of the Association.

Stefano Mattioli. After graduating in Economics and Trade in 1991 from the Università degli Studi of Parma, he became Public Accountant in 1994 and Auditor in 1999. From 1999, he is partner and founder of Studio Alinovi, Guiotto Ferrari e Mattioli. His main area of expertise is administrative, fiscal and tax consultancy for industrial companies of medium to large sizes. He matured experience in the Board of Statutory Auditors of AGCO Italia S.p.A. (Chairman), Cabot Nori Italia S.p.A., Emilcap S.r.l. and N.S.M. S.p.A.

In the light of the appointment meeting's resolution of 11 May 2018, which appointed the new Board of Statutory Auditors in replacement of the previous one, whose mandate terminated with the approval of the financial statement of 31 December 2017, during the Fiscal Year, Mr Gianfranco Pallaria and Mr Vittorio Bonanni stepped down from the office of substitute auditors of the Company due to the natural expiry of their mandate.

As at the date of the end of the Fiscal Year, the composition of the Board of Statutory Auditors of the Company has not changed.

With regards to the gender equality policy pursuant to Art. 123-bis, par. 2, letter d-bis) of the Consolidated Act, it is noted that, on 5 March 2019, the Company's Board of Statutory Auditors resolved not to approve the adoption of said gender equality policy, as the renewal of corporate bodies was not necessary during the Fiscal Year.

The following table shows administrative and management office held by the members of the Company's Board of Statutory Auditors on 31 December 2018, both in listed and non-listed companies (for more information, see Table 3 appended to this Report):

1. Cristian Tundo

Company	Tax ID Number	Office
APELL S.P.A.	00335560694	Substitute Auditor
EVERIS ITALIA S.P.A.	05858381006	Auditor
GIGLIO GROUP S.P.A.	07396371002	Chairman of the Board of Statutory Auditors
F.LLI GALLONI - S.P.A.	00145840344	Substitute Auditor
F.LLI GUAZZI S.P.A.	00217890342	Chairman of the Board of Statutory Auditors
CHR HANSEN ITALIA S.P.A.	08600611001	Auditor
"SMEG SERVIZI - S.P.A.	01362610352	Substitute Auditor
"SMEG S.P.A."	07947760158	Substitute Auditor
MARCO ANTONETTO - STABIL. CHIMICO - FARMACEUTICI S.P.A O BREVEMENTE MARCO ANTONETTO S.P.A	00525530010	Substitute Auditor
AGCO ITALIA S.P.A.	02105131201	Auditor
BONFERRARO - S.P.A.	01402930356	Substitute Auditor

2. Marco Andrea Centore

Company	Tax ID Number	Office
CAMELTECH S.P.A.	01681580062	Auditor
TIMOSSI COMMERCIALE S.P.A.	00263520108	Auditor
C.A.I. CREAZIONI AMBIENTALI INNOVATIVE S.P.A.	01199030105	Auditor
FUTURA S.N.C. DI PIANO AGOSTINO E CIURCINA VITTORIO	03411800109	Insolvency Officer
"SIX ITALIA - SOCIETA' PER AZIONI"	01778430155	Auditor
LA LANTANA SOCIETA' SEMPLICE	94026120108	Socio
"TRATTORIA DA LUIGI" DI PODESTA' CARLA	PDSCLL62M56C621F	Insolvency Officer
FIRMA S.R.L.	01335610992	Liquidator
OMNI MARE S.R.L.	04627810965	Insolvency Officer
IMMOBILIARE AEDIFICO 2005 S.R.L.	01558660997	Advisor
EXACTO SOCIETA' PER AZIONI	01843300995	Substitute Auditor
CONTRACT 2011 SRL	02064200997	Sole Administrator
IMMOBILIARE TERRA DI LEVANTE S.R.L.	02076140991	Advisor
TREE SOCIETA' A RESPONSABILITA' LIMITATA IN LIQUIDAZIONE	02140780996	Insolvency Officer
TIMOSSI INVESTIMENTI SOCIETA' PER AZIONI	10908800153	Auditor
GIGLIO GROUP S.P.A.	07396371002	Auditor
LA VALLETTA SOCIETA' SEMPLICE	00587280181	Managing Partner
S.T.C. - CENTRO SERVIZI SOCIETA' DI CONSULENZA E REVISIONE S.R.L. O PER BREVITA' S.T.C. DI REVISIONE A.R.L.	00823620182	Advisor
RECONTA - REVISIONI ED ELABORAZIONI CONTABILI S.A.S. DI DOTT. SALVATORE MARIA CENTORE E C.O PER BREVITA' "RECONTA S.A.S."	01357360187	Limited Partner
AZIENDE DOLCIARIE RIUNITE SOCIETA' PER AZIONI PER BREVITA' A.D.R. - S.P.A.	00628470098	Auditor
ITALSPED S.R.L. - IN LIQUIDAZIONE	00157410309	Liquidator

3. Monica Mannino

Company	Tax ID Number	Office
ERAMET ALLOYS ITALIA S.R.L.	01535470387	Chairwoman of the Board of Statutory Auditors
VITTORIA ASSICURAZIONI SPA	01329510158	Substitute Auditor

ISTITUTO STOMATOLOGICO ITALIANO SOCIETA' COOPERATIVA SOCIALE - ONLUS	01315930154	Chairwoman of the Board of Statutory Auditors
GENEA S.R.L.	11108650158	Advisor
VITA SOCIETA' EDITORIALE S.P.A. IN BREVE VITA S.P.A. IN LIQUIDAZIONE	11273390150	Substitute Auditor
CRISSCROSS COMMUNICATIONS (ITALY) S.R.L.	12884300158	Substitute Auditor
CASTA DIVA GROUP S.P.A.	13085870155	Chairwoman of the Board of Statutory Auditors
MILANO RISTORAZIONE S.P.A.	13226890153	Auditor
WILLIS ITALIA S.P.A.	03902220486	Substitute Auditor
IL SOLE 24 ORE - TRADING NETWORK S.P.A.	08636570965	Auditor
GIGLIO GROUP S.P.A.	07396371002	Auditor
BUSINESS SCHOOL24 S.P.A.	09957980965	Chairwoman of the Board of Statutory Auditors
CONNECT S.P.A.	10368360961	Auditor
TINEXTA S.P.A.	10654631000	Auditor
DIASORIN S.P.A.	13144290155	Chairwoman of the Board of Statutory Auditors

4. Stefano Mattioli

Company	Tax ID Number	Office
GIGLIO GROUP S.P.A.	07396371002	Substitute Auditor
N.S.M. - S.P.A.	0311120042	Auditor
DOCOMO DIGITAL ITALY S.P.A.	02699820045	Substitute Auditor
EVERIS ITALIA S.P.A.	05858381006	Substitute Auditor
LADYBIRD HOUSE SRL	03025740360	External Auditor
CONSORZIO AGRARIO DI PARMA - SOCIETA' COOPERATIVA A RESPONSABILITA' LIMITATA	00163810344	Chairman of the Board of Statutory Auditors
OVERMACH GROUP S.P.A.	00332190347	Substitute Auditor
S.T.B. SOLUZIONI TECNOLOGICHE BANCARIE - SOCIETA' A RESPONSABILITA' LIMITATA O IN FORMA ABBREVIATA S.T.B. S.R.L.	01825560343	Advisor
BORGO FELINO SERVIZI S.R.L.	02193700347	Advisor
OMIGRADE S.R.L.	02507680342	Advisor

EMILCAP SOCIETA' CONSORTILE A.R.L.	01287820334	Auditor
OMIGRADE SERVIZI S.R.L.	02981090158	Advisor
AGFM INVESTMENTS S.R.L.	02828820346	Advisor
CABOT NORIT ITALIA S.P.A.	00889900155	Chairman of the Board of Statutory Auditors
MARCO ANTONETTO - STABIL. CHIMICO - FARMACEUTICI S.P.A. O BREVEMENTE MARCO ANTONETTO S.P.A.	00525530010	Substitute Auditor

5. Cristina Quarleri

Company	Tax ID Number	Office
GIGLIO GROUP S.P.A.	07396371002	Substitute Auditor
KPMG S.P.A.	00709600159	Executive Officer
HEWLETT-PACKARD ITALIANA S.R.L.	00734930159	Auditor
KPMG AUDIT S.P.A.	02975660156	Executive Officer
ENTREPRISE SERVICES ITALIA S.R.L.	00282140029	Auditor

As to questions on Board of Statutory Auditors composition, non eligibility and the limits of the accumulation of administration and control appointments which may be covered by the components of the Board of Statutory Auditors, the current dispositions of law and regulation find full application.

During the Fiscal Year, 13 meetings of the Board of Statutory Auditors were held, of about 180 minutes each. For the current Fiscal Year, a number of no less than 10 meetings is provided, 3 of which already took place on 10 January 2019, 23 January 2019 and 4 February 2019. As far as the participation of each Auditor is concerned, see the table inserted at the end of this Report.

Upon appointment, the members of the Board of Statutory Auditors declared, on their own responsibility, to possess the independence requirements provided for by applicable laws and regulations.

The Board of Statutory Auditors verified both in the first meeting possible after the appointment of the Board and during the Fiscal Year that the independence requirement was still met by both independent directors in office, in accordance the provisions set forth in the Corporate Governance Code, notifying the Board of Directors of such verification.

The Board of Statutory Auditors monitored the independence of the Independent Auditors, verifying both compliance with the legislative provisions in this regard and the nature and extent of the various statutory auditing services provided to the Issuer and its subsidiaries by the auditing company and by the entities in its network.

For the purpose of maintaining an adequate knowledge of the activity sector in which the Company operates, Auditors shall receive periodically and whenever

appropriate, information and updates of the sector in which the Issuer operates, pursuant the principles of good economic governance and the applicable laws, also through materials provided for by the Company. The Chairman of the Board of Directors, also through the internal functions of the Company, shall make sure that the auditors can participate in initiatives aimed at providing them an adequate knowledge of the sector of the Company's activity, of the dynamics of the Company and of their evolution, as well as of the reference legal and self-regulated framework.

The remuneration of Auditors is commensurate to the commitment demand of them, to the relevance of the office held and also to the sectoral and dimensional characteristics of the company.

Pursuant to point 8.C.4 of the Corporate Governance Code, the auditor who has an interest on his own behalf or on behalf of third parties in a specific transaction of the Issuer, must promptly and fully inform the other auditors and the Board of Directors regarding the nature, terms, origin and extent of said interest.

The Board of Statutory Auditors, in the performance of its activities, liaised with the Internal Control, Risk and Related-Parties Committee, the Supervisory Body and with the internal audit function.

14. INVESTOR RELATIONS

A specific corporate function called "Investor Relations" has been set up by the Issuer on its Website, making it easily identifiable and accessible, where all significant information regarding the Issuer for its Shareholders, so as to allow shareholders to exercise their rights in an informed manner.

Following Mr Carlo Frigato's resignation, the General Manager, Mr Massimo Mancini, was identified as individual responsible for managing the relations with shareholders (hereinafter referred to as the "Investor Relator").

In light of the organizational structure of the Issuer, it was decided not to proceed with the constitution of a dedicated company unit in charge of managing relations with Shareholders.

15. SHAREHOLDERS' MEETINGS (PURSUANT TO ART. 123-BIS, PAR. 2 LETTER C) OF THE CONSOLIDATED ACT)

Regarding the intervention of Shareholders in the Meeting, Art. 12 of the Issuer's By-laws provides the following: *"Participation in the Shareholders' Meeting is open to those with the right to vote who have obtained certification of their standing from an authorised intermediary and notified the Company thereof in accordance with applicable legislation. Those with voting rights may be represented by a proxy appointed in writing or by means of an electronic document signed in compliance with the applicable regulation. The Company may also be given notice of proxy authorisation by electronic channels, through the use of one of the following methods indicated from time to time in the call notice: (a) forwarding of the proxy authorisation to the e-mail address –possibly a certified e-mail address, where required by applicable legislation –indicated in the notice of the meeting; (b) the use of the specific section of the Company's website indicate in the notice of the meeting. The notice of the meeting may also indicate, in accordance with applicable legislation, additional methods of electronic notification of proxy authorisation that may be used for the specific shareholders' meeting to which the*

notice of meeting refers. The Chairman of the Shareholders' Meeting has the power to ascertain that proxy authorisation is valid and that those present have the right to participate in the meeting".

To facilitate participation in the Meeting and the exercise of vote by Shareholders, the By-laws provide that the Meeting can be held by video, audio or teleconference, as indicated in each notice of the meeting.

Shareholders' Meeting are regulated by specific regulation, approved with a resolution of the Ordinary Shareholders' Meeting of the Company and made available on the Website of the Company <http://www.giglio.org>, in the "Corporate Governance – Shareholders' Meeting" section.

The Ordinary Meeting is called by the Board of Directors, at least once a year and within 120 days of the end of the Fiscal Year or within 180 days depending on legal requirements. The Meeting is also called, in a single call, ordinarily or extraordinarily, by the administrative body - whenever it deems it appropriate and in the circumstances specified by applicable laws and regulations - or by at least two members of the Board of Statutory Auditors pursuant to the applicable law.

The Meetings must be called with a notice containing the date, time and place of the Meeting and the agenda, as well as other information required by applicable laws and regulations. The notice announcing the Shareholders' Meeting must be published, within the time limits and methods established by law, on the Website of the Company as well as in the other manners provided for by applicable laws and legislation currently in force. The notice may indicate also the eventual dates of the following Meetings.

Shareholders who, alone or together, represent at least one fortieth of the share capital may request to supplement the list of items on the agenda, indicating the issues proposed, as well as presenting resolution proposals on the items of the agenda, within the limits and manners provided by law. Any person who has the right to vote may individually present resolution proposals to the Meeting. The request to supplement the list of items on the agenda not permitted for matters on which the Shareholders' Meeting will vote, in accordance with law, on proposals of the Directors or concerning projects or reports other than those prepared.

Any person who has the right to vote may submit questions upon the matters on the agenda, even before the Shareholders' Meeting, although within the terms provided for in the call notice by certified e-mail, using the e-mail address provided in the call notice. The Company is not obliged to answer if the relevant information are available on its Website in a "Q&A" format, or every time that the confidentiality and interests of the Company must be protected.

Each member's right to address the meeting on the agenda items is guaranteed by the coordination of the interventions and the meetings' works performed by the Chairman of the Meeting. The Meeting regulation incorporates specific provisions aimed at regulating in detail the discussion during the Meeting.

During the Meeting, the Board of Directors reported on planned and undertaken activities and did its best to ensure that the Shareholders received adequate information to allow them to take informed decisions at the Shareholders' Meeting. During the Fiscal Year, 4 Directors spoke in the Meeting of 11 May 2018 and 5 Directors spoke in the Meeting of 29 October 2018.

During the Year, there were no significant changes in the composition of the Issuer's corporate structure, hence the Board of Director did not find it necessary to consider a proposal to the Shareholders' Meeting for changes to the By-Laws relating to the use of shares and the measures designed to protect minorities.

16. OTHER CORPORATE GOVERNANCE PRACTICES (PURSUANT TO ART. 123-BIS, PAR. 2, LETTER A) OF THE CONSOLIDATED ACT)

The Issuer did not find it necessary to apply further corporate governance practices other than the ones already described in the previous points and included in specific obligations provided by applicable laws and/or regulations.

17. CHANGES AFTER THE REPORTING DATE

Other than the aforementioned, no changes in the corporate governance structure of the Company occurred after the end of the Fiscal Year.

18. CONSIDERATIONS ON THE LETTER OF 21 DECEMBER 2018 OF THE CHAIRMAN OF THE CORPORATE GOVERNANCE COMMITTEE

The recommendations included in the letter sent on 21 December 2018 by the Chairman of the Corporate Governance Committee were brought to the attention of the Board of Directors and of the Board of Statutory Auditors on 11 March 2019, as well as, in respect of its respective competence, of the Internal Control, Risk and Related-Parties Committee and of the Appointments and Remuneration Committee.

As concerned the first area of improvement identified by the aforementioned letter and its related pre-meeting information, the Board of Directors noted that the transmission of documents and information necessary for discussing the items in the agenda of the meetings is not always made sufficiently in advance of the planned date (also taking into account the eventual urgency of some subjects). Hence, in meeting of the Board of Directors a better timeliness and systematic approach in the issue of pre-meeting information has been requested.

As concerned the second area of improvement identified by the aforementioned letter, it is noted that the Board of Directors and the Board of Statutory Auditors assess the existence of independence requirements of its independent directors at the first opportunity following their appointment and, subsequently, assess the persistence of such requirements at least once a year. To this regard, it is noted that for the purpose of the independence assessment, the Company did not misapply any of the criteria set forth in the Corporate Governance Code.

As concerned the third area of improvement identified by the aforementioned letter, regarding the board review process, it is noted that the Company appointed Mazars Italia S.p.A. to support the Board of Directors and the Board of Statutory Auditors in the self-assessment activity. At the end of the activity, Mazars Italia S.p.A. produced a report on tests and activities carried out, exhibiting the results thus obtained.

As concerned the fourth and last recommendation included in the letter, regarding the opportunity to grant further influence to the long-term variable components in the remuneration policy, the Company believes to already grant significant influence to the long-term variable components. More specifically, the coherence with the achievement of the medium/long-term interests of the Issuer is also guaranteed by the medium/long-term incentive plan and by the stock option plan.

SUMMARY TABLES

**TABLE 1: INFORMATION ON OWNERSHIP STRUCTURE
STRUCTURE OF SHARE CAPITAL**

	Number of Shares	% of share capital	Listed (markets) / Non-listed	Rights and Obligations
Ordinary Shares	16,040,250	100%	Listed (MTA)	From Civil Code and Regulations
Shares with Limited Voting Rights	-	-	-	-
Shares Without Voting Rights	-	-	-	-

MAJOR SHAREHOLDERS

Declarant	Direct Shareholder	% of Shares Issued	% of Voting Share Capital
Alessandro Giglio	Meridiana Holding S.r.l.	55.671	55.671
NIPPON TELEGRAPH AND TELEPHONE CORPORATION	Docomo Digital Italy S.p.A.	9.906%	9.906%

TABLE 2: STRUCTURE OD BOARD OF DIRECTORS AND COMMITTEES

BOARD OF DIRECTORS													INTERNAL CONTROL, RISK AND RELATED-PARTIES COMMITTEE		APPOINTMENTS AND REMUNERATION COMMITTEE			
Office	Members	Date of Birth	Term: From	Term: To	Date of First Appointment	State (M/m)*	Executive	Non-executive	Independent as per Code	Independent as per Consolidated Act	** (%)	Number of Other Positions Held ***	****	**	****	**		
Chairman and Chief Executive Officer	Alessandro Giglio	1965	Ord. Meet. of 11 May 2018	Approval 2020 Annual Financial Statement	13 February 2012	M	x				100%	8						
Vice-Chairman	Massimo Mancini	1973			09 October 2017	M	x					100%	5					
Director	Anna Maria Lezzi	1961			30 July 2008	M	x					100%	1					
Director	Yue Zhao	1982			14 April 2009	M		x				66%	1					
Director	Giorgio Mosci	1958			22 April 2015	M		x	x	x	x	100%	10	x	100%	x	100%	
Director	Graziella Capellini	1962		25 January 2019	09 October 2017	M		x	x	x	100%	-	x	100%	x	100%		
OUTGOING DIRECTORS DURING THE FISCAL YEAR																		
Director	Carlo Frigato	1962	Ord. Meet. of 11 May 2018	21 December 2018	06 June 2017	m					91%		X	100%	X	86%		
													Until 3 September 2018		Until 3 September 2018			
		Quorum needed to present a slate of candidates at the last appointment: 2.5%																
		Number of meetings that took place during the fiscal year							BOD: 12			ICRRPC: 6		ARC: 6				
		NOTES																
		• This symbol shows the Manager responsible for the internal control and risk management system.																

	<p>◊ This symbol shows the main responsible for the management of the Issuer (CEO)</p> <p>○ This symbol shows the Lead Independent Director (LID)</p> <p>* The M/m in this column depends on whether the Board member was appointed from a slate voted by a majority (M) or a minority (m).</p> <p>** This column reports the attendance rate for the directors at the BoD and Committee meetings, respectively (number of times present / number of meetings held during the actual term of office of the person concerned).</p> <p>*** This column reports the number of positions held by the person concerned as director or statutory auditor in other companies listed on regulated markets, including foreign markets, as well as in financial companies, banks, insurance companies, or other large companies.</p> <p>**** This column indicates with an "x" the belonging of the director within the Committee.</p>
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TABLE 3: STRUCTURE OF THE BOARD OF STATUTORY AUDITORS

BOARD OF STATUTORY AUDITORS									
Office	Members	Date of Birth	Term: From	Term: To	Date of First Appointment	Slate (M/m)*	Independence as per Code	** (%)	Number of Other Positions Held***
Chairman	Cristian Tundo	1972	Ord. Meet. of 11 May 2018	Approval 2020 Annual Financial Statement	22 April 2015	m	x	100%	4
Statutory Auditor	Monica Mannino	1969			09 October 2017	M	x	100%	9
Statutory Auditor	Marco Andrea Centore	1982			09 October 2017	M	x	85%	21
Substitute Auditor	Cristina Quarleri	1965			11 May 2018	M	x	N/A	4
Substitute Auditor	Stefano Mattioli	1967			11 May 2018	m	x	N/A	10
OUTGOING AUDITORS DURING THE FISCAL YEAR									
Substitute Auditor	Gianfranco Pallaria	1975	Ordinary Shareholders' Meeting 22 April 2015	Financial Statement Approval 31 December 2017	22 April 2015	N/A	x	N/A	--
Substitute Auditor	Vittorio Bonanni	1974	Ordinary Shareholders' Meeting 22 April 2015	Financial Statement Approval 31 December 2017	22 April 2015	N/A	x	N/A	--
		Quorum needed to present a slate of candidates at the last appointment: 2.5%							
		Number of meetings that took place during the fiscal year: 13							
		NOTES * The M/m in this column depends on whether the Board member was appointed from a slate voted by a majority (M) or a minority (m). ** This column reports the attendance rate for the auditors at the Board of Statutory Auditors meetings (number of times present / number of meetings held during the actual term of office of the person concerned). *** This column reports the number of positions held by the person concerned as director or statutory auditor pursuant to Art. 148-bis of the Consolidated Act.							