

**TINEXTA S.p.A.**



**REPORT ON CORPORATE GOVERNANCE AND OWNERSHIP STRUCTURE**

drafted pursuant to Art. 123-*bis* of Legislative Decree No. 58 of 24 February 1998 relating to the 2018  
financial year

Approved by the Board of Directors on 12 March 2019.

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Please note that this English translation is provided as a courtesy to non-Italian speakers.  
The Italian version is considered the only valid version for legal purposes.

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## GLOSSARY

In this Report, except in cases where the context gives a different meaning, the following terms and expressions, where distinguished by an initial capital, will have the meaning given below:

<b>Code/Code of Self-Regulation</b>	The Code of Self-Regulation for listed companies approved in July 2018, as subsequently amended and supplemented, by the Corporate Governance Committee and promoted by Borsa Italiana S.p.A., ABI, Ania, Assogestioni, Assonime and Confindustria.
<b>Board/Board of Directors</b>	The Board of Directors of Tinexta S.p.A.
<b>Board of Statutory Auditors:</b>	The Board of Statutory Auditors of Tinexta S.p.A.
<b>Year</b>	The financial year to which the Report refers, ended on 31 December 2018.
<b>Tinexta Group</b>	The Tinexta Group is one of the leading operators in Italy in three business areas: Digital Trust, Credit Information & Management and Innovation & Marketing Services. The Digital Trust Business Unit provides, through the companies InfoCert, Visura, Sixtema and the Spanish company Camerfirma, products and services for digitalisation, electronic invoicing, certified e-mail and digital signatures as well as services for professionals, associations and SMEs. In the Credit Information & Management Business Unit, Innolva provides services to support decision-making processes such as company and real estate information, aggregated reports, summary ratings, decision models, credit checks and collection, and RE Valuta provides real estate services, including surveys and evaluations. In addition to Warrant Hub, the Innovation & Marketing Services Business Unit includes Co.Mark, a company that provides

	Temporary Export Management consultancy services for SMEs to support them in their commercial expansion.
<b>Stock Exchange Regulatory Instructions</b>	The Regulations for Markets organised and managed by Borsa Italiana S.p.A.
<b>Market Abuse Regulation - MAR</b>	Regulation (EU) No 596/2014, as subsequently amended.
<b>MTA</b>	Electronic Stock Market (Mercato Telematico Azionario) organised and managed by Borsa Italiana S.p.A.
<b>Consob Issuers' Regulations</b>	The Regulations issued by Consob with Resolution No. 11971 of 1999 concerning issuers, as subsequently amended.
<b>Consob Market Regulations</b>	The Regulations issued by Consob with Resolution No. 16191 of 2007 (as subsequently amended) concerning markets
<b>Consob Related Party Transaction Regulations or RPT Regulations</b>	The Regulations issued by Consob with Resolution No. 17221 of 12 March 2010 concerning related party transactions, as subsequently amended.
<b>Report</b>	The report on corporate governance and ownership structure that the Company is required to prepare pursuant to Article 123- <i>bis</i> of the TUF and in compliance with the Code of Self-Regulation.
<b>Remuneration Report</b>	The report drafted pursuant to Art. 123- <i>ter</i> of the TUF.
<b>Website</b>	The Company's website, <a href="http://www.tinexta.com">www.tinexta.com</a>
<b>Company or Issuer</b>	Tinexta S.p.A. (name thus amended - previously Tecnoinvestimenti S.p.A. - by resolution of the

	Shareholders' Meeting of 7 November 2018).
<b>Articles of Association</b>	The articles of association of Tinexta S.p.A., published on the Company's Website.
<b>Consolidated Finance Act/TUF</b>	Legislative Decree No. 58 of 24 February 1998.

## 1. ISSUER'S PROFILE

Tinexta is a company with Shares listed on the Electronic Stock Market (Mercato Telematico Azionario) organised and managed by Borsa Italiana S.p.A., STAR segment, as of 30 August 2016. At the date of this Report, the Company falls within the definition of an SME pursuant to Article 1, paragraph 1, letter *w-quater* 1) of the TUF and Article 2-*ter* of the Consob Issuers' Regulations.

Tinexta is active in the acquisition and management of shares in companies operating in the development of IT services and, in general, in the development of innovative services for businesses and public administrations.

According to the Articles of Association, Tinexta is organised according to the traditional organisational management and control model set out in Articles 2380-*bis et seq.* of the Italian Civil Code, with a Board of Shareholders, Board of Directors and Board of Statutory Auditors.

Tinexta's corporate governance system is constructed in accordance with the Code of Self-Regulation and the regulatory provisions governing Italian listed companies, according to the best practices of corporate governance, and is focused on the transparency of managerial decisions both within the Company and in relation to the market; on the efficiency and efficacy of the internal control system; on the rigorous regulation of potential conflicts of interest and on solid principles of conduct for carrying out related-party transactions.

The Company's Board of Directors plays a central role in guiding and managing the Company. Within the Board of Directors, a Remuneration Committee and a Control and Risk Committee have been established, the latter also part of the Committee for Related Party Transactions, both with consulting and advisory functions in compliance with the recommendations of the Code of Self-Regulation, to which the Company has decided to adhere by resolution passed by the Board of Directors at the meeting of 17 May 2016.

The Board of Statutory Auditors monitors compliance with the law and the Articles of Association and compliance with the principles of correct administration and, in particular, the adequacy of the organisational, administrative and accounting structure adopted by the Company and its functioning.

The Board of Statutory Auditors also acts as the Internal Control and Audit Committee pursuant to Art. 19 of Legislative Decree No. 39/2010, as amended by Decree Law No. 135 of 17 July 2016, which came into force on 5 August 2016.

The statutory audit of the accounts for the nine-year period 2016-2024 is entrusted to the auditing firm KPMG S.p.A., appointed by the Shareholders' Meeting of 29 April 2016 on the motivated proposal of the Board of Statutory Auditors in accordance with the provisions of law in force at the time contained in Legislative Decree No. 39/2010, applicable to public interest entities.

With this Report, Tinexta provides the market with the information required by Art. 123-*bis* of the TUF and by the regulatory provisions in force on the corporate governance system adopted by the Company as well as on the ownership structure relating thereto, in line with the recommendations of the Code of Self-Regulation.

This Report – drafted taking into account the instructions drawn up by Borsa Italiana – also contains accurate and exhaustive information on the means whereby the Company adheres to the principles and criteria set out by the Code of Self-Regulation. Any failure to adhere to certain specific provisions of the Code of Self-Regulation is justified in the section of the Report concerning relevant governance practice otherwise applied by the Company.

## **2. INFORMATION ON THE OWNERSHIP STRUCTURES**

### **a) Structure of Share capital (pursuant to Art. 123-*bis*, paragraph 1, letter a), of the TUF)**

As at 31 December 2018, the subscribed and paid-up Share capital amounts to EUR 46,890,120 and is subdivided into 46,890,120 Ordinary Shares, with no indication of nominal value.

The Company's Shares are all registered, indivisible and freely transferable; they are currently listed on the Electronic Stock Market organised and managed by Borsa Italiana S.p.A. (STAR segment), as of 30 August 2016.

#### Tinexta 2016-2019 Warrants

On 4 February 2016, the Extraordinary Meeting of Tinexta decided to increase the Share capital as proposed by the Board of Directors and communicated on 15 December 2015. The capital increase shall occur through the issue of a maximum of 951,000 Ordinary Shares, equal to 3% of current Share capital, placed at the service of the same number of warrants (Tinexta 2016-2019 Warrants) issued at the same time in favour of the Shareholder Cedacri. The 2016-2019 Warrants shall be assigned free of charge to Cedacri, they shall not be transferable and shall give the right to subscription of new Shares at a ratio of one new Share for each warrant possessed, to be exercised in three tranches and in the same number of time windows (between 5 July and 30 September inclusive in the years 2017 – 2018 – 2019), after certain annual turnover objectives for the years 2016/2018 are achieved. In fact, Cedacri has launched and is engaged in industrial collaborations with the companies of the Tinexta Group and, in relation to the commitment to develop certain business levels, may increase its stake in the Company, up to a further 3% of capital, as established by the agreement signed on 24 November 2014, which was the object of an appropriate press release, after which through subsequent negotiations, including beyond the time-frames originally envisaged, the parties proceeded to define the relative conditions. The issue price of Ordinary Tinexta Shares in the service of the warrants is defined, within the limits allowed by applicable regulations,

at EUR 3.40 per Share. The final deadline for any exercising of warrants and, therefore, the subscription of new Shares is fixed for 30 September 2019.

On 12 October 2018, pursuant to Article 85-*bis* of the Consob Issuers' Regulations and Article 2.6.2, paragraph 1, letter a) of the Regulations for Markets organised and managed by Borsa Italiana S.p.A., referring also to the press release of 10 September 2018, Tinexta filed a certificate of execution of the capital increase pursuant to Article 2444 of the Italian Civil Code with the Rome Chamber of Commerce and communicated the new composition of the Share capital following the execution of the resolution of the Company's Board of Directors of 3 October 2018 as indicated in the following table:

	Current Share capital				Previous Share capital		
	Euro	No. of Shares	Unit nom. value		Euro	No. of Shares	Unit nom. value
<b>Total</b>	46,890,120	46,573,120	(without nominal value)-		46,573,120	46,573,120	(without nominal value)-
<b>of which:</b>							
<b>Ordinary Shares (regular entitlement : 1 January 2018 for coupon 6 pending)</b>	46,890,120	46,890,120	(without nominal value)-		46,573,120	46,573,120	(without nominal value)-

For any further information relating to the structure of the Share capital, please refer to Table 1 attached.

#### Virtual Stock Option Plan

The payment policy adopted by the Company entails the use of incentive plans based on financial instruments. In particular, on 31 May 2016, the following were approved: the “Guidelines for a virtual Stock Option plan” aimed at Key Managers in Tinexta, including their executive Directors (the “**Guidelines for the Incentive Plan**”).

On 22 June 2016, the Board of Directors approved the Regulations concerning the incentive plan (the “**Regulations**”) which establish, *inter alia*, the conditions for exercising options, with maturation for increasing pre-established instalments between 18 and 36 months and the issue of a maximum number of 500,000 options that can be exercised in the period between 31 January 2018 and 31 July 2020, in the ratio of 1 figurative share for each option.

The purpose of the plan, pursuant to Art. 2.2.3 of the Regulations for markets organised and managed by Borsa Italiana S.p.A. with reference to the STAR segment requirements and in accordance with the principles of Article 6 of the Code of Self-Regulation for Listed Companies with regard to the remuneration of executive directors, is to align the interests of investors and senior Key Managers of the Tinexta group, introducing for the latter a medium-to-long-term remuneration system corresponding to the growth in value of Shares and consequently the creation of sustainable value for Shareholders.



On 14 November 2016, the Board of Directors approved the allocation of virtual stock options, in the context of the aforementioned plan intended for senior Key Managers of Tinexta aimed at paying deferred sums corresponding to the growth in the value of the Company's Shares and thus without the issue of new Ordinary Tinexta Shares and without dilution for Shareholders. In particular, the entire allocation was approved of the maximum 500,000 options, of which the Chief Executive Officer, Pier Andrea Chevallard, received 300,000 options, of which 90,000 can be exercised between 31/01/2018 and 31/07/2020 and 210,000 can be exercised between 31.07.2019 and 31.07.2020. To the Company's senior Key Managers the other 200,000 options were allocated, of which 60,000 options can be exercised between 31/01/2008 and 31/07/2020 and 140,000 can be exercised between 31/07/2019 and 31/07/2020.

Finally, please note, that in accordance with the Incentive Plan, the allocation of options to the recipients is free of charge. The sum due to each of the recipients as a result of the actual exercising of the options is calculated according to the difference between (i) the Benchmark Value, meaning the mean weighted price on the basis of the quantities exchanged of each individual Ordinary Tinexta Share on the MTA in the calendar month preceding each notification of the exercising of an option, and (ii) the "Allocation Value" equal to EUR 3.4 for each Ordinary Tinexta Share.

On 8 February 2019, one of the Company's senior managers exercised 24,000 Options (Phantom Stock Option - without the issue of new Tinexta Shares and without dilution for Shareholders).

For further details on the Incentive Plan, please refer to the Remuneration Report prepared pursuant to Art. 123-ter of the TUF, published on the website.

Tinexta has not issued other categories of shares, or other financial instruments that can be converted or exchanged with Shares.

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

There are no restrictions on the free transferability of Shares or limitations on the ownership of the same, nor are there any permission clauses for access to the Shareholding structure of Tinexta, pursuant to law or the Articles of Association.

**c) Relevant holdings in capital (pursuant to Art. 123-bis, paragraph 1, letter c), of the TUF)**

Direct or indirect relevant holdings in Tinexta's capital, as resulting from communications received by the Company pursuant to Article 120 of the TUF, as of the date of this Report, are provided in **Table 1** in the appendix.

**d) Securities conferring special rights (pursuant to Art. 123-*bis*, paragraph 1, letter d), of the TUF)**

No securities have been issued that confer special rights of control, nor are there persons with special powers under the provisions of current legislation and bylaws.

**e) Shareholding by employees: mechanism for exercising voting rights (pursuant to Art. 123- *bis*, paragraph 1, letter e), of the TUF)**

No particular mechanisms for exercising voting rights in a potential system of shareholding by employees are envisaged.

**f) Restrictions on voting rights (pursuant to Art. 123-*bis*, paragraph 1, letter f), of the TUF)**

The Articles of Association do not establish any restrictions on voting rights.

**g) Agreements between Shareholders (pursuant to Art. 123-*bis*, paragraph 1, letter g), of the TUF)**

On the date of the Report, the Company is not aware of the existence of agreements pursuant to Art. 122 of the TUF concerning the Company's Shares.

**h) Change of control clauses (pursuant to Art. 123-*bis*, paragraph 1, letter h), of the TUF) and statutory provisions regarding takeover bids (pursuant to arts. 104, paragraph 1-*ter*, and 104- *bis*, paragraph 1, of the TUF)**

The Issuer has entered into a number of significant loan agreements, the contents of which are illustrated in a specific section of the Financial Statements as at 31 December 2018, which provide for the right of withdrawal for credit institutions in the event of a change of control of the contracting company; in particular:

- (i) the loan agreement signed on 27 April 2017 between the Company on the one hand, and Cariparma S.p.A. and Banca Popolare Friuladria S.p.A. on the other;
- (ii) the loan agreement signed on 30 November 2017 between the Company on the one hand and UBI Banca S.p.A. on the other;
- (iii) the loan agreement signed on 27 November 2018 between the Company on the one hand, and Banca Popolare di Sondrio S.C.p.A. on the other;
- (iv) the loan agreement signed on 4 December 2018 between the Company on the one hand and Credit Agricole Cariparma S.p.A. on the other.

The Articles of Association do not derogate from the provisions on the passivity rule set out in Article 104, paragraph 1 and 1-*bis*, of the TUF and do not provide for the application of the neutralisation rules set out in Article 104-*bis*, paragraphs 2 and 3, of the TUF.

**i) Delegations to increase Share capital and authorisations for the purchase of Treasury Shares (pursuant to Art. 123-bis, paragraph 1, letter m), of the TUF)**

No delegations are envisaged for the Board of Directors to implement increases of Share capital pursuant to Art. 2443 of the civil code. The Directors do not have the power to issue financial instruments representing shareholdings.

*Purchase and disposal of Treasury Shares*

On 7 November 2018, in Ordinary session, the Shareholders' Meeting of Tinexta approved the purchase programme for a period of 18 months and disposal of Treasury Shares without time limits pursuant to and for the purposes of articles 2357 *et seq.* of the Italian Civil Code, as well as Article 132 of the TUF and Article 144-bis of the Issuers' Regulations. The purchase operations must respect a minimum and maximum price in relation to the stock exchange price of Tinexta's Ordinary Shares, determined in accordance with the criteria set out in detail in the Shareholders' resolution. Purchases of Treasury Shares will be made in compliance with the criteria of MAR and Commission Delegated Regulation (EU) 2016/1052 and the market practices allowed by Consob, pursuant to Art. 180, paragraph 1, letter c) of the TUF, as identified by Consob Resolution No. 16839 of 19 March 2009, with reference to market practices concerning the purchase of Treasury Shares to support the liquidity of the Shares and for the establishment of a so-called securities "stockpile".

As at 31 December 2018 the Company does not possess Treasury Shares.

**l) Management and coordination activities (pursuant to Art. 2497 ff of the Italian Civil Code)**

Although Tecno Holding S.p.A. exercises control over the Company and, consequently, includes the Company in its consolidated financial statements, as at 31 December 2018 the Company is not subject to management and coordination activities (pursuant to Article 2497 ff of the Italian Civil Code) by any party, including Tecno Holding S.p.A., as there are not present any of the factors that, typically, are considered relevant by doctrine and practice in order to affirm the existence of a situation of management and coordination by the parent company.

In fact, generally, pursuant to Article 2497-*sexies* of the Italian Civil Code, it is presumed, unless there is proof to the contrary, that management and coordination activities are exercised by the party responsible for consolidating the financial statements. This presumption does not apply in the present case for the following reasons:

- (i) the Company operates in conditions of corporate and entrepreneurial autonomy, with, in particular, an independent business capacity in relations with customers and suppliers and to define its own strategic and developmental lines without any interference from parties outside the Company;

- (ii) the Shareholder Tecno Holding S.p.A. does not in fact exercise functions centralised at the level of the group that involve Tinexta (e.g. strategic planning, control, corporate and legal affairs of the group);
- (iii) the Company's Board of Directors operates in full managerial autonomy; and
- (iv) it is not subject by the parent company Tecno Holding S.p.A. to any treasury service or other functions of assistance or financial coordination.

\* \* \*

Finally, it should be noted that:

- the information required by Article 123-*bis*, paragraph 1, letter i), of the TUF concerning “*agreements between the company and the directors ... providing for indemnities in the event of resignation or dismissal without just cause or if their employment relationship ceases following a takeover bid*” is contained in the Remuneration Report prepared and published pursuant to Article 123-*ter* of the TUF;
- the information required by Article 123-*bis*, first paragraph, letter l) of the TUF, regarding “*the rules applicable to the appointment and replacement of directors ... as well as changes to the articles of association, if different from supplementary legislative and regulatory information*” are illustrated in Section 4.1. of this Report dedicated to the Board of Directors.

### **3. COMPLIANCE**

The Company complies with the Code of Self-Regulation, which is available to the public on the Corporate Governance Committee's website at the following link:

<http://www.borsaitaliana.it/borsaitaliana/regolamenti/corporategovernance/codice2015.pdf>

In this Report, in accordance with the "comply or explain" principle set out in the Code of Self-Regulation and in line with EU Recommendation No. 208/2014, we report on the recommendations with which the Company has not, at present, decided to comply with in part or in full.

Neither the Company nor its subsidiaries are subject to non-Italian legal provisions that influence the corporate governance structure of Tinexta.

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

#### **4.1. APPOINTMENT AND REPLACEMENT (PURSUANT TO ART. 123-BIS, PARAGRAPH 2, LETTER L), OF THE TUF**

The appointment and replacement of Directors is governed by current legislation, as implemented and supplemented, to the extent permitted, by the provisions of the Articles of Association in accordance with the provisions of the Code of Self-Regulation.

Pursuant to Art. 10 of the Articles of Association, the Company is managed by a Board of Directors composed of a minimum of 5 (five) up to a maximum of 13 (thirteen) members, who remain in office for three years, with their term ending on the date of the Shareholders' Meeting convened for the approval of the financial statements of the last period of their term. The Shareholders' Meeting shall determine the number of members, within the aforementioned limits, before they are appointed.

Assumption of the office of Director is subject to possession of the requirements established by law, the Articles of Association and other applicable provisions.

The provisions of the Articles of Association governing the composition and appointment of the Board of Directors are suitable for ensuring compliance with the provisions of the law as per Art. 147-ter, the TUF and the related implementing provisions, as briefly described below.

No less than three Directors must meet the independence requirements pursuant to Art. 148, paragraph 3 of the TUF.

As reported in **Table 2** at the end of this Report, with reference to the members of the Board of Directors in office at the date of the Report, 7 (seven) Directors, out of a total of 11 (eleven) members of the Board, met the independence requirements set out in the TUF and the Code of Self-Regulation.

The composition of the Board of Directors must ensure a balance between male and female genders in compliance with all applicable regulations or other provisions in force. If a Director no longer meets the independence requirements, his/her office is terminated, unless the minimum number of Directors who must meet these requirements, as set forth in the Articles of Association, continue to meet the independence requirements, without prejudice to the obligation to immediately inform the Board of Directors of said condition.

The Board of Directors is appointed by the Shareholders' Meeting based on the lists in which a sequential number is assigned to each candidate.

Every candidate may appear on only one list, under penalty of ineligibility. Each list must contain the number of candidates who meet the independence requirements, as set forth in Art. 148, paragraph 3 of the TUF, and that must be equal to at least the minimum number set forth in the Articles of Association. Such candidates must be clearly identified.

The lists with a number of candidates equal to or exceeding three, must comprise candidates belonging to both genders (male and female), with the least represented gender being at least equal to 1/3 of the total candidates (rounded up or down).

The Board of Directors of the Company in office at the date of this Report shall comply with the provisions of Law No. 120/2011 concerning the balance between genders, as the less represented gender should have a share of at least one third of the Directors elected.

The lists may be submitted by the Shareholders who, individually or jointly with other submitting Shareholders, are the holders, as at the date of the submission of the lists, of Shares with right to vote at the Shareholders Meeting convened for the appointment of the Board of Directors and Auditors, and that must represent a percentage of investment in the Share capital, as subscribed at the submission date of the list, equal, at least, to: i) 2.5% (two point five percent of the Share capital) or ii) the percentage set forth in the laws or regulations if different from the percentage indicated in i). The Notice for convening a Shareholders' Meeting to resolve on the appointment of the Board of Directors must indicate the percentage of investment required for the submission of the candidate lists.

In this regard, it should be noted that the shareholding threshold last determined by CONSOB for Tinexta pursuant to Art. 144-*quater* of the Consob Issuers' Regulations, with Resolution No. 20273 of 24 January 2018, is equal to 2.5%.

The Shareholders may not submit individually or jointly, nor, as for any other Shareholder with the right to vote, may they vote, not even through a third party or trustee, on more than one list. In addition, the Shareholders who: i) belong to the same group (or pursuant to Art. 93 of the TUF, are in a control relationship with each other or are subject to joint control, even if the controlling party is a physical person), or ii) participate in a Shareholders' agreement under Art. 122 of the TUF concerning the Shares of the company, or iii) participate in such Shareholders' agreement and are, pursuant to the law, controlling or controlled by, or subject to a joint control by, one of these participating Shareholders, may not submit individually or jointly with others more than one list, nor, as for any other Shareholder with the right to vote, may they vote on different lists. The agreements and votes expressed in breach of said prohibition shall not be attributed to any list.

The lists, accompanied by the pen profiles of the candidates, containing comprehensive information on the personal and professional profile of each of them and signed by the Shareholders who have submitted them, or by their representatives, with the indication of each Shareholder's identity and the total percentage of Shares held at the date of submission, must be lodged at the registered office at least by the twenty fifth day prior to the date scheduled for the Shareholders' Meeting, in first or only call. However, all related certification(s) or communication(s) attesting to the above investment and issued by an authorised intermediary pursuant to the laws or regulations, may be sent even later as long as they are received within twenty one days before the date scheduled for the Shareholders' Meeting in first or only call.

At the time of the submission of the list, the candidates must also lodge the declarations with which they accept their candidacy and declare, under their own responsibility: 1) the non-existence of causes for ineligibility for election and incompatibility, as well as the existence of the requisites required based on what is set out in current primary and secondary legislation; 2) the possible existence of the independence

requisites required by Article 148, paragraph 3, of the TUF. Lists submitted without the forgoing provisions being observed are considered as not submitted.

Pursuant to Art. 10 of the Articles of Association, the election of Directors shall be carried out as follows:

a) from the list that has been obtained, at the Shareholders' Meeting, the majority of votes (hereinafter “**Majority List**”), a number of Directors, representing the total number of Board members, as previously resolved on by the Shareholders' Meeting (rounding down to the lower unit, in the event of a fraction number lower than the unit) minus two members to be appointed from the minority list as stated in subsequent letter b), shall be appointed according to the sequential numbers assigned to them on the list, without prejudice to the provisions regarding a gender balance in compliance with all applicable regulations or other provisions in force; b) from the lists, other than the one under previous letter a), not related in any way, not even indirectly, pursuant to all applicable regulations or other provisions in force, with the Shareholders who have submitted or voted for the list described in previous letter a), two Directors shall be appointed, proportionally to the percentage of votes obtained: to this purpose, the votes obtained by each list will be subsequently divided by one and by two. The quotients obtained are then progressively assigned to the candidates of each list, in accordance with their respective order. The quotients assigned to the candidates of the different lists shall be grouped together in one decreasing ranking list. Those who have obtained the highest quotients will be appointed. If more than one candidate obtains the same quotient, the one belonging to the list from which no Director has been appointed - or with the smallest number of appointed Directors - shall be elected. If no Director or the same number of Directors has been appointed from any of these lists, the candidate of the list with the highest number of votes shall be elected. In the event of a tie of the list votes - and therefore of the quotients - the Shareholders' Meeting shall vote again and the candidate who obtains the simple majority of votes is elected. For the purpose of the above, the lists that have not obtained a percentage of votes at least equal to half of the percentage required for the submission of the lists to be voted on, will not be taken into consideration. If, after following this procedure: - the composition of the Board of Directors does not comply with all applicable regulations or other provisions in force in terms of gender balance, the candidate of the more represented gender, elected last based on the sequential number in the list that has obtained the highest number of votes, shall be replaced by the first candidate, based on sequential numbers, of the least represented gender not elected from the same list. This substitution procedure will be adopted until the composition of the Board of Directors is compliant with all applicable regulations or other provisions in force in terms of gender balance. If, finally, this procedure does not ensure the aforementioned results, the replacement will be based on a resolution issued by the Shareholders' Meeting, with a relative majority, upon submission of candidates belonging to the least represented gender; - the appointment of a number of Directors who meet the independence requirements under Art. 148, paragraph 3 of the TUF, at least equal to the minimum number required by the Articles of Association in

relation to the total number of Directors, the candidate(s) who does(do) not meet these requirements, and was(were) elected last according to the sequential numbers of the list that has obtained the highest number of votes, under previous letter a), shall be replaced by the first candidate(s) based on the same consecutive order, who meets/meet these requirements and was/were not elected from the same list, or, if for any reason, this is not sufficient, from the lists that have obtained the second highest number of votes, starting from the list under previous letter b), and continuing with the following lists based on the number of votes obtained, in decreasing order, provided that compliance with all applicable regulations or other provisions in force in terms of gender balance is ensured.

If this procedure does not produce the aforementioned results, the Shareholders' Meeting shall carry out the election in accordance with the majority required by law, upon submission of the candidacies of subjects who meet the set out requirements, in such a manner as to ensure compliance, in all cases, with all applicable regulations or other provisions in force in terms of gender balance. If two or more lists obtain an equal number of votes, the Shareholders' Meeting shall resort to a ballot with a resolution based on a relative majority, while ensuring compliance with all applicable regulations or other provisions in force in terms of gender balance. If only one list is submitted, the aforementioned procedure shall not be implemented and the Shareholders' Meeting shall resolve on the basis of the majorities required by law, with all Directors being elected from this one list, according to their sequential order and until the number previously set out by the Shareholders' Meeting is reached, without prejudice to the minimum number of Directors meeting the independence requirements as set forth in the Articles of Association and pursuant to Art. 148, paragraph 3 of the TUF, while also ensuring compliance with all applicable regulations or other provisions in force in terms of gender balance. In the absence of lists and if through the vote mechanism per list, the number of elected candidates is lower than the minimum number set forth in these Articles of Association, the Board of Directors is respectively appointed or supplemented through a Shareholders' Meeting resolution based on the majorities required by law. Also pursuant to the provisions of the previous paragraph, the Shareholders' Meeting must ensure the appointment of Directors who meet the independence requirements under Article 148, paragraph 3, of the TUF, reaching at least the minimum total number set forth in the Articles of Association and in compliance with all applicable regulations or other provisions in force in terms of gender balance.

In accordance with Art. 11 of the Articles of Association, if during a financial year, one or more Directors leave the Board, the Board shall replace them through a resolution to be approved by the Board of Statutory Auditors', in compliance with all applicable provisions of law and regulations in force in terms of gender balance, and in compliance with the following: a) the Board of Directors shall replace the exiting Director from the candidates of the same list to which he/she belonged, and the Shareholders' Meeting shall resolve on such replacement on the basis of the majorities required by law, in compliance with the same criterion; b) if there are no other non-elected candidates from this list or no other candidates meet



the set out requirements, or even if for any reason it is not possible to comply with the provisions of letter a), the Board of Directors, and subsequently the Shareholders' Meeting, shall replace the exiting Director based on the majorities required by law without voting on the lists.

In all events, the Board of Directors and the Shareholders' Meeting must ensure the appointment of a number of Directors who meet the independence requirements under Article 148, paragraph 3, of the TUF, equal at least to the minimum total number set forth in these Articles of Association and in compliance with all applicable regulations or other provisions in force in terms of gender balance. The Directors thus appointed shall remain in office until the next Shareholders' Meeting and those elected by the Shareholders' Meeting shall remain in office for the same term as the exited Directors whom they are replacing. If for any reason, the Directors appointed by the Shareholders' Meeting do not reach a majority, the entire Board of Directors is dissolved, effective as at the next recomposition of the Board. In this case, the Shareholders' Meeting must be urgently convened, for the appointment of the new Board, by the Directors still in office.

The Articles of Association do not provide for additional independence requirements with respect to those provided for by Article 148, paragraph 3, of the TUF, nor do they provide for requirements of integrity, other than those prescribed by the current provisions of law.

The Articles of Association do not provide for the desired professional requirements for taking up the office of Director.

The Company is not subject to any further provisions concerning the composition of the Board of Directors with respect to the provisions established by the Italian Civil Code and the TUF.

### **Succession plan**

As at the date of this Report, the Company has resolved not to adopt a succession plan for the Executive Director, also in consideration of the fact that the professional expertise provided by the Board and by the management of the Company, enables the Company to ensure the continuity of its operations and management.

## **4.2. COMPOSITION (PURSUANT TO ART. 123-BIS, PARAGRAPH 2, LETTER D) OF THE TUF)**

The Ordinary Shareholders' Meeting of 24 April 2018 appointed, until the approval of the financial statements as at 31 December 2020, the Board of Directors currently in office, composed of 11 members, of which 7 Directors possess the requisites of independence as provided for by the combined provisions of articles 147-*ter*, paragraph 4 and 148, paragraph 3 of the TUF, as well as pursuant to Article 3 of the Code of Self-Regulation.

The Board of Directors was appointed by the aforementioned Ordinary Shareholders' Meeting, on the basis of the 3 lists of candidates presented, respectively, by the majority Shareholder Tecno Holding S.p.A., Quaestio Capital SGR S.p.A. and First Capital S.p.A. The Board thus formed will remain in office until the date of the Shareholders' Meeting called to approve the financial statements for the year ended 31 December 2020.

For further information on the lists submitted for the appointment of the Board of Directors, reference should be made to the Governance section of the website, where pen profiles of the Directors, illustrating their professional characteristics, are available.

Director Alessandro Barberis resigned from office on 23 July 2018. Following this resignation, on 23 July 2018 the Board of Directors co-opted Gian Paolo Coscia, pursuant to Article 2386 of the Italian Civil Code, who was confirmed by the Shareholders' Meeting of 7 November 2018.

The current members of the Board of Directors are:

<b>Name and Surname</b>	<b>Office</b>
Enrico Salza (e) (f)	Chairperson and Director in charge of the internal control and risk management system
Riccardo Ranalli (c)(d)(e)	Deputy Chairperson
Pier Andrea Chevallard	Chief Executive Officer
Laura Benedetto (a)(b)(e)	Independent Director
Elisa Corghi (a)(b)(d)(e)	Independent Director
Gian Paolo Coscia (a)(b)(d)(e)	Independent Director
Paola Generali (a)(b)(c)(e)	Independent Director
Giada Grandi (a)(b)(c)(e)	Independent Director
Lorena Pellissier (a)(b)(c)(e)	Independent Director
Alessandro Potestà (d)(e)	Non-executive Director
Eugenio Rossetti (a)(b)(c)(d)(e)	Independent Director

(a) Director who meets the independence requirements pursuant to the Code of Self-Regulation.

- (b) Director who meets the independence requirements pursuant to the TUF.
- (c) Member of the Remuneration Committee.
- (d) Member of the Control and Risk Committee.
- (e) Non-executive Director.
- (f) Director in charge of the internal control and risk management system.

It should be noted that the Director Alessandro Barberis, appointed on 24 April 2018 and who resigned on 23 July 2018, held the position of Deputy Chairperson and met the independence requirements pursuant to the Code of Self-Regulation and the TUF.

Please refer to **Table 2** in the appendix for further details on the composition of the Board of Directors.

Below is a brief profile of each Director in office with details of their main personal and professional characteristics.

**Enrico Salza (Chairperson)** – Engineer with an Honours Degree in Management Engineering from “Politecnico di Torino”, enrolled in the Register of Auditors since 21 April 1995. He has been conferred the honorary titles of Knight of the Grand Cross, Knight of Sovereign Military Order of Malta and Knight of the Order of Merit for Labour. He is the Chairperson of Tecno Holding, Tinexta and Intesa Sanpaolo Highline S.r.l., Director of ABI, Associazione Bancaria Italiana, member of the Council and Steering Committee of Assonime (association of Italian corporations), Director of the Cini Foundation of Venice and of numerous other institutions and associations. From 1984 to 1995, he served as Vice Chairperson for Istituto Bancario San Paolo. From July 1996 to February 2004, he served as Director of Compagnia di San Paolo. From 29 April 2004 to 31 December 2006, he held the office of Chairperson of Gruppo San Paolo IMI S.p.A. From January 2007 to April 2010, he held the office of Chairperson of the Management Board of Intesa Sanpaolo S.p.A. From 20 April 2012 to 30 June 2015, he held the office of Chairperson of Banca Fideuram (Gruppo Intesa Sanpaolo). He served as Director of the multinational Swedish Match of Stockholm; Director of UBS Italia; Director of the company of economic studies Nomisma S.p.A.; Vice Chairperson and Chief Executive Officer of Il Sole 24 Ore, Mondo Economico and Il Sole 24 Ore System. He also served as Chairperson of the Chamber of Commerce of Turin, National Deputy-Chairperson of the Chamber of Commerce and member of the Confindustria Commission.

**Pier Andrea Chevallard (Chief Executive Officer)** – He obtained a Degree in Political Science from Università degli Studi di Torino. From 1993 to April 2017 he was Director of Promos Internazionalizzazione e Marketing Territoriale/Azienda Speciale CCIAA of Milan. He held the position of General Secretary of the Chamber of Commerce of Milan from November 2001 to December 2014. From 2007 to 2017 he was Chief Executive Officer of PARCAM S.r.l. From 2010 to April 2017 he was a member of the Board of Directors of Fiera Milano S.p.A. He is General Manager and Chief Executive Officer of Tinexta and Chief Executive Officer of Tecno Holding.

**Riccardo Ranalli (Deputy Chairperson)** - Graduated in Economics and Business from the University of Turin in 1979, enrolled in the Register of Chartered Accountants of Turin on 22 July 1982, and has been enrolled in the Register of Auditors since its establishment. He has held numerous institutional and scientific positions, among which, Coordinator of the CNDCEC Commission on the reform of corporate crises, the position of teacher at the Professional Master Course at La Sapienza, Bergamo's University, Siena's University, Management Training Schools in Milan, Turin, Liguria and Tuscany, Bologna, Triveneto, the Management Training School (SAFM) of the Turin Institute of Technology (Politecnico), the Graduate School of the Magistracy. Author of numerous publications in various fields, in particular on the subject of corporate crises. He holds and has held positions as auditor and director in banks, insurance companies, financial intermediaries, IT, manufacturing and services companies.

**Laura Benedetto (Director)** – Laura Benedetto has been the General Secretary of the Chamber of Commerce of Florence since 5 October 2011. Born in 1965, she graduated in Economics and Business from the University of Ancona. She has been registered as a chartered accountant since 1991 and has been a Certified Financial Auditor since 1995. Since 1 January 2014, she has been Director of the Special Agency PromoFirenze and President of the Arbitration Board. Since 2011, she has been auditor and member of the Supervisory Board of the Centro di Firenze per la Moda Italiana (Florence Centre for Italian Fashion). Since 2012, she has been a director of Tinexta and member of the Supervisory Body. Since 2013 she has been a member of the Board of Statutory Auditors of InfoCamere. Since February 2017 she has been an auditor for Pitti Immagine S.r.l. From November 2009 to September 2011 she was General Manager of Ausl 7 in Siena. From 2001 to 2009 she was Administrative Director and Managing Director of public and private health facilities in Emilia Romagna and Marche. Previously she held the position of Deputy Chairperson of Ams S.p.A. - a subsidiary company of the Municipality of San Benedetto del Tronto, auditor for various municipalities and company boards of statutory auditors, as well as Chairperson and member of Nuclei di Valutazione di Aziende. Finally, since March 2011 she has been included in the "Ready for board women" list at the PWA (professional women's association) in Milan.

**Elisa Corghi (Director)** – Graduated with honours in Business Economics from Università Commerciale Luigi Bocconi in 1996, she has built a considerable expertise as a brand manager in the marketing department of Barilla Alimentare and Kraft Foods, where she was responsible for the definition and management of marketing plans of best-selling products for both companies. Subsequently, she worked for over fifteen years in the financial analysis of listed companies in the consumer sector (Parmalat, Autogrill, Campari, Diasorin, Recordati, Amplifon, Indesit Company, De'Longhi, Saeco) with primary responsibilities, and in the luxury sector (Luxottica, Tod's, Brunello Cucinelli, Ferragamo, Bvlgari) with secondary responsibilities as senior sell-side analyst at Intermonte SIM, primary operator in the Italian market, of which she was a partner. In this role, she was in charge of long-predictive models and assessment of the basic values of listed companies; definition of the investment case and formulation of

arguments for the recommendation of investments to sales and institutional customers; organisation of and participation in roadshows to facilitate the connection between the top management of the listed companies, subject to hedging, and domestic, UK and USA investment fund managers. She has collaborated with a digital start-up in the fashion sector and has launched and participated in the due diligence process in an M&A operation within the luxury sector. She was a director and member of the Control and Risk Committee of Recordati. She is a director of Pitti Immagine, Corneliani and of the listed company, Basicnet, of which she is also a member of the Control and Risk Committee and the Remuneration Committee.

**Gian Paolo Coscia (Director)** – After graduating from the Technical Institute “Vinci” of Alessandria, he became an agricultural entrepreneur, owner of the "Cascina Opera di Valenza" farm in the countryside of Alessandria and Montecastello in the area of cereal products. He was chairperson of Confagricoltura Alessandria from 2004 to 2013 and chairperson of Confagricoltura Piemonte from 2011 to 2017. He served as a director of Soc. Coop. Produttori Mais of Alessandria r.l.; in Finbieticola Casei Gerola S.r.l. he held the position of director and since 2015 he has been the sole director. In 2017 he joined the Board of Directors of Terrae S.p.A. and in 2018, after having been a member of the Board, he became Chairperson of Centrale del Latte di Alessandria e Asti S.p.A. In 2004 he joined the board of the Alessandria Chamber of Commerce and became its Chairperson in 2013. As a result, he also became Chairperson of ASPERIA - Special Agency of the Chamber of Commerce. In the same year he became a member of the Unioncamere Piemonte council. He has been appointed a member of the similar Control Committees of InfoCamere Italian Chambers of Commerce Consortium for data processing in 2016 and IC Outsourcing Società consortile a r.l. in 2017.

**Paola Generali (Director)** – Graduated in Banking, Financial and Insurance Sciences at the Università Cattolica of Milan in 2000, on starting with Intesis S.r.l., she dealt with compliance and information system security. Later she became Security Area Manager in Cryptonet srl. In 2003 she founded GetSolution, a consulting firm specialising in "Compliance, IT System Security and Governance". She is also: Director of the Milan, Monza Brianza and Lodi Chamber of Commerce; Vice-chairperson of Assintel (National Association of ICT Enterprises of Confcommercio); Director of Speed MI UP; Member of the Women's Enterprise Committee of the Milan, Monza Brianza and Lodi Chamber of Commerce; Coordinator of the Assintel Information Security Working Group.

**Giada Grandi (Director)** – With a Law Degree from Università degli Studi of Bologna, in 1986, she also earned a specialisation degree in administrative law, administration science and tax law. She was certified to exercise the profession of lawyer in 1990 and was appointed Deputy Director at the Council of Ministers (Cabinet) Regional Administrative Court of Emilia Romagna. She also received the title of Knight of the Order of Merit of the Italian Republic on 27 December 1996. Currently, besides holding an office on several Boards of Directors, she is a Board Director for the airport Guglielmo Marconi Bologna

S.p.A.; Deputy-Chairperson of Bologna Fiere S.p.A. and since 2010, she has been General Secretary of the Chamber of Commerce of Bologna.

**Lorena Pellissier (Director)** – She earned a Degree in Business Economics from Università Commerciale Luigi Bocconi in 1995. She is a Certified Public Accountant and Certified Financial Auditor. She has gained consolidated experience in national and international tax consulting, with a particular speciality in the taxation of financial companies. She has served and continues to serve as statutory auditor and sole auditor in various companies of an industrial and commercial nature. She is a partner in Studio Belluzzo International Partners, where she works in the corporate department, providing ongoing tax assistance and intervening in the examination of the tax aspects of listed companies and/or acquisition operations (tax due diligence).

**Alessandro Potestà (Director)** – With a Degree in Economics and Business from the University of Turin, he has developed expertise as a financial analyst over many years, while assuming responsibilities for extraordinary and restructuring operations for leading groups in Italy and abroad. In 2011, he established his own investment and strategic consulting company, Quid Capital. From 2012 to 2014, he was senior advisor at DVR Capital of Milan, in charge of strategic consulting (search for partnerships for development and corporate restructuring and reorganisation). Since 2015, he has been senior portfolio manager for the alternative investment fund Italian Growth Fund, reserved for small and medium sized Italian listed companies.

**Eugenio Rossetti (Director)** – graduated in Mechanical Engineering from the Sapienza University of Rome in 1980, he began his professional career at the Istituto Mobiliare Italiano in Rome in 1982. From 1995 to 1998, he served as General Manager of IMI Bank (SA). After the merger of IMI with Sanpaolo, he worked at the London branch of SanpaoloIMI, becoming responsible for the European Area. Subsequently, he was also responsible for the Large Groups and Credit Management departments of SanpaoloIMI. From January 2007 to June 2008, he was responsible for the Credit Decisions Department of IntesaSanPaolo, created from the merger between Banca Intesa and SanpaoloIMI. From July 2008 until December 2017, he served as Chief Lending Officer and Chairperson of the Credit Committee of IntesaSanpaolo S.p.A. He is currently a Director of IntesaSanpaolo Vita and MedioCredito Italiano.

As of the end of the Year, no member of the Board of Directors ceased to hold office, nor was there any change in the composition of the Board of Directors.

### **Diversity criteria and policies**

The composition of the Company's Board of Directors ensures a balanced representation of genders, as provided for by Law No. 120 of 12 July 2011 ("**Law 120/2011**"), by the TUF and by Consob Resolution No. 18098/2012. In particular, Law 120/2011 provides that for the first renewal of administrative and control bodies after one year from the date of its entry into force, a portion equal to at least one fifth of

the Directors and Statutory Auditors elected and a portion equal to at least one third in the two subsequent mandates shall be reserved for the less represented gender.

Furthermore, in July 2018, the Corporate Governance Code was updated and integrated in principle with regard to diversity, including gender, (principle 2.P.4 of the Corporate Governance Code and application criteria) with the aim of safeguarding the effects of the Law. 120/2011 on the composition of the corporate bodies of listed companies, inviting the companies to apply the new recommendations from the first renewal of corporate offices following the termination of the effectiveness of Law 120/2011. The Company, according to the above provisions including principle 2.P.4 of the Corporate Governance Code, has already applied the diversity criteria, including gender, in the composition of the Board of Directors, in compliance with the priority objective to assure an adequate competence and professionalism of its members.

At the renewal of the Board of Directors on 24 April 2018, the Shareholders' Meeting of Tinexta appointed five female members of the Board of Directors, in accordance with the provisions of Law 120/2011: Laura Benedetto, Elisa Corghi, Paola Generali, Giada Grandi and Lorena Pellissier. Furthermore, the characteristics of the members of the Board of Directors shall be such as to ensure an adequate level of diversity, not only in terms of gender composition, but also with regard to aspects such as age, training and professional experience. In particular, the Board is composed of two executive<sup>1</sup> and nine non-executive Directors, seven of whom are independent.

Tinexta has not yet adopted a specific diversity policy under Article 123-*bis*, para 2, letter d-*bis* of the TUF, considering that the training processes of the Company's administration and control bodies already take into full consideration important aspects such as age, gender composition and training and professional experience of the respective members; in particular: (i) the Company's Board of Directors includes 5 Directors belonging to the less represented gender, in compliance with the regulations on gender balance; (ii) the Board is characterised by the diversity of its members, taking into account that the age of the Directors is between 46 and 81 years; (iii) the training and professional experience of the Directors currently in office guarantees a balanced combination of profiles and experience within the administrative body suitable to ensure the correct performance of the functions assigned to it.

At present, Tinexta has not adopted measures to promote equal treatment and opportunities between genders within the entire company organisation.

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

In accordance with the recommendations of Art. 1 of the Code of Self-Regulation, each member of the Board of Directors is required to act with full knowledge of the facts and in autonomy, pursuing the objective of creating value for the Shareholders in the medium-long term and undertakes to devote the time required for the office held in the Company to ensure the diligent performance of their functions,

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<sup>1</sup> Chairperson is considered an executive director as director in charge of the internal control and risk management system.

regardless of positions held outside the Tinexta Group, with full awareness of the responsibilities inherent to the office held.

To this end, each candidate for the office of Director assesses in advance, at the time of acceptance of the position in the Company and independently of the limits established by the provisions of law and regulations relating to the accumulation of offices, the ability to perform with due care and effectiveness the tasks assigned to them, in particular, taking into account the overall commitment required for offices held outside the Tinexta Group.

Each member of the Board of Directors is also required to promptly notify the Board of any assumption of the position of director or statutory auditor in other companies, in order to allow for the fulfilment of the information obligations pursuant to the applicable legal and regulatory provisions.

As part of the board evaluation carried out by the Board of Directors for the Year, on 12 March 2019 (described in detail in Section 4.3 below), the Board made use of a questionnaire asking each Director to make their own evaluations, comments and suggestions regarding the size and functioning of the Board of Directors, the Remuneration Committee and the Control and Risk Committee, taking into account the recommendations of the Code of Self-Regulation, also regarding the fact that the number and quality of the positions held does not interfere with the effective performance of the position as Director in the Issuer.

### ***Induction programme***

The characteristics of the Board's information enables the Directors to obtain an adequate knowledge of the sector of activity in which the Issuer operates, corporate dynamics and their development, as well as the related regulatory and self-regulation frameworks of reference. The Chairperson and Chief Executive Officer of the Company also ensured, through the meeting between the Company's top management and the Directors, that the latter would obtain in-depth information and explanations on the activities and projects of the Tinexta Group, as well as on the regulatory and self-regulatory framework of reference. In particular, during the Year, the Directors and statutory auditors had the opportunity to deepen their knowledge of the sector in which the Company operates by participating in board meetings in which issues relating to company dynamics and their development were discussed in depth, such as those in which investments were approved. In the current year, the Directors and Statutory Auditors also had the opportunity to deepen their knowledge of the reference legislative, regulatory and self-regulatory framework, by attending the meetings of the Board of Directors at which (i) the internal procedures adopted by the Company with regard to the management of inside information, the insider list and internal dealing were modified, following an exhaustive discussion of the latest updates on market abuse and, in particular, with regard to the recommendations contained in Guidelines No. 1/2017 on the subject of "Management of Privileged Information" adopted by Consob on 13 October 2017; and (ii) the



Procedure for Related Party Transactions, after a thorough examination of the rules set out in the Consob Related Parties Regulation.

#### **4.3. ROLE OF THE BOARD OF DIRECTORS (PURSUANT TO ART. 123-BIS, PARAGRAPH 2, LETTER D) OF THE TUF)**

In compliance with the provisions set forth in Principles 1.P.1 and 1.P.2. of the Code of Self-Regulation, the Company is governed by a Board of Directors which plays a central role within its corporate governance system, in particular in organising, directing and managing the company in order to achieve the corporate purpose, maximise the value for the Shareholders in the medium-long term and ensure compliance with the expectations of the other stakeholders.

Pursuant to Article 13 of the Articles of Associations, the Board of Directors meets at the registered office of the Company or at other designated sites, every time the Chairperson or someone acting in their place deems it necessary, normally on a quarterly basis, or upon a written request by at least one third of the Board's members.

The Board may also be convened, subject to prior notice to the Chairperson of the Board itself, by the Board of Statutory Auditors or by an individual Statutory Auditor, in accordance with the applicable provisions of law.

The convening notice may also be sent by electronic means that ensure a prompt receipt, at least three days before the meeting, to each Director and Statutory Auditor; in urgent cases, the meeting shall be called by electronic means, which shall ensure timely notice, to be sent at least one day in advance. The meeting may be held by tele- or video- conference. In such cases, the following must be ensured: a) the identification of all participants from each site of the connection; and b) the opportunity for each of the participants to intervene, to verbally express their opinion, to review, receive and transmit all the documentation, c) the simultaneousness of the review and resolution issuance process. The meetings of the Board of Directors are considered to be held at the place where the Chairperson and the Secretary are.

Pursuant to Art. 16 of the Articles of Association, the Board of Directors is empowered with the broadest authority for the ordinary and extraordinary management of the Company. Consequently, it may adopt all measures considered necessary and appropriate to achieve the company's objectives, except those that the law expressly reserves for the Shareholders' Meeting. The Board of Directors has authority over the issuing of bonds that are non-convertible into, or bonds with no-warrant that enable the subscription of, newly issued Shares of the company, in compliance with the law's terms and conditions.

The Board is empowered with the broadest authority as regards the ordinary and extraordinary management of the Company for the achievement of the company's purpose. More specifically, in applying the Application Criterion 1.C.1. of the Self-Regulation Code, the Board of Directors:

- (1) reviews and approves the strategic business and financial plans of the Company and of the Tinexta Group that it heads, while monitoring, on a regular basis, their implementation, and it defines the corporate governance system of the Company and the structure of the Group;
- (2) defines the nature and the risk level compatible with the strategic objectives of the Company, including in its assessments all the risks that may acquire relevance in terms of the sustainability, in the medium-long term, of the Company's activities;
- (3) evaluates the adequacy of the organisational, administrative and accounting structures of the Company and subsidiaries with strategic relevance, with a particular focus on the internal control and risk management system;
- (4) confers and revokes delegations granted to the Directors, establishing the limits and manners of exercising such powers and the frequency, normally not exceeding a quarter, with which the appointed bodies must report to the Board of Directors on the activities performed in relation to the powers conferred;
- (5) after assessing the recommendations of the Remuneration Committee and after consulting with the Board of Statutory Auditors, it shall determine the remuneration of Directors with delegated powers, and of those holding special offices, also pursuant to Art. 2389, 3rd paragraph, of the Italian Civil Code;
- (6) assesses the general company performance and the results achieved against the forecast;
- (7) reviews and approves in advance any transaction of strategic, economic and financial significance, carried out by the Company and the subsidiaries;
- (8) expresses, at least once a year, its assessment on the size, composition and operations of the Board itself and of its Committees, also taking into account elements such as professional experience, expertise, including in management, as well as the gender and seniority of its members. Taking into account the outcome of the above assessments, it provides the Shareholders, before the appointment of a new Board, with guidelines on the managerial and professional profiles of the members who ought to be appointed to the Board;
- (9) provides information, in the Corporate Governance Report, on the methods of application of the criteria set forth in the Code of Self-Regulation concerning the role, operations and composition of the Board;
- (10) reports to the Board of Statutory Auditors, at least on a quarterly basis, on the activities carried out and on the most significant transactions.

The Board of Directors is also entitled, without prejudice to Art. 2436 of the Italian Civil Code, to resolve

on the following:

- (i) mergers in the cases listed under Art. 2505 and 2505-*bis* of the Italian Civil Code and de-mergers in the cases in which said rules are applicable;
- (ii) reduction of the Share capital in the case one or more Shareholders withdraw;
- (iii) adaptation of the articles of association to legislative provisions;
- (iv) indication of which directors represent the company;
- (v) establishment or closing of branches;
- (vi) the transfer of the registered office to another municipality in the national territory.

During the Year, 17 meetings of the Board of Directors were held (with an average duration of about one hour and thirty minutes). Under the terms set forth in the Stock Exchange Regulations, the annual calendar of the corporate events for the Year has been communicated to Borsa Italiana S.p.A. and published on its Internet site. The calendar includes the dates scheduled for the meetings to be held for the approval of the results of the year and of the period. For the current period, 6 meetings are scheduled for the Board of Directors for the approval of the accounting figures of the period, 2 of which have already been held on 29 January 2019, for the approval of the preliminary results and on 12 March 2019 (at the time of this Report) for the approval of the separate and consolidated financial statements.

The actual participation of each Director in the meetings of the Board is specified in percentage form in **Table 2** of the appendix. Altogether, the average attendance of the Directors at these meeting was about 92%.

The timeliness and completeness of pre-board information is guaranteed by the involvement of the competent corporate structures, which take care of and coordinate the preparation of documentation, when required, for specific items on the agenda. In cases where it is not possible to provide the necessary information in good time, the Chairperson of the Board of Directors shall ensure that adequate and timely in-depth information is provided during Board sessions. The delivery of the documentation to the Directors and Statutory Auditors is handled by the Corporate Affairs Secretariat, which coordinates with the Chairperson well in advance of the date of the meetings, adequately taking into account any confidentiality and price sensitivity requirements related to certain topics (such as, for example, projects of particular strategic importance for the Company's business, of which the Chairperson and CEO report directly to the Board, initiating the consequent process of examination and assessment by the Board), as well as any urgency related to certain topics.

The Chairperson and the Chief Executive Officer must guarantee that the agenda items are given the time necessary for a thorough discussion, and must encourage, at the meeting, a constructive debate with input from all members of the Board.

The meetings of the Board of Directors are attended, at the invitation of the Chairperson, by the Manager responsible for drawing up the corporate accounting documents, Key Managers, as well as the other specific managers of the Company and the Tinexta Group responsible for the functions to which the matters to be dealt with by the Board relate to, so that they can provide the most appropriate and accurate in-depth analysis and clarification during the meetings to the Directors and Statutory Auditors.

In accordance with the recommendations contained in C.1., letter e) of the Code of Self-Regulation and the provisions of Art. 13 of the Articles of Association, the Chief Executive Officer reported to the Board of Directors and the Board of Statutory Auditors on the general performance of operations during all meetings of the Board of Directors held during the Year. The Board of Directors has therefore constantly assessed and monitored the general operating performance, taking into account the information provided by the Chief Executive Officer and periodically comparing the results achieved with those planned on the basis of the Company's strategic, industrial and financial plans.

During the Year, the Board assessed the adequacy of the organisational, administrative and accounting structure and, in particular, the internal control and risk management systems of the Company and its subsidiaries. To such end, the Board of Directors has received and reviewed (a) the information and/or the documentation provided by the Manager responsible for preparing the company's financial reports as regards the testing of control procedures in place aimed at guaranteeing the correctness, completeness and validity of the information entered into the financial statements and (b) the reports on the state of the internal control and risk management system prepared by the Control and Risk Committee, as emerged from the assessments conducted by the internal audit function of the Tinexta Group (the “**Internal Audit Manager**”). The Board has based its assessments on the internal control and risk management system on this information and has also taken into consideration the improvement plans implemented, and the residual risk to which the Tinexta Group is exposed.

The Board of Directors also assessed the general operating performance at least quarterly, taking into account the information received from the Chief Executive Officer and periodically comparing the results achieved with those planned.

In support of the recommendation contained in Article 1.C.1, letter g, of the Code of Self-Regulation, the Board of Directors, at its meeting of 12 March 2019, also assessed the functioning of the Board itself, the Remuneration Committee and the Control and Risk Committee, as well as their size and composition, also taking into account professional characteristics, experience, including managerial experience, and gender of the members and therefore the diversity criteria set out in Article. 2 of the Code of Self-Regulation and

their seniority in office (so-called board evaluation), on the basis of a specific questionnaire divided into different areas of investigation (i.e. composition, structure, size and operations of the Board, interaction with management, risk governance, composition and structure of committees, etc.), with the option of providing comments and making proposals. This questionnaire was submitted and completed by all the Directors. As a result of the aforementioned self-assessment, the Board has deemed the administrative body suitable to perform the functions assigned to it by current legislation and that the size, composition and functioning of the Board itself and its committees are adequate in relation to the management and organisational needs of the Issuer, also taking into account professional characteristics, experience, including managerial experience, of its members, their seniority in office and the presence, out of a total of 11 (eleven) members, of 9 (nine) non-executive Directors, of which 7 (seven) are independent non-executive Directors, which also guarantees a suitable composition for the Committees established within the Board.

The Shareholders' Meeting did not authorise exceptions to the non-competition clause set out in Article 2390 of the Italian Civil Code.

#### **4.4. DELEGATED BODIES**

Pursuant to Art. 18 of the Articles of Association, within the limits of the law and by-laws, the Board of Directors may delegate its powers to an Executive Committee composed of some of its members and to a Chief Executive Officer; it may delegate specific powers to one or more of its members, and appoint, on the proposal of the Chief Executive Officer, one or more general managers, division managers, managers, proxies and representatives in general for certain acts or categories of acts.

##### **Chief Executive Officer**

At its meeting of 24 April 2018, the Board of Directors granted the Chief Executive Officer Pier Andrea Chevallard the following powers:

1. to ensure that the organisational, administrative and accounting structure of the Company is adequate to the nature and size of the company; report to the Board of Directors and to the Board of Statutory Auditors, at least on a quarterly basis, on the general performance and outlook of the Company as well as on the most significant transactions, in terms of size or characteristics, carried out by the Company and its subsidiaries;
2. to ensure that the activities included in the pursuit of the Company's objectives are being carried out;
3. to define the organisational and functional chart of the Company;

4. to manage the Company's human resources, excluding the relationship with the General Manager and without overlapping with the activities carried out by them, reporting directly to the Board of Directors;
5. to plan the funding needs of the Company and, in the interest of the Group, acquire and manage the resources necessary to cover said funding needs, as stemming from the business plan and budget approved by the Board of Directors;
6. to identify opportunities for investments and disinvestments, while preparing all appropriate information reports to submit to the Chairperson of the Board of Directors so that they can propose a reasoned approval to be issued by the Board of Directors;
7. to organise and chair the financial information flow of the Company and of the Group and establish relationships with the Shareholders, and in particular with the controlling Shareholder, except for external relationships which remain the responsibility of the Chairperson of the Board of Directors;
8. to maintain relationships with Consob and Borsa Italiana, as well as with any other competent authorities, as necessary;
9. to provide for the financial and administrative management of the Company and therefore, by way of example only and not limited to, the power to:
  - (i) perform any type of banking transactions; open and close current bank accounts in the name of the Company with banks, credit institutions, postal and telegraphic offices and other offices and entities; deposit in these accounts any amount pertaining to the Company; carry out transactions such as writing cheques and ordering bank transfers or payments in general, including overdrawn payments and arrange for the transfer of funds among the current accounts of the Company, all of the above with no maximum limits;
  - (ii) invest in corporate liquidity by subscribing to, buying and selling Government securities and bonds issued by leading institutions (governments of European Union countries, qualified international bodies) with an investment grade rating and a residual maturity of no more than 18 months;
  - (iii) authorise use of expenditure within the limits of the annual budget approved by the Board of Directors;
  - (iv) propose to the Chairperson, for its inclusion in the agenda, the appointment of executives, proposing their remunerations, as well as, when it is the case, the revocation thereof;

- (v) hire employees, except for executives, as well as to approve any supplementary agreements and personnel bonuses.
10. provide for the management of company shareholdings, and therefore, by way of example but not limited to, the power to intervene in the shareholders' meetings of companies in which the Company has invested or may invest in the future; to vote on the agenda items, with the right to decide, inter alia, on changes to the Articles of Association, on going into liquidation or on the withdrawal of shareholders, and with the right to accept the position of Director should they be appointed by the Company;
  11. hold, also on the basis of their experience and competence, the role of "Employer", with all the widest powers descending from legislation on safety at work, in order to lend action to the provisions of law, regulations and company regulations on the subject of safety of workers and workplaces, with the express power to delegate powers of attorney to their managers, collaborators and persons in charge, as well as to third parties and appoint the person responsible for safety and prevention. To this end, all management and organisational powers are conferred, with attached decision-making and spending autonomy, the latter being understood to be unlimited and, therefore, with the option of directly and autonomously engaging the Company for any obligation, as well as any hierarchical power over workers, including those in the management category.
  12. in general, the power to carry out all acts, both ordinary and extraordinary, deemed necessary and appropriate in their prudent assessment for the achievement of the corporate purpose, with the exception of acts that cannot be delegated by law and by the Articles of Association, those delegated to the Chairperson of the Board of Directors, as well as the matters indicated below which fall within the exclusive competence of the Board of Directors:
    - (i) purchase, sale, exchange and contribution of properties;
    - (ii) execution of loan agreements and granting of guarantees, except for those that are respectively executed, granted or assumed with, or in the interest of, subsidiary and/or investee companies, in excess of a maximum amount of EUR 2,000,000 million; and assumption of financial debts outside of the normal management cycle;
    - (iii) the approval of the annual budget and multi-year planning;
    - (iv) hiring, appointment and firing of executives and decisions on their remuneration,

all with a single signature and with the authority to represent the Company within the limits of the powers conferred, with the right to sub-delegate and to grant powers of attorney for individual acts or categories of acts to third parties.

On 24 April 2018, the Board confirmed and conferred on Mr. Chevallard the powers to be exercised with a single signature, as General Manager, already attributed to him by the resolution of 30 January 2015:

- to coordinate, manage, develop and control independently or reporting directly to the Board of Directors, the subsidiaries, by interacting directly with their functions;
- to define the information flows from the subsidiaries to the parent company;
- to propose to the Board of Directors the strategic plans for the development of the investee companies; interact with the main functions thereof; define and chair and assess the actual implementation of the action plans;
- to chair the formulation of the business plan and the budgets of the Group interacting with the subsidiaries, and submitting them, at least on a quarterly basis for the former, and on an annual basis for the latter, for the approval of the Board of Directors;
- to seek out opportunities of synergies and cross selling among the companies of the Group;
- to propose to the Board of Directors, through its Chairperson, additions, mergers and demergers, as well as extraordinary transactions within the subsidiaries.

With a particular reference to the company shareholdings, including but not limited to, and always with single signature, he is entitled to:

- ensure the coordination, development and control of the subsidiaries;
- finalise, after consulting with the Chairperson, the purchase and sale of equity investments in companies and entities for an amount not exceeding EUR 1,000,000 (one million/00).

The Chief Executive Officer Pier Andrea Chevallard is also qualifiable as Chief Executive Officer and does not hold the position of Director in another listed issuer in which a Director of the Company is Chief Executive Officer.

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

The Company's Board of Directors, on 24 April 2018, has conferred to its Chairperson, Mr Enrico Salza, without prejudice to his powers of representation of the Company within the limits set forth in the Articles of Associations, the following powers, which were duly confirmed, as well as the authority to delegate single transactions or categories of transactions:

- to chair the meetings of the Board of Directors, coordinating its works;
- to decide on the agenda of the meetings of the Board of Directors, also taking into account the proposals for resolutions formulated by the Chief Executive Officer, and ensuring that all necessary information on the agenda items are provided to all Directors;



- to adopt, in agreement with the Chief Executive Officer, any urgent measures in the interest of the Company, reporting about said measures to the Board of Directors at the next meeting;
- to appoint, after consulting the Chief Executive Officer, the members of the administrative and control bodies of the subsidiaries and consortiums in which the Company holds an interest and in entities in which the Company has the right to appoint them;
- to carry out the external activities of the Company, also availing themselves of external collaborators and consultants, conferring, to this end, specific assignments;
- to establish and maintain an effective internal control and risk management system ("Director in charge of the internal control and risk management system");
- to identify, by maintaining a constant dialogue and cooperation with the Chief Executive Officer, opportunities and risks of the entire business that represents the purpose of the company, while keeping the Board of Directors informed so as to enable it to make the most reasoned decisions.

In accordance with the Articles of Association, the Chairperson is responsible for representing the Company and therefore for representing it before any administrative, fiscal, ordinary and special judicial authority at any level and place with the power to sign any deed or declaration, proposing and supporting actions, defences, exceptions, appointing and revoking solicitors and attorneys.

#### **Deputy Chairperson of the Board of Directors**

On 14 November 2018, the Company's Board of Directors appointed Riccardo Ranalli as Deputy Chairperson, who, pursuant to Article 12 of the Articles of Association, shall replace the Chairperson in the event of the latter's absence or impediment, in which case the Deputy Chairperson is responsible for representing the Company.

#### **Executive Committee**

At the date of the Report, no Executive Committee had been established.

#### **Information flow to the Boards**

Pursuant to Art. 19.3 of the Articles of Association and in compliance with best practices, the Chief Executive Officer reports promptly to the Board and the Board of Statutory Auditors on at least a quarterly basis, and in any case at Board meetings, on the activities carried out, on the general performance and outlook of the Company as well as on the most significant operations, in terms of size or characteristics, carried out by the Company and its subsidiaries; in particular, they report on operations in which they hold a stake – personally or on behalf of third parties.

For further information on the information provided by the Chief Executive Officer to the Board

during the Year, see Section 4.3 above.

#### **4.5. OTHER EXECUTIVE DIRECTORS**

In the Board of Directors there are no other Directors that are considered executive by virtue of the offices they hold in the Company or in other Tinexta Group companies.

#### **4.6. INDEPENDENT DIRECTORS**

In compliance with the recommendations contained in Art. 3 of the Code of Self-Regulation and in compliance with the provisions contained in Art. 10 of the Articles of Association, described in Section 4.1 above, the Board of Directors in office at the date of this Report consists of 7 (seven) Independent Directors in the persons of Laura Benedetto, Elisa Corghi, Gian Paolo Coscia, Paola Generali, Giada Grandi, Lorena Pellissier and Eugenio Rossetti, who meet the independence requirements prescribed by the combined provisions of articles 147-*ter*, paragraph 4 and 148, paragraph 3, of the TUF.

The Company believes that an adequate number of Independent Directors have been identified, including for the purposes of the composition of the committees described in Sections 8 and 10 below.

The Board of Directors, in its meeting of 24 April 2018, following the appointment by the Ordinary Shareholders' Meeting of 24 April 2018, pursuant to Article 2386, paragraph 1, of the Italian Civil Code and Article 10 of the Articles of Association, verified that the Directors Alessandro Barberis (who resigned on 23 July 2018), Laura Benedetto, Elisa Corghi, Paola Generali, Giada Grandi, Lorena Pellissier and Eugenio Rossetti met the independence requirements set out in the combined provisions of articles 147-*ter*, paragraph 4 and 148, paragraph 3, of the TUF, No. 58, as well as the independence requirements recommended by Article 3 of the Code of Self-Regulation. On 28 July 2018, the Board of Directors verified that Director Gian Paolo Coscia (co-opted following the resignation of Director Alessandro Barberis) met the aforementioned independence requirements.

For the sake of completeness, note that the Directors Laura Benedetto, Giada Grandi, and Gian Paolo Coscia hold key positions in Chambers of Commerce that participate in the share capital of the company Tecno Holding S.p.A. that controls the Issuer.

The annual verification of the existence of the independence requirements for each of the non-executive Directors in compliance with the recommendations contained in Art. 3.C.4 of the Code of Self-Regulation was carried out by the Board on 24 April 2018. The Board of Statutory Auditors, [on the same date], verified the correct application of the assessment criteria and procedures adopted by the Board to assess the independence of its members.

During the Year, the Independent Directors did not deem it necessary to meet in the absence of the other Directors, as they considered the regular Board meetings to be adequate to discuss the operations of the Board of Directors and governance issues concerning the Company.

Finally, it should be noted that the Directors Gian Paolo Coscia, Laura Benedetto, Elisa Corghi, Paola Generali, Giada Grandi, Lorena Pellissier and Eugenio Rossetti, in their declaration of acceptance for the position of Director of the Company and certification of the requisites for assuming the position, indicated their suitability to qualify as independent and, at the same time, undertook to promptly inform the Board of Directors and the Board of Statutory Auditors of any changes in their requisites, including those relating to independence, as well as any causes for termination.

#### **4.7. LEAD INDEPENDENT DIRECTOR**

In the light of that indicated in the sections above, the conditions envisaged by Art. 2.C.3 of the Code of Self-Regulation for the appointment of a Lead Independent Director have not been fulfilled.

### **5. TREATMENT OF CORPORATE INFORMATION**

The Board has adopted:

- (i) at its meeting of 17 May 2016, the "*Procedure for the public disclosure of inside information*", as last amended and approved by the Board at its meeting held on 31 January 2018, which regulates the management and treatment of inside information as defined in Article 7 of the MAR and the rules for the external disclosure of documents and information concerning Tinexta, taking into account, more generally, the existing legislative and regulatory provisions aimed at preventing and combating market abuse;
- (ii) at the meeting held on 17 May 2016, the "*Procedure for the management of the list of persons who have access to inside and relevant information*", as last amended and approved by the Board at the meeting held on 31 January 2018 in compliance with the provisions of law and regulations contained in Article 18 of the MAR, which require listed issuers to establish and manage a list of persons who, by exercise of their employment or profession or duty, have access to inside information;
- (iii) and approved, on 17 May 2016, the "*Procedure for compliance with internal dealing requirements*", as last amended and approved by the Board at the meeting held on 31 January 2018, aimed at regulating disclosure requirements to Consob and the public relating to the fulfilment by "relevant persons" and "persons closely associated with them", identified in accordance with the MAR, of transactions involving financial instruments issued by the Company.

The described procedures are available on the Company's website and reference should be made to these for further details.

## 6. COMMITTEES WITHIN THE BOARD

In order to render its corporate governance model compliant with the recommendations contained in Art. 6, Principle 6.P.3 and in Art. 7, Principle 7.P.3, letter (a) sub (ii) of the Code of Self-Regulation, the Board of Directors of the Issuer resolved to establish:

- (i) in the meeting of 8 May 2018, a Remuneration Committee (the “**Remuneration Committee**”); and
- (ii) in the meeting of 24 April 2018, an internal control and risk management committee (the “**Control and Risk Committee**”), the latter also acting as a committee for transactions with related parties (“**Committee for Related Party Transactions**”) and this in consideration of the organisational requirements of the Company, its operating methods and the size of its Board of Directors.

The aforementioned committees are comprised by five non-executive Directors, the majority of which are independent, and a chairperson chosen from the Independent Directors and provide proposals and advice, respectively, regarding remunerations, internal control and risk management.

The term of office of the members of the Remuneration Committee and of the Control and Risk Committee shall be the same as that of the Board of Directors.

In carrying out their duties, the aforementioned committees shall be able to access the company information and the company departments needed, and shall utilise the Company media and structures for the performance of the related activities.

The Issuer will make adequate financial resources available to the committees for the performance of their duties, within the limits of the budget approved by the Board of Directors.

At the date of this Report, no committees other than those recommended by the Code of Self-Regulation have been set up and no functions have been "distributed" among the committees in a manner different from that prescribed by the Code of Self-Regulation.

## 7. APPOINTMENTS COMMITTEE

Considering the organisational structure of the Issuer and the ownership structure of the same, the Board of Directors has not identified - at present - the need to set up a Committee for the appointment of Directors pursuant to Art. 5 of the Code of Self-Regulation, reserving the relative functions within the Board of Directors under the coordination of the Chairperson, taking into account that the Independent Directors constitute the majority of the members of the Board of Directors and that the conditions set out in the Code of Self-Regulation in this regard have been complied with.

## **8. REMUNERATION COMMITTEE**

The Remuneration Committee is made up of a majority of Independent Directors with the Chairperson chosen from among the Independent Directors.

The Board of Directors' meeting of 8 May 2018 appointed as members of the Remuneration Committee the Independent Director Giada Grandi (Chairperson), the Independent Director Paola Generali, the Independent Director Lorena Pellissier, the Independent Director Eugenio Rossetti, and the non-executive Director Riccardo Ranalli, for a duration, unless revoked, forfeited or resigned, equivalent to that of the Board of Directors in office, or until the date of approval of the financial statements for the year ending 31 December 2020. All members of the Committee have experience in financial matters and remuneration policies held by the Board at the time of appointment. The work of the Remuneration Committee is coordinated by the Chairperson Giada Grandi.

During the Year, the Remuneration Committee met six times; each meeting lasted on average approximately one hour.

For the 2019 financial year, the Remuneration Committee has already met three times, on 30 January 2019, 11 March 2019 and 26 March 2019.

### **Composition and functioning of the Remuneration Committee (pursuant to Art. 123-bis, paragraph 2, letter d) of the TUF)**

The Remuneration Committee provides proposals and advice, and its main task is to submit proposals to the Board of Directors for the definition of the remuneration policy for Directors and Key Managers.

The Remuneration Committee is given tasks as set out by Art. 6 of the Code of Self-Regulation, and in particular:

- a) submits proposals to the Board of Directors for the adoption of remuneration policies for Directors and Key Managers;
- b) periodically assesses the suitability, overall consistency and actual application of the remuneration policy for Directors and Key Managers, making use in this regard of the information provided by the Chief Executive Officers; formulates proposals on the matter to the Board of Directors;
- c) submits proposals or expresses opinions to the Board of Directors on the remuneration of executive Directors and other Directors filling particular roles as well as on the establishment of performance objectives relating to the variable component of such remuneration; monitors the application of decisions adopted by the Board, verifying, in particular, that performance objectives are achieved.

In accordance with Article 4, application criterion 4.C.1, letter (e), of the Code of Self-Regulation, in carrying out its functions the Remuneration Committee has the option of accessing information and the

company departments necessary for carrying out its tasks as well as of availing itself of external consultants within the terms established by the Board of Directors.

In accordance with that established by the Code of Self-Regulation, no Director shall attend Committee meetings in which proposals to the Board of Directors concerning their own remuneration are formulated.

With specific reference to stock options and other share-based incentive systems, the Committee submits its recommendations to the Board of Directors regarding the use of the same and all relevant technical aspects related to their formulation and application; in particular, the Committee submits proposals to the Board regarding the incentive system considered the most suitable and monitors the progress and the application of the plans approved by the Shareholders Meeting pursuant to Article 114-*bis* of the TUF over time.

The Remuneration Committee's role is to submit proposals, while the power to establish the remuneration of Directors that hold specific offices is, in any event, held by the Board of Directors, in accordance with Article 2389, paragraph three of the Italian civil code.

The Remuneration Committee made use of Crisci & Partners, in order to obtain information on market practices regarding remuneration policies, without noting the presence of situations that compromise the independence of judgment (6.C.7 Code).

In accordance with Application Criterion 4.C.1. letter d) of the Code, the meetings of the same are recorded in minutes and transcribed in a specific register. The operating rules of the Remuneration Committee were approved by the Board of Directors on 15 May 2018.

In carrying out its functions, during the Year, the Remuneration Committee was able to access the information and company departments necessary to carry out its duties as well as, where necessary, to rely on external consultants at the Company's expense and to access adequate financial resources to perform its duties within the terms established by the Board.

Parties that are not committee members may be invited to attend Committee meetings, including the Chairperson of the Board of Statutory Auditors and other members of the Board or of a Company department, on the invitation of the Committee itself, with reference to individual items on the agenda. The Chairman of the Board of Statutory Auditors also participated at the Committee.

## **9. REMUNERATION OF DIRECTORS**

For detailed information regarding the remuneration of Directors, reference should be made to the Remuneration Report prepared pursuant to Art. 123-*ter* of the TUF, available at the company's registered office and on the website, in the Governance/Shareholders' Meeting section.

## 10. CONTROL AND RISK COMMITTEE

The internal control and risk management committee (the "**Control and Risk Committee**") is made up of a majority of Independent Directors with the Chairperson chosen from among the Independent Directors.

The Committee was established by resolution of the Board of Directors of 24 April 2018, subsequently modified in its composition following the resignation of the Director Giada Grandi (who also held the position of Chairperson of the Control and Risk Committee). Following these resignations, by resolution of 20 September 2018, the Company's Board of Directors appointed the Independent Director Eugenio Rossetti, already a member of the Control and Risk Committee, as Chairperson, and appointed the Independent Director Gian Paolo Coscia as a new member.

Therefore, at the date of this Report, the Control and Risk Committee is composed of the Independent Directors Eugenio Rossetti (Chairperson), Elisa Corghi and Gian Paolo Coscia and the non-executive Directors Alessandro Potestà and Riccardo Ranalli, for a duration, unless revoked, forfeited or resigned, equivalent to that of the Board of Directors in office, or until the date of approval of the financial statements for the year ending 31.12.2020.

The work of the Control and Risk Committee is coordinated by the Chairperson, Eugenio Rossetti.

All members of the Committee have accounting and financial and/or risk management experience that the Board of Directors deems appropriate.

The Control and Risk Committee also acts as a committee for transactions with related parties ("**Committee for Related Party Transactions**").

During the Year, the Control and Risk Committee met 12 times; each meeting lasted on average about 1 hour and 55 minutes. The average attendance of Directors in meetings was 85%. For the 2019 are planning about twelve meeting's Control and Risk Committee.

For the 2019 financial year, the Control and Risk Committee has already met four times, on 28 January 2018, 1 March 2019, 11 March 2019 and 12 March 2019.

### **Composition and functioning of the Control and Risk Committee (pursuant to Art. 123-bis, paragraph 2, letter d) of the TUF)**

The Control and Risk Committee has the task of assisting the Board of Directors, with investigative, advisory and consulting functions, in the assessments and decisions relating to the internal control and risk management system, including, in such assessments, all risks that may be significant from a sustainability point of view, in the medium-long term, in the approval of periodic financial reports, as well as, in general, in the Company's commitment to sustainable development.

In accordance with the provisions of Application Criteria 7.C.2. of the Code, the Control and Risk Committee, to assist the Board of Directors, also provides proposals and advice as follows:

- a) assessing, along with the Manager responsible for drawing up the corporate accounting documents and after consulting with the independent auditors and the Board of Statutory Auditors, the proper use of accounting standards and their consistency for the purpose of preparing the consolidated financial statements;
- b) providing opinions on specific aspects concerning the identification of the main company risks;
- c) examining periodic reports concerning the assessment of the internal control and risk management system, and those of particular relevance prepared by the internal audit function;
- d) monitoring the autonomy, adequacy, effectiveness and efficiency of the internal audit function;
- e) asking the internal audit function to carry out audits on specific operating areas, also informing the Chairperson of the Board of Statutory Auditors;
- f) reporting to the Board of Directors, at least every six months, at the time of the approval of the annual and interim financial reports, on the activities carried out and on the adequacy of the internal control and risk management system;
- g) supporting, following adequate preliminary investigation, the assessments and the decision of the Board of Directors relating to the management of risks resulting from prejudicial matters that the Board of Directors has become aware of.

The Control and Risk Committee meets, at the Chairperson's invitation, normally at least 3 (three) working days before the meeting of the Board of Directors called to resolve on matters that fall within the competence of the Committee, as well as whenever necessary or when requested, with an indication of the reasons, by the Chairperson of the Board of Directors, the Chief Executive Officer or the Chairperson of the Board of Statutory Auditors and, in any case, at least every two months and always before the meetings called to approve the draft financial statements and the half-yearly report.

The Chairperson of the Board of Statutory Auditors attends meetings of the Control and Risk Committee, who in the event of an impediment designates another Statutory Auditor and in any event, the other Standing Auditors may also attend in order to ensure that the activities of the Committee are properly coordinated with those of the Board of Statutory Auditors, also in light of Application Criteria 8.C.6 of the Code, which envisages that the two bodies exchange information in a timely manner, which is relevant to the performance of their respective duties. The Internal Audit Manager also attends said meetings, as secretary to the same.



The Chairperson of the Control and Risk Committee may invite the Chairperson of the Board of Directors, the Director entrusted with the internal control and risk management system, the Manager responsible for drawing up the corporate accounting documents, Internal Audit, the Compliance department, managers of the external auditors, members of the Supervisory Body and/or, with regard to individual items on the agenda, other persons, including other Directors or representatives of company departments or third parties to attend Committee meetings, but without voting rights, whose presence may contribute to the smooth functioning of the Control and Risk Committee.

In accordance with Application Criterion 4.C.1. letter d) of the Code, the meetings are minuted, the minutes are signed-off by the Chairperson and the Secretary and transcribed in a special register for minutes of the Control and Risk Committee.

The operating rules of the Control and Risk Committee were approved by the Board of Directors on 15 May 2018.

In the context of the aforementioned meetings held during the Year, the Control and Risk Committee carried out the activities for which it was responsible and in particular discussed and, where required, resolved on the matters indicated below, formulating, where requested, its opinion on the matter to the Board of Directors:

- the report on the activities carried out by the Internal Audit department during 2017 and the action plan for 2018 relating to the Company and the Tinexta Group;
- the report on the activities carried out by the Internal Audit department during the first half of 2018;
- progress of the activities defined in the 2018 Audit Plan, reporting the main results of the activities carried out and reporting on corporate risks and related improvement plans;
- the report on corporate governance and ownership structure prepared by the Company for the 2017 year;
- the draft financial statements of the Company and the Tinexta Group as at 31 December 2017, including a meeting with representatives of the independent auditors, the consolidated financial statements as at 31 March 2018 and the consolidated half year financial report as at 30 June 2018;
- the non-financial statement of the Tinexta Group pursuant to Legislative Decree 254/2016, assessing the materiality analysis and completeness and reliability in general, including on the basis of the requirements set out in the relevant legislation;
- periodic reporting by the Manager responsible for drawing up the corporate accounting documents, developed within the context of the Tinexta Group, with particular reference to compliance with Law 262/2005;

- the proposals to modify the procedural systems adopted by the Company in the management of communication to the public of inside information, extraordinary operations and investor relations activities, formulating its own assessment in terms of adequacy, efficacy and efficiency of the controls implemented;
- the main extraordinary transactions carried out by the Company and the Tinexta Group, expressing an opinion on the correctness of the procedure followed and on the adequacy of the information provided to the Board of Directors of the Company called to decide on the matter.

The meetings were attended by the Chairperson of the Board of Statutory Auditors and the Internal Audit Manager, as secretary, and, with reference to specific items on the agenda, by the other members of the Board of Statutory Auditors, the members of the Supervisory Body, the Chief Executive Officer, the Manager responsible for drawing up the corporate accounting documents, the heads of the Development, Planning and Control, Compliance and Corporate and Legal Affairs departments, the partner and the senior manager of the independent auditors KPMG S.p.A.

In carrying out its functions, the Control and Risk Committee was able to access the information and company departments necessary to carry out its duties and did not retain it necessary to utilise the financial budget made available to the same, insofar as the support of the company's internal departments was able to guarantee the effectiveness required to fulfil its duties.

The Chairperson of the Control and Risk Committee regularly provided the first possible Board of Directors with useful information on the Committee's activities and on the issues discussed at each meeting of the Committee. In this regard, the Control and Risk Committee has also prepared specific half-yearly reports on the activities carried out by the same during the Year, providing in this context its assessment of the adequacy and efficacy of the functioning of the system of internal control and management of corporate risks of the Company and the Tinexta Group.

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

The internal control and risk management system is the set of rules, procedures and organisational structures of the Company and Tinexta Group aimed at enabling the identification, measurement, management and monitoring of the key risks, whose adequacy is supervised by the Internal Audit Manager. The internal control and risk management system also meets the need to guarantee the protection of the company's assets, the efficiency and effectiveness of the company's operations, the reliability of the financial disclosure, compliance with the laws and regulations, as well as with the articles of association and internal procedures, to preserve healthy and efficient management, and to identify, prevent and manage financial and operations risks and fraud to the detriment of the Company and the Tinexta Group.

The internal control and risk management system involves, each for its own part:

- the Board of Directors, which defines the guidelines and evaluates the adequacy of the internal control and risk management system;
- the Control and Risk Committee with the tasks, described in Section 10 above, of supporting, with adequate investigative and advisory activities, the assessments and decisions of the Board of Directors relating to the system, as well as those relating to the approval of periodic financial reports;
- the Director entrusted with the internal control and risk management system, Enrico Salza, with the tasks, specified in detail in Section 11.1 below, of identifying the main corporate risks and implementing the guidelines defined by the Board of Director;
- the Internal Audit Manager, Gianluca Rosboch, entrusted with verifying that the internal control and risk management system is functioning and adequate, according to the detailed tasks indicated in Section 11.2 below;
- the Board of Statutory Auditors which, also acting as an internal control and audit committee pursuant to Art. 19 of Legislative Decree No. 39/2010, monitors the effectiveness of the internal control and risk management system.

In conformity with that established by Application Criterion 7.C.1 of the Code Self-Regulation, the Board of Directors, subject to the opinion of the Control and Risk Committee:

- a) defines the guidelines of the internal control and risk management system in such a way that the main risks pertaining to the Company and its subsidiaries are properly identified and adequately measured, managed and monitored while at the same time also determining the degree of compatibility of these risks with company management that is consistent with the strategic objectives identified;
- b) assesses the adequacy of the internal control and risk management system with respect to the company's characteristics and risk profile assumed, and its effectiveness, at least once a year;
- c) approves the work plan prepared by the Internal Audit Manager after it is approved by the Board of Statutory Auditors and the Director entrusted with the internal control and risk management system at least once a year;
- d) describes the main characteristics of the internal control and risk management system and the methods for coordinating the parties it involves with an assessment of its adequacy in the corporate governance report;

e) after discussions with the Board of Statutory Auditors, assesses the results presented by the statutory auditor in the letter of suggestions and in the additional report referred to in Article 11 of Regulation 537/EU/2014;

f) on the proposal of the Director entrusted with the internal control and risk management system and subject to the favourable opinion of the Control and Risk Committee, as well as after consulting the Board of Statutory Auditors, appoints and revokes the Internal Audit Manager; it ensures that it has enough resources for carrying out its responsibilities and defines remuneration in line with company policies.

Furthermore, in defining the strategic, industrial and financial plans, the Board of Directors has defined the nature and the risk level compatible with the strategic objectives of the Issuer, including in its assessments all the risks that may acquire relevance in terms of the sustainability, in the medium-long term, of the Issuer's activities.

The Board of Directors carries out its internal control and risk management tasks while adequately taking into account the models of reference and national and international best practices, with particular attention paid to effective implementation of the Model pursuant to Italian Legislative Decree No. 231/2001, adopted by the Board of Directors with resolution of 1 March 2013.

After taking into account the information provided by the Control and Risk Committee and by the Director in Charge of the internal control and risk management system, as well as the work of the Internal Audit Manager, the Board of Directors meeting held on 12 March 2019 was able to state, for the Year, a positive assessment of the adequacy, effectiveness and actual operation of the internal control and risk management system. The Board based its judgement on the internal control and risk management system on these findings and also considered the improvement plans implemented and the residual risks to which the Group is exposed.

The Board of Directors of 12 March 2019, having consulted the Board of Statutory Auditors and the Director entrusted with the internal control system, approved the work plan for the 2019 year, which was drawn up by the Internal Audit Manager.

### **Main characteristics of the existing risk management and internal control systems in connection with the financial reporting process pursuant to Art. 123-bis, paragraph 2, letter b), TUF**

#### *Foreword*

The objective of the Tinexta Group financial disclosure internal control system is to provide reasonable certainty on the reliability of the same and on the ability of the process of drawing up the financial statements to produce the financial reporting in compliance with the generally accepted international

accounting principles. The above accounting and administrative control model is the set of internal procedures and tools adopted so that the objectives of reliability, accuracy, correctness and promptness of financial reporting can be achieved. The model of reference for executing, managing and assessing the Internal Control System (“ICS”) that Tinexta Group has adopted is the model called “Co.S.O. Report”, supplemented with: i) legislative and regulatory references on the subject of internal control; ii) expedient adaptations aimed at making it consistent with the Tinexta Group’s situation.

During the Year, the Company followed the prescriptions of Italian Law 262/05 aimed at documenting the accounting and administrative control model adopted, as well as at implementing specific checks on the controls that emerged to support the certification process of the Manager responsible for drawing up the corporate accounting documents. To this regard, please note that the Company has prepared a special Methodological Manual, approved by the Board of Directors and circulated to all Tinexta Group companies having significance according to Italian Law 262/05, in which the guidelines for implementing, updating and monitoring the model are outlined and explained.

*Description of the main characteristics of the risk management and internal control system existing in connection with the financial reporting process*

*(a) Phases of the risk management and internal control system existing in connection with the financial reporting process*

The main phases of the system implemented by the Company in connection with the financial reporting process can be traced back to the following macro categories of activities.

- Identification of the scope of the companies and of the significant administrative and accounting processes. These activities initially require the definition of the Tinexta Group companies and of the processes of the single companies, with reference to which the activities of studying in-depth the risks and administrative and accounting control are to be carried out, adopting both quantitative parameters (defined on the basis of the significant weight that the figures to consider have on the main financial sheet items) and qualitative elements. The activity of defining the significant scope is usually carried out at the beginning of each year, after approval of the financial statements of the previous year and the issue by the Manager responsible for drawing up the corporate accounting documents, of the certifications required by law.
- Analysis of the processes, risks and administrative and accounting controls. The analysis of the control system connected with financial reporting is carried out both at the entity level (i.e. on a corporate basis) and at the process level (up to the details of the single transaction) with the aim to effectively mitigate the pertinent risks found within the administrative and accounting system. The approach adopted takes into consideration the possible risks of incorrect representation of the company events in the financial reporting, both unintentional and fraudulent, envisaging the

design and monitoring of controls able to ensure the hedging of said risks. In particular, the administrative and accounting processes include the risks connected with non-achievement of the control objectives aimed at ensuring truthful and correct financial reporting or at minimising the probabilities and impact of their appearance. These objectives are connected with observance of the financial assertions, which the international standards of reference define as the requirements that every accounting/reporting account of the financial statements must ensure in order to meet the legal obligations (typically: existence and occurrence, completeness, rights and obligations, valuation and recording, presentation and reporting) and other elements that connote the internal control environment of the organisation (such as, for example, observance of the authorisation limits, segregation of duty, documents and traceability of the transactions). The analysis of the risks connected with financial reporting envisages periodic updating in order to identify the main changes that have taken place in the structure of the administrative and accounting processes following the natural evolution of the business and organisation.

- Definition of the administrative and accounting control system. Based on the results of the risk recognition and assessment activity of the financial reporting process at the “pertinent” level (i.e. regardless of the existence of controls when they appear), the Company defines the structure and methods of executing the administrative and accounting controls deemed adequate for guaranteeing reduction of the risk of non-observance of one or more financial assertions associated with them to an acceptable level while taking into due consideration the presence of control activities that can be considered redundant or compensatory. The approach adopted considers both the manual controls and those relating to the reporting systems supporting the administrative and accounting processes, i.e. the so-called automatic controls at the level of application systems and the IT general controls monitoring areas concerning access to the systems, control of the developments and modifications of the systems and, in general, adequacy of the computer structures.
- Checking the administrative and accounting controls. The controls are periodically monitored in order to verify their actual application over time, during the period of reference and the actual effectiveness in order to ensure that the needs for hedging risks defined by the internal control system and relevant control system are adequate. The assessment of the effectiveness of the administrative and accounting controls is carried out by running specific sample tests to ascertain the proper execution of the controls required by the company departments, as well as implementation of the corrective measures established. This monitoring and testing of the financial reporting control system is conducted through an independent compliance activity by the Tinexta Group Internal Audit department. The results of the monitoring activity are subject

of a periodic flow of information (every six months) on the status of the financial reporting control system as concerns the design, structure and functioning of the system by the Internal Audit manager directly to the Manager responsible for drawing up the corporate accounting documents, as well as to senior management, the Control and Risk Committee and the Board of Statutory Auditors for the assessments for which they are responsible.

*(b) Roles and departments involved*

The Manager responsible for drawing up the corporate accounting documents coordinates with the departments of the Company, the departments of the subsidiary companies falling within the scope of consolidation and the corporate governance bodies, in order to provide and receive information on the execution of activities that have an impact on the economic or financial situation of the Tinexta Group. All departments belonging to the Tinexta Group companies (included within the scope of consolidation) and the governance bodies, such as the Board of Directors, the Board of Statutory Auditors, the Control and Risk Committee, the Supervisory Body, the independent auditing firm, the institutional bodies that communicate with the outside and Internal Audit are responsible for interacting with the Manager responsible for drawing up the corporate accounting documents in order to inform, and if necessary report, on events that might bring about significant changes in the processes if they have an impact on the adequacy and material functioning of the existing administrative and accounting procedures. The Administration Managers of each of these companies have been identified as responsible for guaranteeing adequate implementation and maintenance of the internal control system in the respective organisations on behalf of the Manager responsible for drawing up the corporate accounting documents. To this regard, the administrative-financial governance model of the Tinexta Group includes a system of internal certifications that requires that the Chief Executive Officers/General Managers and Administration Managers of the single Tinexta Group companies issue a specific certification on the reliability and accuracy of the systems and processes for financial reporting used to prepare the Tinexta Group consolidated financial statements supporting the half-yearly and annual certifications made by the Manager responsible for drawing up the corporate accounting documents and the Chief Executive Officer (pursuant to paragraph 5 of Art. 154-*bis* of the TUF).

### **11.1. DIRECTOR IN CHARGE OF THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM**

The Board of Directors meeting of 24 April 2018 resolved to appoint Enrico Salza as Director entrusted with the internal control and risk management system pursuant to Art. 7, principle 7.P.3 (a)(i) of the Code of Self-Regulation.

In implementing the functions assigned, as described in Section 11 above, the Director entrusted with the internal control and risk management system, with the support of the appropriate managers for the various areas of reference:

- (a) identified the corporate risks taking into account the strategies and business characteristics of the Company and the Group;
- (b) implemented the guidelines defined by the Board, providing for the design, execution and management of the internal control system, whilst constantly checking its overall adequacy and efficacy;
- (c) was responsible for adapting the internal control system to the dynamics of the company and to the modified operating conditions within the reference legislative and regulatory framework.

Enrico Salza has the power to ask the Internal Audit function for checks on specific operational areas and on compliance with internal rules and procedures in the execution of company operations, whilst informing the Chairperson of the Control and Risk Committee and the Chairperson of the Board of Statutory Auditors.

In the performance of their duties, the Director entrusted with the internal control and risk management system has, up to the present date, not identified, nor been informed of, any critical issues that should be promptly brought to the attention of the Control and Risk Committee and the Board of Directors.

## **11.2. MANAGER OF THE INTERNAL AUDIT DEPARTMENT**

On 31 August 2016, the Board, on the proposal of the entrusted Director, after obtaining the favourable opinion of the Control and Risk Committee and after consulting the Board of Statutory Auditors, appointed Gianluca Rosboch as Internal Audit Manager with the task of verifying that the internal control and risk management system is functioning and adequate.

The Internal Audit Manager avails of the Issuer's means and structures to carry out his duties.

The Internal Audit Manager, to whom no operational area belongs and who reports hierarchically to the Board of Directors, in the exercise of his functions ensures the flow of required information to the Director entrusted with the internal control and risk management system, to the Board of Statutory Auditors and to the Control and Risk Committee.

The Internal Audit Manager has direct access to all information required for the performance of his duties and, where deemed necessary, also has access to the documentation produced by third parties entrusted with control duties in the Company or in other subsidiaries.

The Internal Audit Manager, pursuant to Art. 7.C.5 of the Code of Self-Regulation:



(a) checks the effectiveness and compliance of the internal control and risk management system using an audit system approved by the Board of Directors that is based on a structured process of analysis and prioritisation of the main risks both continuously and in connection with the specific needs and in observance of the international standards;

(b) has direct access to all information helpful in performing the task;

(c) prepares periodic reports containing enough information on his activity, on the methods with which the risk management is conducted and on observance of the plans defined to reduce them. The periodic reports contain an assessment of the suitability of the internal control and risk management system;

(d) prepares reports on particularly significant events in a timely manner;

(e) sends the reports described under points d) and e) to the chairmen of the Board of Statutory Auditors, the Control and Risk Committee and the Board of Directors, and to the Director entrusted with the internal control and risk management system;

(f) checks reliability of the computer systems, including the accounting systems, as part of the audit plan.

During the Year, the Internal Audit Manager:

- conducted the audits defined in the approved 2018 plan and reported on the results of the activities carried out;
- carried out specific interventions (special tasks) on the basis of requests and instructions formulated by Tinexta Group management;
- carried out activities related to Italian Law 262/2005, checking the companies (and their processes) quantitatively and qualitatively significant in terms of compliance, through testing, the operational effectiveness of the controls monitoring administrative-accounting risks and monitoring the progress of the implementation of improvement actions;
- assisted the Supervisory Board, also of other Tinexta Group companies, in performing specific audits, periodic verifications and analysis of records from information flows of the Supervisory Body;
- assisted the personnel of Tinexta and of the other Tinexta Group companies in formalising new procedures or updates of existing procedures based on the results of specific audits carried out on Tinexta or at Tinexta Group level;
- assisted and supported the operating and compliance departments of Tinexta Group companies in managing the ISO quality system;

- formulated his own periodic assessment of the suitability of the internal control and risk management system.

The results of each internal audit intervention were submitted in the form of internal audit reports sent concomitantly to the Chairperson of the Board of Directors, the Chief Executive Officer (also to later be sent to the structures subject to auditing), the Control and Risk Committee and the Board of Statutory Auditors.

The internal audit reports were also sent, for the competence aspects, to the Supervisory Body of Tinexta and, for the internal audit interventions pertaining to the subsidiaries, to their control and regulatory bodies (Boards of Directors, Boards of Statutory Auditors and Supervisory Bodies).

The internal audit reports present the concise assessment of the internal control and risk management system control protocols referring to the areas and processes checked, the description of the findings and limitations found, and the recommendations that emerged, for which the managers of the activities and areas audited draw up a plan of corrective actions whose implementation is monitored by the internal audit department.

The Internal Audit Manager draws up (i) half-yearly reports containing sufficient information on his activity, on the methods with which risk management is conducted and on observance of the plans defined to reduce them, as well as the assessment of the suitability of the internal control and risk management system and (ii) specific reports in the case of particularly significant events.

On 12 March 2019, the Internal Audit Manager issued his annual report (referring to the period from 1 January to 31 December 2018, with an update to the date of its issue) and with reference to the result that emerged from the audit activities carried out, stated that no significant situations or critical issues such as to lead one to believe the internal control and risk management system of the Tinexta Group as a whole inadequate emerged.

### **11.3. ORGANISATIONAL MODEL PURSUANT TO ITALIAN LEGISLATIVE DECREE NO. 231/2001**

By resolution of the Board of Directors of 1 March 2013, the Company adopted an Organisational Model that meets the requirements of Legislative Decree No. 231/2001 (hereinafter also referred to as the "**Model**") aimed at avoiding administrative liability in criminal proceedings involving the Company for certain types of crimes committed by its Directors, managers, employees or collaborators in the interest or to the advantage of the Company itself. With the same resolution, the Company's Code of Ethics was adopted, which is an integral part of the Model.

On 7 August 2017, the Board of Directors updated the Organisational Model and the Code of Ethics to take into account the development of the reference regulatory framework, the organisational changes of the Issuer, the jurisprudential guidelines and the experience gained during the first years of application of the Model itself.

The Model, which was also developed in accordance with the guidelines prepared by the trade associations on the subject, represents a further qualifying element for the Company's internal control system and consists of the following:

- a General Section containing, among other things, specific information on the qualifying contents of Legislative Decree No. 231/2001 and subsequent additions, objectives and structure of the Model, requirements, functions and powers of the Supervisory Body, its information flows, disciplinary and sanctioning regime connected with violations of the provisions of the Model;
- a Special Section, consisting of a series of specific protocols in relation to the different types of criminal offences among those provided for by Legislative Decree No. 231/2001, which for Tinexta have been identified as being the following: offences within relationships with the Public Administration and corruption between private parties, corporate offences, transnational offences and organised crime offences, offences committed in violation of accident prevention and occupational health and safety regulations, offences connected to the receipt of stolen goods, money laundering and the misuse of money, goods or benefits of illegal origin as well as computer offences, offences linked to employment of illegal third-country nationals and illicit intermediation and labour exploitation, market abuse.

On 1 March 2013, the Company appointed the Supervisory Body.

The Supervisory Body currently in office was appointed by resolution of the Board of Directors of 24 April 2018 and is composed of three experts chosen from within and outside the company, with adequate training and professionalism, in the persons of Laura Benedetto (Chairperson), Ugo Lecis and Alberto Sodini, all with autonomous powers of initiative and control as provided for in Art. 6 of Legislative Decree 231/2001.

For full compliance with Legislative Decree 231/2001, the Supervisory Body reports to the Board of Directors of the Company and is not linked to the company's operations by any hierarchical link, so as to guarantee its full autonomy and independence in the performance of its functions.

Subsidiaries with strategic importance for the Tinexta Group have also adopted, and over the years updated, their own Organisational Model pursuant to Legislative Decree No. 231/2001 and appointed at the same time their respective Supervisory Bodies; this in order to implement specific control measures based on the different risk/offence profiles relevant to each company. The respective Supervisory Bodies, as implemented by the Tinexta Supervisory Body, have implemented their own action plans to monitor

and assess the adequacy of the Organisational Models adopted by the individual companies. The planned operational checks were carried out through the Internal Audit function of the Tinexta Group and periodic reports were prepared and sent to the Boards of Directors and Boards of Statutory Auditors on the supervisory activities carried out during the reference periods.

The prescriptions contained in the Model are completed by those of the Tinexta Group's Code of Ethics approved by the Board of Directors on 7 August 2017, which describes the commitments and ethical responsibilities in the conduct of business and corporate activities to which each employee and all those with whom the Company comes into contact in the course of its business, must conform in the performance of their duties, in the belief that ethics in the conduct of business is the basis for the success of business activities.

The Code of Ethics is available on the Website in the Governance/Corporate Documents section.

The Supervisory Body reported to the Board of Directors on the activities carried out during the Year with reports on 14 March 2019 and 12 March 2019.

On 20 December 2018, the Board of Directors approved the introduction of an internal system for reporting offences, as required by Legislative Decree No. 231/2001 and by Law 179/2017 (the so-called "Whistleblowing System"). Based on an external IT platform that guarantees the confidentiality of the identity of the whistleblower, the Whistleblowing System introduces specific methods for reporting of, to the Supervisory Body, illegal phenomena and suspicious conduct, irregularities in company management, acts or facts that may constitute a violation of internal and external regulations as well as the control principles and rules of conduct contained in the Model and in the Code of Ethics of the Company. This system has been adopted by all subsidiaries belonging to the Tinexta Group that have their own Organisational Model pursuant to Legislative Decree No. 231/2001.

#### **11.4. INDEPENDENT AUDITING FIRM**

Pursuant to Art. 13 of Legislative Decree No. 39 of 27 January 2010, the Ordinary Shareholders' meeting of the Company held on 29 April 2016, at the proposal of the Board of Statutory Auditors, resolved to appoint the independent auditors KPMG S.p.A. to audit the separate and consolidated financial statements of the Tinexta Group for the 2016-2024 years, with the limited audit of the condensed consolidated half-yearly financial statements for that nine-year period, as well as to verify that the accounts are properly kept and that the operating events are correctly recorded in the accounting records during those years.

The Company has adopted a procedure for the assignment of appointments to the auditing company within the Tinexta Group in order to safeguard the independence requirement of the person in charge of

the statutory audit of the accounts, with a framework for the valuation at the conferment of assignments - other than those of a mandatory nature - by the Company and its subsidiaries to the company appointed to audit the accounts and its network.

#### **11.5. MANAGER RESPONSIBLE FOR DRAWING UP THE CORPORATE ACCOUNTING DOCUMENTS AND OTHER COMPANY ROLES AND POSITIONS**

Pursuant to Article 19 of the Articles of Association, the Board of Directors, subject to the mandatory but non-binding opinion of the Board of Statutory Auditors and with the ordinary majority provided for in these Articles of Association, appoints the Manager in charge of preparing the financial reports referred to in Article 154-*bis* of the TUF, establishing a specific term of office, from among the managers with at least three years' experience gained in holding management positions in areas of administrative/accounting and/or financial and/or control activities at the company and/or its subsidiaries and/or at other public limited companies.

The Board of Directors may revoke the office of Manager responsible for drawing up the corporate accounting documents, again subject to the mandatory though non-binding opinion of the Board of Statutory Auditors and with the normal majority established in the Articles of Association, at the same time appointing another person to the same position.

In compliance with the above, the current Board of Directors resolved on 17 May 2016 to appoint Nicola Di Liello to the office of Manager responsible for drawing up the corporate accounting documents pursuant to Art. 154-*bis* of the TUF after receiving the favourable opinion of the Board of Statutory Auditors.

At the time of this appointment, the Board assigned the Manager responsible for drawing up the corporate accounting documents with all of the powers and means for the exercise of the tasks assigned to him pursuant to current legislation and the Articles of Association, including direct access to all functions, offices and information necessary for the production and verification of accounting, financial and economic data, without the need for any authorisation.

#### **COMPLIANCE FUNCTION**

The Company has assigned the responsibility of the Compliance Function to an external consultant of proven experience, placing it in a position of absolute autonomy with respect to the operating structures, and reporting directly to the Board of Directors and to the Board of Statutory Auditors. The aforementioned function is responsible for periodically checking and assessing the adequacy and effectiveness of the measures, policies and procedures adopted to identify and minimize the risk of non-

compliance with regulatory obligations and provide advice to relevant parties in the performance of activities and assist them in fulfilling the obligations imposed on the Company even as a listed entity.

#### **Data Protection Officer – DPO**

As regards the processing and management of personal data and privacy, the Tinexta Group has complied with the new General Data Protection Regulation (No. 2016/679 hereinafter "GDPR"). We proceeded to define and implement a model for the management of corporate rules and processes for privacy, both at the group level and for the subsidiaries. The Group Data Protection Officer was appointed and the relevant Data Protection Officers were identified.

As of the Date of the Report, the Company's Board of Directors had not appointed any persons responsible for internal control or risk management other than those described above.

#### **11.6. COORDINATION BETWEEN THE PARTIES INVOLVED IN THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM**

The Company establishes methods for coordination between the various parties involved in the internal control and risk management system. In addition to the periodic information provided to the Board of Directors, it is the Company's standard procedure that the Group internal audit department manager, the Chairperson of the Board of Statutory Auditors or another statutory auditor named by the chairperson or together with the other statutory auditors attend the meetings of the Control and Risk Committee, and the executive director responsible for the internal control and risk management system and the Manager responsible for drawing up the corporate accounting documents may be called to attend in order to ensure effective coordination of the Committee activity with that carried out by the other bodies and departments.

On [12 March 2019] the Board of Directors, in accordance with the provisions of the Criterion 7.C.1 of the Code, expressed an opinion on the adequacy of the above methods of coordination between the various parties involved in the internal control and risk management system.

#### **12. INTERESTS OF THE DIRECTORS AND TRANSACTIONS WITH RELATED PARTIES**

The Company has defined and adopted specific procedures for significant transactions and transactions with related parties, in order to ensure that Directors receive complete and exhaustive information on this type of transaction.

The Company approves related party transactions in accordance with the provisions of current laws and regulations and the procedure adopted on 17 May 2016 and 22 June 2016, subject to the favourable opinion of the Independent Directors pursuant to Article 2391-*bis* of the Italian Civil Code and the RPT Regulations, updated on 3 October 2018 (the "**RPT Procedure**"). The RPT Procedure was adopted in

compliance with the provisions of the CONSOB Regulations containing provisions on related party transactions, adopted by the aforementioned authority with Resolution No. 17721 of 12 March 2010 and amended by Resolution No. 17389 of 23 June 2010.

In compliance with the RPT Regulations, the RPT Procedure regulates the procedures for preparing and approving transactions with related parties defined as being of greater importance on the basis of the criteria indicated in the RPT Regulations and transactions with related parties defined as being of lesser importance, i.e. those other than transactions of greater importance and transactions of smaller amounts pursuant to the RPT Regulations.

Without prejudice to the disclosure obligations provided for by law and the RPT Procedure, transactions with related parties must be approved by the body responsible for adopting the relevant decision pursuant to law and the Articles of Association, after obtaining a reasoned opinion on the appropriateness and substantive correctness of the terms and conditions of the transaction from the Related Parties Committee, made up of the independent members of the Control and Risk Committee, who must also be unrelated Directors for each transaction. The Chairperson of the Committee for Related Party Transactions is identified as the Chairperson of the Control and Risk Committee if the Related Parties Committee coincides with the Control and Risks Committee, unless otherwise determined by the Board of Directors.

The Related Parties Committee performs the functions envisaged by the RPT Procedure, the RPT Regulations and the legislation in force at the time, and in particular:

- expresses its prior opinion on the approval and amendments of the RPT Procedure, as well as on the proposals to be submitted to the Shareholders' Meeting of the Company regarding any amendments to the Articles of Association identified as necessary by the Board of Directors in the context of the definition of the RPT Procedure;
- expresses its binding reasoned opinion on transactions of major importance and expresses its non-binding reasoned opinion on transactions of minor importance;
- intervenes in the negotiation and preliminary phase of the most significant transactions, by receiving a complete and timely flow of information and with the right to request information and to make observations to the delegated bodies and to the persons in charge of conducting the negotiations or the due diligence phase; and
- supports the competent company functions in the preliminary checks relating to the identification of Related Parties and transactions with related parties in accordance with the RPT Procedure and current legislation from time to time.

On 24 April 2018, the Board of Directors identified the Control and Risk Committee as the competent body for transactions with related parties which, pursuant to the RPT Procedure, has assumed the role of Related Parties Committee.

The RPT Procedure can be found on the Company's website in the Governance/Corporate Documents section, to which reference should be made for further details.

As at the date of the Report, the Board of Directors has not deemed it necessary to adopt, in addition to the RPT Procedure and the disclosure requirements set out in Article 2391 of the Italian Civil Code, a specific procedure for the identification and management of situations in which a Director has an interest on his/her own behalf or on behalf of third parties.

### **13. APPOINTMENT OF AUDITORS**

The Statutory and Alternate Auditors are appointed by the Shareholders' Meeting, in compliance with the *pro tempore* regulations in force concerning the balance between genders, on the basis of lists submitted by the Shareholders in compliance with the legal and regulatory provisions in force at the time contained in Art. 148 of the Consolidated Finance Act and 144-*quinquies et seq.* of the Consob Issuers' Regulations.

Pursuant to Art. 20 of the Articles of Association, a balance between the male and female genders must be ensured in the composition of the Board of Statutory Auditors in observance of the applicable legal and statutory provisions currently in force. The auditors, who may be re-elected, are selected from parties who have the requisites, also regarding plurality of offices, established by current legislation, also statutory, including professional competence in conformity with Ministry of Justice Decree No. 162 of 30 March 2000 regarding the provisions of Art. 1, paragraph 2, letters b) and c) of said decree, which are to be considered strictly pertinent to the company's activity: (i) matters pertaining to commercial law; tax law; accounting; business economics; general, international and financial market economics; corporate finance; and (ii) sectors of industry and the publishing trade and pertaining to communications in general.

The Board of Statutory Auditors is appointed in observance of the applicable legal and statutory provisions currently in force on the subject of balance between genders, on the basis of lists submitted to the Shareholders.

Every list, which contains the names of one or more candidates, marked by a progressive number and all together in a number not exceeding the number of members to elect, indicates whether the single candidacy is submitted for the office of statutory auditor or for the office of alternate auditor. The lists containing a total number of candidates equal to or greater than three must be made up of candidates belonging to both genders so that at least one-third (rounded by excess to the higher unit) of the candidates for the office of statutory auditor and at least one-third (rounded by excess to the higher unit) of the candidates for the office of alternate auditor belong to the gender less represented on the list.



Only those Shareholders who alone or together with other submitting Shareholders form a total of Shareholders, as at the date the list is submitted, with voting rights in Shareholders' meeting resolutions concerning the appointment of the Board of Directors and Board of Statutory Auditors representing a percentage of stake in the Share capital made up of said Shares, as subscribed on the date the list is submitted, at least equal to the percentage applicable for appointing the Board of Directors as determined or referred to by these Articles of Association are entitled to submit the lists. The percentage of stake required for submitting lists of candidates is specified in the notice calling the Shareholders' Meeting for appointing the Board of Statutory Auditors.

In this regard, it should be noted that the Shareholding threshold last determined by CONSOB for Tinexta pursuant to Art. 144-*quater* of the Consob Issuers' Regulations, with Resolution No. 20273 of 24 January 2018, is equal to 2.5%.

Each candidate may appear on only one list, under penalty of ineligibility. Each Shareholder may neither submit or concur on submitting nor - like every other one entitled to vote - vote more than one list, not even through a third party or trustee. Moreover, the Shareholders that: i) belong to the same group (or, pursuant to Art. 93 of Italian Legislative Decree No. 58/1998, find themselves in a control relationship with each other or are subject to joint control, even when the parent company is a natural person), or ii) take part in a significant Shareholders' agreement pursuant to Art. 122 of Italian Legislative Decree No. 58/1998 concerning company Shares, or iii) take part in such a Shareholders' agreement and be, according to the law, parent companies or be controlled by or be subject to joint control of one of said participating Shareholders, cannot submit or concur with others to submit more than a single list and cannot vote different lists. The agreements and votes expressed in breach of said prohibition shall not be attributed to any list. The lists, complete with the curricula vitae of the candidates containing exhaustive information on the personal and professional characteristics of each one of them with the list of any administration and control positions held in other companies, and signed by the Shareholders that submitted them, or their agent, with indication of the respective identity and percentage of stake altogether held as at the date of submission must be lodged with the registered office by the twenty-fifth day prior to the date set for the Shareholders' Meeting in first or single call together with a statement of the submitting Shareholders, when different from those that hold, also jointly, a control or majority stake in the Share capital (the latter as defined above in this article), certifying the absence of relationships of association with the latter as required by the legislation, including statutory, currently in force.

When submitting the list, statements must be submitted in which single candidates accept their candidacy and declare, under their own responsibility: 1) the non-existence of causes for ineligibility for election and incompatibility, as well as the existence of the requisites required based on that set out in current primary and secondary legislation; 2) the existence of the independence requisites required by Article 148, paragraph 3, of the TUF. Lists submitted without the foregoing provisions being observed are considered

as not submitted. If, by the twenty-fifth day before the date of the Shareholders' Meeting in first or single call, only one list is submitted, or lists have been presented only by Shareholders associated with each other pursuant to the legal and regulatory regulations currently in force, additional lists can be submitted until the third day after said date and the minimum percentage of stake for submitting lists shown on the notice of call will be considered reduced by half. Also in the case of such a submission, the relevant certification(s) or communication(s) certifying the aforesaid necessary stake issued by the intermediary authorised pursuant to the applicable legal or statutory provisions may also be delivered afterwards as long as it is at least twenty-one days before the date set for the Shareholders' meeting in first or single call. The lists and information provided together with them will be advertised pursuant to the standards, including regulatory, currently in force. The election of the members of the Board of Statutory Auditors shall be carried out as follows: a) two statutory members and one alternate member are taken from the list that obtained the highest number of votes at the Shareholders' meeting, based on the progressive order with which they are respectively listed on the list, except for what is provided for hereunder to ensure a balance between genders in observance of the applicable legal and statutory provisions currently in force; b) the remaining statutory auditor, who is entitled to the chairmanship of the Board of Statutory Auditors, and the other alternate member are taken from the second list obtaining the highest number of votes at the Shareholders' Meeting and that is not associated, not even indirectly, pursuant to the legal and statutory regulations currently in force, with those who submitted or voted the list that obtained the highest number of votes as described in letter a) above. For the purpose of appointing the auditors described in letter b) above, if there is parity between lists, the one submitted by Shareholders having the largest stake or, subordinately, the largest number of Shareholders, prevails. In the case of parity of votes between two or more lists that obtained the highest number of votes, the Shareholders' Meeting will go to second ballot with resolution taken with relative majority. If a party associated with a Shareholder that has submitted or voted the list that obtained the highest number of votes has voted for a minority list, the existence of said relationship of association takes on importance only if the vote determined the election of the auditor to take from said minority list. If a single list is submitted, all candidates belonging to that list are elected with the majority vote of the Share capital represented at the Shareholders' Meeting.

If following the voting by lists or voting of the single list, the composition of the Board of Statutory Auditors is not ensured, in compliance with the applicable legal and regulatory provisions currently in force on the subject of balance between genders, the statutory member candidate of the most represented gender elected last in progressive order from the list that obtained the highest number of votes or from the single list will be excluded, and will be replaced by the next candidate according to the progressive order with which the candidates are listed, taken from the same list and belonging to the other gender.

If no list at all is submitted, the Shareholders' Meeting appoints the Board of Statutory Auditors with majority vote relating to the Share capital represented at the Shareholders' Meeting, in such a way that

observance of the applicable legal and statutory provisions currently in force on the subject of balance between genders is ensured. The chairmanship of the Board of Statutory Auditors in these latter cases lies with the head of the only list submitted or with the person appointed by the Shareholders' Meeting if no list has been submitted.

If the legal and statutory requirements are not met, the auditor falls from office. If an auditor is replaced, the alternate belonging to the same list as the one who leaves office fills the place, provided that observance of the applicable legal and statutory provisions currently in force on the subject of balance between genders is ensured. Failing that, if the minority auditor leaves office, the candidate listed afterwards in the original order of submission and without taking into account the original statutory or alternate auditor candidacy on the same list to which the one leaving office belonged or, alternatively, the first candidate of the minority list that received the second highest number of votes fills the place, provided that observance of the applicable legal and statutory provisions currently in force on the subject of balance between genders is ensured. The chairmanship of the Board of Statutory Auditors will still lie with the minority auditor. When the Shareholders' Meeting must appoint statutory and/or alternate auditors necessary to supplement the Board of Statutory Auditors, it follows these steps: if auditors elected from the majority list are to be replaced, the appointment is made with relative majority vote without obligation of a list in observance of the applicable legal and statutory provisions currently in force on the subject of balance between genders; if, on the other hand, auditors from the minority list must be replaced, the Shareholders' Meeting replaces them with relative majority vote, selecting them from the candidates shown on the list on which the auditor to be replaced appeared or, subordinately, on the minority list that obtained the second highest number of votes, in both cases without taking into account the original candidacy to the office of statutory or alternate auditor, again in observance of the applicable legal and statutory provisions currently in force on the subject of balance between genders. In any case, the same documents pertaining to the latter must be submitted by the Shareholders that plan to propose a candidate in advance, as provided for above in the case of submission of lists for the appointment of the entire Board, if necessary by way of updating what was already submitted at that time.

If application of these procedures for any reason does not permit replacement of the auditors designated by the minority, the Shareholders' Meeting shall proceed with a relative majority vote in observance of the applicable legal and statutory provisions currently in force on the subject of balance between genders, subject to the submission of candidacies - complete with the same documents provided for above in the case of submission of lists for the appointment of the entire Board - for each candidate by Shareholders that hold - either alone or together with other submitting Shareholders - Shares with voting rights at least equal to the percentage of the Share capital that would be necessary for submitting the same lists as determined or referred to by these Articles of Association since in any case said submission by Shareholders that hold, also jointly, a control or relative majority stake in the Share capital (the latter again

as defined above in this article) or that have relationships of association with the latter as provided for by the regulations, also statutory, currently in force is not allowed. In ascertaining the results of this latter vote, the votes of the Shareholders to which submission of candidacies is not allowed will not be calculated. The chairmanship of the Board of Statutory Auditors still lies with the minority statutory auditor as appointed. Should no candidacies be submitted as provided for above, the Shareholders' Meeting resolves with relative majority in observance of the applicable legal and statutory provisions currently in force on the subject of balance between genders.

Other and additional provisions provided for by binding legal or statutory rules however remain valid.

The Articles of Association do not provide for the election of more than one minority Auditor.

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

The current Board of Statutory Auditors, appointed by the Shareholders' Meeting of 24 April 2018, is composed of the Chairperson Luca Laurini and the Statutory Auditors Monica Mannino and Alberto Sodini, and the Alternate Auditors Domenica Serra and Maria Cristina Ramenzoni.

Please refer to **Table 3** in the appendix for further details on the composition of the Board of Statutory Auditors.

The Board of Statutory Auditors was appointed by the aforementioned Ordinary Shareholders' Meeting, on the basis of the 3 lists of candidates presented, respectively, by the majority Shareholder Tecno Holding S.p.A. holding 56.51% of the Share capital, by Quaestio Capital SGR S.p.A. holding 9.9% of the Share capital and by a group of investors representing a total of 1.45% of the Share capital, and will remain in office until the approval of the financial statements for the year ended 31 December 2020.

For further information on the lists submitted for the appointment of the Board of Statutory Auditors, please refer to the website in the Governance section, where the professional profiles of the Statutory Auditors are available pursuant to articles 144-*octies* and 144-*decies* of the Consob Issuers' Regulations.

Information on the personal and professional characteristics of the individual members of the Board of Statutory Auditors follows.

**Luca Laurini (Chairperson)** – He received his degree in Economics and Business from the Università degli Studi di Parma in 1987. He works as a Certified Public Accountant and Auditor for the Cerati Laurini & Ampollini Associated Firm. He is an expert in tax, insurance and supplementary pensions. He holds position of the chairmanship of the Board of Directors of Parametrica Pension Fund Spa and he is the Chairperson of Board of Statutory Auditors of Linea Pelle, member of the Board of Statutory Auditors of Haer S.r.l., member of the Board of Statutory Auditors of Cad Dogana Logica S.p.A., member of the Board of Statutory Auditors of R&S Resource and Service S.r.l.. He is Vice-Chairperson of the Register of Chartered Accountants and Accounting Experts for Parma.

### **Monica Mannino (Statutory Auditor)**

Graduated with honours in Business Economics from the Università Bocconi di Milano in 1994. A partner in Studio Bignami Associati where she provides corporate, business and tax advice to Italian and foreign corporations, with particular reference to: corporate governance, national and international tax issues, expert opinions and technical advice. Statutory Auditor of Accounts since 1999 and since 2004 technical expert to the Public Prosecutor's Office of Milan. She is a member of the Governance Commission of listed companies and of the Equal Opportunities Commission of the Order of Chartered Accountants of Milan. From 1996 to the present, she has been Chairperson or Statutory Auditor of companies, including listed companies, operating in various sectors, with Italian capital as well as foreign multinational groups. She holds the position of the Chairperson of Board of Statutory Auditors of DiaSorin S.p.A., member of the Board of Statutory Auditors of Giglio Group S.p.A., Chairperson of the Board of Statutory Auditors of Casta Diva Group S.p.A., member of the Board of Statutory Auditors of Milano Ristorazione S.p.A., Chairperson of the Board of Statutory Auditors of ISI – Istituto Stomatologico Italiano Coop. Soc. Onlus, Chairperson of the Board of Statutory Auditors of Business School24 S.p.A., member of the Board of Statutory Auditors of Il Sole 24 Ore – Trading Network S.p.A., member of the Board of Statutory Auditors of Connect S.p.A., Chairperson of the Board of Statutory Auditors of Eramet Alloys Italia S.r.l.

**Alberto Sodini (Statutory Auditor)** – He received his degree in Economics and Business from the Sapienza University of Rome in 1995. He is entered in the Register of Chartered Accountants of Rome and in the Register of Statutory Auditors; he is an expert witness of the judge at the Civil Court of Rome. He has gained professional experience in major tax firms with particular reference to extraordinary transactions and issues of national and international taxation. He is the owner of Studio Tributario Sodini and provides tax, corporate and business consulting services to Italian companies and multinational groups operating in the media-TV, marketing & communication, real estate and innovative start-ups sectors. He is a director and liquidator of joint-stock companies and is a member of boards of statutory auditors and supervisory bodies of companies, including listed companies, operating in various sectors, holding companies and consortia. He holds the position of the Chairperson of Board of Statutory Auditors of Innolva S.p.A. and Record Store S.p.A., member of the Board of Statutory Auditors of IC Outsourcing S.C.r.l. and Job Camere S.r.l. in liquidation.**Domenica Serra (Alternate Auditor)** – She received her diploma in Accountancy from the “B. Vittone” Technical Commercial School of Chieri, and then obtained the certificate of Collegiate Accountant in 1980 in Turin. Entered under No. 3318 of the Register of Chartered Accountants and Accounting Experts for the districts of Ivrea-Pinerolo-Turin and in the Register of Statutory Auditors under No. 54475 pursuant to Italian Legislative Decree No. 88 of 27 January 1992 of Italian Presidential Decree No. 474 of 20 November, with Italian Ministerial Decree, since 12 April 1995 (Official Journal No. 31-*bis* of 21 April 1995). From 1981, she has been a certified

public accountant in the tax and corporate sector, with particular reference to joint-stock companies. She holds offices of statutory auditor and auditor in various companies operating in a number of sectors (industrial, commercial, real estate and holdings).

**Maria Cristina Ramenzoni (Alternate Auditor)** – In 1994 she began her professional practice at the De CarliMarena associated practice. Up to 2001, collaborator with the De Carli-Marena associated practice. Since 2002 member of the "Multistudio" consulting firm together with colleagues Luigi Bussolati, Marena Ugo, Massera Giovanni, Avanzi Annalisa and Giaquinto Alessandro. Lecturer at trade associations and public schools in accounting, tax and corporate matters since 2001. Member of the Budget Commission of the Association of Chartered Accountants of Parma from 2002 to 2005. Member of the Equal Opportunities Committee of the Order of Chartered Accountants and Accounting Experts of Parma from 2010 to 2016. Member of the Non-Commercial Bodies Commission of the Order of Chartered Public Accountants and Accounting Experts of Parma from 2013 to 2016. Member of the Emilia Romagna Territorial Commission of Non-Profit Entities from 2015 to 2016. Since 2017, Secretary of the Association of Chartered Public Accountants and Accounting Experts of Parma.

All the members of the Board of Statutory Auditors meet the independence requirements set out in Art. 148, paragraph 3, of the TUF and, as indicated in their profiles and in the additional information provided in this paragraph, the integrity and professional requirements set out in Art. 148 of the TUF and in the implementing regulations adopted by Decree 162/2000 of the Ministry of Justice.

During the year, the Board of Statutory Auditors met 11 times, and the meetings lasted an average of 3 hours each. The average attendance of the auditors at the meetings was 100%. The Board of Statutory Auditors carried out its own self-assessment, the results of which were forwarded to the Board of Directors, and prepared the activity plan for the 2019 financial year. For the 2019 are planning twelve meeting's Board of Statutory Auditors.

### **Diversity criteria and policies**

Since the renewal of the corporate bodies of Tinexta, an adequate level of diversity, as well as gender, has also been ensured in the composition of the Board of Statutory Auditors, also in relation to aspects such as age and professional background. With regard to gender balance, the provisions of Law 120/2011 on the quota reserved for the less represented gender are mentioned. Furthermore, in July 2018, the Corporate Governance Code was updated and supplemented to introduce recommendations on the subject of diversity, including gender, in the composition of the control bodies (principle 8.P.2 of the Corporate Governance Code and related application criteria) with the objective of safeguarding the effects of Law 120/2011 on the composition of the corporate bodies of listed companies, inviting companies to apply the new recommendations from the first renewal of corporate offices following the termination of the effectiveness of Law 120/2011.

Tinexta, in line with the aforementioned provisions, including the principle 8.P.2 of the Corporate Governance Code, has already applied diversity criteria, including gender, in the composition of the Board of Statutory Auditors, in compliance with the priority objective of to ensure adequate competence and professionalism of its members. In this regard, it should be noted that the Articles of Association provide for the composition of lists and additional voting mechanisms aimed at ensuring the presence in the Board of Statutory Auditors of the minimum number of members belonging to the less represented gender, in accordance with the provisions of Law 120/2011.

Specifically, pursuant to the Bylaws, and in line with the provisions of application criterion 8.C.3 of the Corporate Governance Code, lists that present a number of candidates equal to or greater than three must be composed of candidates belonging to both genders , so that at least one third (rounded up) of the candidates for the office of Statutory Auditor and at least one third (in any case rounded upwards) of candidates for the office of Alternate Auditor belong to the less represented gender.

On the event of the most recent renewal of the Board of Statutory Auditors of 2018, the Shareholders' Meeting appointed a female Statutory Auditor, equal to one third of the total, in accordance with the provisions of Law 120/2011, in particular Monica Mannino.

In addition, the members of the Board of Statutory Auditors in office have characteristics that ensure an adequate level of diversity, as well as for the gender composition, also in relation to aspects such as age and educational and professional background.

Tinexta has not yet adopted a specific diversity policy under Article 123-*bis*, para 2, letter d-*bis* of the TUF, considering that the training processes of the Company's administration and control bodies already take into full consideration important aspects such as age, gender composition and training and professional experience of the respective members as indicated above.

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During the Year, as mentioned above, the Board of Statutory Auditors successfully verified the independence of its members on the basis of the criteria set out in Art. 3 and Art. 8 of the Code of Self-Regulation. In particular, as prescribed by Application Criterion 8.C.1 of the Code, in its meeting of 1 March 2019 the Board of Statutory Auditors checked the independence of its members by applying all criteria established for directors by the Code, and confirmed the existence and continuation of said requirements for each one of them.

In accordance with the provisions of Rule Q.1.1. "Self-assessment of the Board of Statutory Auditors" of the Rules of Conduct of the Board of Statutory Auditors of listed companies, in accordance with Art. 8 of the Code of Self-Regulation and by current regulations, the Board of Statutory Auditors assessed the

suitability of the members and the adequate composition of the body, with reference to the requirements of professionalism, competence, honourableness and independence required by the regulations.

In their declaration of candidacy and acceptance of the office of Statutory Auditor of the Company, all the Statutory Auditors also certified (i) the non-existence of causes for ineligibility, forfeiture or incompatibility, (ii) that they possessed all the requisites of integrity, independence and professionalism required by law and the Articles of Association for the office of Statutory Auditor of Tinexta as a listed company; (iii) not to hold positions as director or statutory auditor to an extent equal to or greater than the limits established by current legislation; and (iv) to undertake to promptly notify the Company and, on its behalf, the Board of Directors and other members of the Board of Statutory Auditors of any changes to the declaration and any causes for revocation.

With regard to the initiatives promoted by the Chairperson of the Board of Directors aimed at providing the Statutory Auditors with adequate knowledge of the business sector in which the Issuer operates, reference should be made to that already illustrated in Section 4.2 above.

As illustrated in Section 11 above, the Board of Statutory Auditors, in the performance of its functions, has coordinated and regularly coordinates with the Internal Audit Manager, the Control and Risk Committee, the Director in charge of the internal control and risk management system, the Manager responsible for drawing up the corporate accounting documents and the independent auditors.

The Issuer requires that the Statutory Auditor who has an interest in a certain transaction of the Issuer on their own account or that of third parties promptly inform the other Statutory Auditors and the Chairperson of the Board in detail on the nature, terms, origin and scope of their interest.

With regard to the compensation paid in the Year to the control bodies for any reason and in any form, please refer to that illustrated in Section II of the Remuneration Report published pursuant to Article 123-ter of the TUF.

## **15. RELATIONS WITH SHAREHOLDERS**

The Company considers it essential and strategic to establish and maintain a constant and open dialogue with its Shareholders, with investors, in particular institutional investors, and more generally with all stakeholders with an interest in Tinexta and the Tinexta Group.

To this end, the Board of Directors, in accordance with the recommendations set out in Article 11 of the Code of Self-Regulation, has identified Lawrence Young Kay as the person responsible for developing relationships with Shareholders and investors (Investor Relator).

A special section of the website is dedicated to financial and corporate information of importance to investors, under "Investor Relations".



The contact details for the Investor Relations department manager are as follows:

**Lawrence Young Kay**

Tel. +39 335 810 4434

E.mail: investor@tinexta.com

For the dissemination of regulated information to the public, the Issuer uses the "eMarket SDIR" platform and for the storage of Regulated Information, the "eMarket STORAGE" centralised storage system, accessible at [www.emarketstorage.com](http://www.emarketstorage.com), both managed by Spafid Connect S.p.A., with registered office in Foro Buonaparte 10, Milan.

Disclosure activities in relations with investors are also ensured by making available the most significant company documents promptly and continuously on the website, in the "Investor Relations" section.

More specifically, all press releases issued to the market, the periodic accounting documents of the Company approved by the competent company bodies (annual financial report; half year financial report; interim management reports), and the documents distributed at meetings with the professional investors, analysts and financial community may be freely consulted by investors on said website, in Italian and English. Furthermore, the Articles of Association, the documentation prepared for the Shareholders' Meetings, communications on Internal Dealing, the Annual Report on the corporate governance system and any other document whose publication on the Issuer's website is required by applicable regulations, can be found on the Website.

## **16. SHAREHOLDERS' MEETINGS**

Pursuant to Art. 7 of the Articles of Association, the Shareholders' Meeting - which can be held in Italy, also outside the registered office - is called with a notice published on the company's website and with all other methods provided for by the applicable legal and statutory provisions currently in force. Both the Ordinary and Extraordinary Shareholders' Meetings are held in single call. However, the Board of Directors may decide, if it so deems it advisable, that the Ordinary Shareholders' Meeting be held in two calls and the Extraordinary Shareholders' Meeting in two or three calls, applying the majorities respectively established by the law with reference to each of these cases.

The right to participate and representation at the Shareholders' Meeting are regulated by the applicable legal and statutory provisions. It is clarified that with regard to the second, electronic notification of proxy for participating in the Shareholders' Meeting may be made using the special section of the company's website and/or with a message addressed to the certified electronic mail box, according to what is indicated on the notice of call of the Shareholders' Meeting.

The Board of Directors may appoint, each time for each Shareholders' Meeting, one or more parties to whom those having voting rights may give their proxy pursuant to the applicable legal and statutory

provisions currently in force, reporting such in conformity with the same provisions.

Pursuant to Art. 8 of the Articles of Association, the Shareholders' Meeting is chaired by the Chairperson of the Board of Directors or, should they be absent or hindered, by whoever takes their place; if lack thereof, the Shareholders' Meeting appoints another person.

In observance of the rules of law and of the Articles of Association, the Chairperson of the Shareholders' Meeting is responsible for managing and regulating the progress of the works of the meeting, including determination of the order, voting system and counting of the votes, checking that the Shareholders' Meeting is duly formed, verification of the identity and right to participate in the Shareholders' Meeting, the regularity of the proxies and ascertainment of the voting results.

The Chairperson is assisted by a secretary appointed by the Shareholders' meeting upon the proposal of the Chairperson. In cases required by law or when deemed opportune by the Chairperson, the minutes are taken by a notary selected by the Chairperson.

The resolutions of the Shareholders' Meeting must consist of minutes signed by the Chairperson and the Secretary or the notary.

Pursuant to Art. 9 of the Articles of Association, the regular constitution of the Ordinary and Extraordinary Shareholders' Meetings and the validity of their resolutions are regulated by the law and the Articles of Association.

Art. 16 of the Articles of Association establishes that the Board of Directors is given the following power to resolve, without prejudice to Art. 2436 of the Italian Civil Code:

- mergers in the cases listed under Art. 2505 and 2505-*bis* of the Italian Civil Code and de-mergers in the cases in which said rules are applicable;
- reduction of the Share capital in the case one or more Shareholders withdraw;
- adaptation of the articles of association to legislative provisions;
- indication of which directors represent the company;
- establishment or closing of branches;
- the transfer of the registered office to another municipality in the national territory.

Pursuant to Art. 22 of the Articles of Association, the Ordinary Shareholders' Meeting approves the statutory financial statements within one hundred and twenty days from the end of the financial year, or within one hundred and eighty days since the company is required to draw up the consolidated financial statements or however when particular needs concerning the structure and purpose of the company so require.

The conduct of the Shareholders' Meetings is governed by specific Regulations for Shareholders' Meetings, which were approved by resolution of the Shareholders' Meeting of 25 June 2014. Regulations for Shareholders' Meetings have been adopted in order to regulate the orderly and functional conduct of Shareholders' Meetings and to facilitate the exercise of Shareholders' rights, in accordance with the provisions of the law implementing EU Directive 2007/36/EC (the so-called Shareholders' Rights Directive) and the recommendations contained in Article 9 of the Code of Self-Regulation.

In order to regulate and facilitate the participation of those entitled to vote, Article 18 of the Regulations for Shareholders' Meetings establishes that those entitled to exercise their voting rights may ask to speak on the matters under discussion only once, making observations and requesting information. The Chairperson, taking into account the subject and importance of the individual items on the agenda, as well as the number of persons requesting the floor and any questions asked by Shareholders prior to the Shareholders' Meeting that have not already been answered by the Company, predetermines the duration of comments and replies - normally no more than ten minutes for comments and no less than five minutes - in order to ensure that the Shareholders' Meeting can conclude its proceedings within a single meeting.

The Regulations for Shareholders' Meetings are available on the Website in the Governance/Corporate Documents section, to which reference should be made for further details.

In addition to that already indicated in the previous sections of this Report, it should be noted that the right of withdrawal may be exercised only within the limits and in accordance with the provisions of mandatory provisions of law and, pursuant to Art. 6 of the Articles of Association, it is excluded for Shareholders who have not taken part in resolutions concerning the extension of the duration of the Company or the introduction, amendment or removal of statutory restrictions on the circulation of the Company's Shares.

The Board of Directors reported to the Shareholders' Meeting on the activities carried out and planned and worked to ensure that the Shareholders receive adequate information on the elements required for them to be able to make, with full knowledge of the facts, the decisions for which the Shareholders' Meeting is responsible.

The Board, pursuant to Application Criterion 9.C.4. of the Code of Self-Regulation, did not deem it necessary to propose to the Shareholders' Meeting, amendments to the Articles of Association in relation to the percentages established for the exercise of the measures designed to protect minorities, since - in application of Art. 144-*quater* of the Consob Issuers' Regulations for the presentation of lists for the appointment of members of the Board and the Board of Statutory Auditors - the Issuer's Articles of Association require the percentage threshold of 2.5% of the Share capital with voting rights or any other percentage established or referred to by legal or regulatory provisions. In this regard, it should be noted

that, most recently with Resolution No. 20273 of 24 January 2018, Consob set the shareholding required for the submission of lists of candidates for the election of the Issuer's Board of Directors and Control Body at 2.5% of the Share capital.

During the Year, a general meeting of the Company's Shareholders was held on 24 April 2018 in Ordinary session, for the approval of the financial statements as at 31 December 2017 and the allocation of the profit for the year, the remuneration policy referred to in the first section of the remuneration report pursuant to Art. 123-*ter* of the TUF, the appointment of the new Board of Directors and the new Board of Statutory Auditors for the financial years 2018-2020 (with the appointment of the relevant Chairpersons and the remuneration of their respective members); and a General Meeting of the Company's Shareholders on 7 November 2018, in Ordinary session, to approve the authorisation to purchase and dispose of own Shares, pursuant to articles 2357 and 2357-*ter* of the Italian Civil Code and the confirmation of the co-opted director and determination of the related remuneration, and in Extraordinary session, to approve certain amendments to the Articles of Association.

The Shareholders' Meeting of 24 April 2018 was attended by the Chairperson of the Board of Directors Enrico Salza and the Directors Pier Andrea Chevallard, Giada Grandi, Laura Benedetto and Elisa Corghi, as well as the Statutory Auditors Riccardo Ranalli and Domenica Serra. The Shareholders' Meeting of 7 November 2018 was attended by the Chairperson of the Board of Directors Enrico Salza and the Directors Pier Andrea Chevallard, Paola Generali, Riccardo Ranalli and Lorena Pellissier, as well as the Statutory Auditors Luca Laurini and Alberto Sodini.

The Remuneration Committee reports to the Shareholders on the exercise of their functions through the information in this Report and in the Remuneration Report.

During the Year, no changes took place in the capitalisation of the Company's Shares basically connected to new changes and developments of the business.

During the Year, there were no further significant changes in the Company's market capitalisation.

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

The Issuer does not adopt corporate governance practices other than those provided for by the legislative or regulatory provisions and described in this Report.

## **18. CHANGES SINCE THE END OF THE YEAR UNDER REVIEW**

No changes in the corporate governance structure other than those reported in the specific sections of the Report have taken place since the end of the Year.

## **19. CONSIDERATIONS ON THE LETTER OF 21 DECEMBER 2018 FROM THE CHAIR OF THE CORPORATE GOVERNANCE COMMITTEE**

Regarding to in the letter of 21 December 2018 from the Chairperson of the Corporate Governance Committee to the Chairpersons of the Boards of Directors of Italian listed companies, the Board took note of the analyses and recommendations contained and noted the overall adequacy of the Company with respect to the indications relating to the quality of pre-meeting information and the quality of the Independent Directors, as well as the content of the board review, , and to the adequacy of the remuneration policies, also in consideration of the further in-depth analysis of the remuneration policy within the Group with particular regard to the consistency of the targets set for the variable component with the corporate sustainability objective in the medium to long term .

## TABLES

**TABLE 1: INFORMATION ON THE OWNERSHIP STRUCTURES**

<b>STRUCTURE OF SHARE CAPITAL</b>				
	No. of Shares	% of Share capital	Listed (specify markets) / unlisted	Rights and obligations
Ordinary Shares	46,890,120	100%	MTA - STAR segment	-
Shares with multiple vote	-	-	-	-
Shares with limited voting right	-	-	-	-
Shares with no voting right	-	-	-	-
Other	-	-	-	-

<b>OTHER FINANCIAL INSTRUMENTS</b> (assigning the right to subscribe newly issued Shares)				
	Listed	No. of outstanding instruments	Category of Shares for conversion/exercise	No. of Shares for conversion/exercise
Convertible bonds	---	---	----	---
Warrants				

<b>SIGNIFICANT EQUITY PARTICIPATION</b>			
Declarant	Direct Shareholder	% Shareholding of Ordinary capital	% Shareholding of voting capital
TECNO HOLDING S.P.A.	TECNO HOLDING S.P.A.	56.127%	56.127%
QUAESTIO CAPITAL SGR S.P.A.	QUAESTIO CAPITAL SGR S.P.A.	9.870%	9.870%

**TABLE 2: STRUCTURE OF THE BOARD OF DIRECTORS AND COMMITTEES**

Board of Directors													Control and Risk Committee - Committee for Related Party Transactions		Remuneration Committee	
Office	Members	Year of birth	Date of first appointment *	In office since	In office until	List **	Exec.	Non - exec.	Indep. Code	Indep. TUF	No. of other offices ***	(*)	(*)	(**)	(*)	(**)
Chairperson •	Salza Enrico	1937	14.10.2009	24.4.2018	Appr. Financial Statements 31.12.2020	M	x				--	17/17				
Director ◊	Chevallard Pier Andrea	1951	14.10.2009	24.4.2018	Appr. Financial Statements 31.12.2020	M	x				--	17/17				
Deputy Chairperson	Ranalli Riccardo	1955	24.4.2018 (as Director)	24.4.2018	Appr. Financial Statements 31.12.2020	M		x			5	12/12	8/8	M	5/5	M
Director	Benedetto Laura	1965	24.10.2012	24.4.2018	Appr. Financial Statements 31.12.2020	M		x	x	x	--	13/17				
Director	Corghi Elisa	1972	30.04.2015	24.4.2018	Appr. Financial Statements 31.12.2020	M		x	x	x	1	17/17	12/12	M		



Board of Directors													Control and Risk Committee - Committee for Related Party Transactions		Remuneration Committee	
Office	Members	Year of birth	Date of first appointment *	In office since	In office until	List **	Exec.	Non - exec.	Indep. Code	Indep. TUF	No. of other offices ***	(*)	(*)	(**)	(*)	(**)
Director	Coscia Gian Paolo	1955	30.04.2015	23.7.2018	Appr. Financial Statements 31.12.2020	M		x	x	x	--	5/5	1/1	M		
Director	Generali Paola	1975	24.4.2018	24.4.2018	Appr. Financial Statements 31.12.2020	M		x	x	x	--	11/12			5/5	M
Director	Grandi Giada	1960	24.10.2012	24.4.2018	Appr. Financial Statements 31.12.2020	M		x	x	x	1	14/17			2/2	P
Director	Pellissier Lorena	1971	24.4.2018	24.4.2018	Appr. Financial Statements 31.12.2020	m		x	x	x	--	12/12			5/5	M
Director	Potestà Alessandro	1968	19.4.2016	24.4.2018	Appr. Financial Statements 31.12.2020	m		x			4	16/17	9/12	M		
Director	Rossetti Eugenio	1956	24.4.2018	24.4.2018	Appr. Financial Statements 31.12.2020	M		x	x	x	2	12/12	8/8	P	2/2	M

Board of Directors													Control and Risk Committee - Committee for Related Party Transactions		Remuneration Committee	
Office	Members	Year of birth	Date of first appointment *	In office since	In office until	List **	Exec.	Non - exec.	Indep. Code	Indep. TUF	No. of other offices ***	(*)	(*)	(**)	(*)	(**)
<b>DIRECTORS WHO LEFT THEIR OFFICE DURING THE REFERENCE YEAR</b>																
Director	Lo Bello Ivanhoe	1963	24.10.2012	30.4.2015	Appr. Financial Statements 31.12.2017	M		x	x	x	--	2/5				
Director	Pia Aldo	1945	30.04.2015	30.4.2015	Appr. Financial Statements 31.12.2017	M		x			--	5/5			1/1	M
Deputy Chairperson	Barberis Alessandro	1937	24.4.2018	24.4.2018	23.7.2018	M		x			--	6/6			3/3	P
<b>No. of meetings held during year under review:</b>							Board of Directors: 17					Control and Risk Committee - Committee for Related Party Transactions: 12			Remuneration Committee: 6	
<b>Indicate the quorum required for presenting lists by minorities for the election of one or more members (pursuant to Art. 147-ter of the TUF): 2.5%</b>																

**NOTES:**

The following symbols should be inserted in the "Office" column:

• This symbol indicates the director in charge of the internal control and risk management system.

◊ This symbol indicates the person who is chiefly responsible for managing the Issuer (Chief Executive Officer or CEO)

\* The date of first appointment of each Director is the date when the Director was (absolutely) appointed for the first time to the Issuer's BoD.

\*\* This column shows the list from which each Director was drawn ("M": majority list; "m": minority list; "BoD": list submitted by the BoD).

\*\*\* The number of offices of Director or auditor held by the party in question in other companies listed on regulated markets, even foreign, in financial, banking, insurance or large companies is indicated in this column. The offices are indicated in full in the Corporate Governance Report.

(\*) Participation of the Directors at the BoD and committee meetings, respectively, is indicated in this column (indicate the number of meetings attended compared to the total number of meetings that could have been attended; e.g. 6/8; 8/8, etc.).

(\*\*) The qualification of the Director on the Committee is indicated in this column: “C”: chairperson; “M”: member.

## Notes:

With reference to committees, the following should be noted.

On 8 May 2018, the Board of Directors - after having resolved in the previous meeting of 24 April 2018 to appoint the Control and Risk Committee (Giada Grandi (Chairperson), Riccardo Ranalli, Alessandro Potestà, Eugenio Rossetti and Elisa Corghi) and to assign the functions of the Committee for Related Party Transactions to the latter - appointed the Remuneration Committee, in the persons of Alessandro Barberis (Chairperson), Riccardo Ranalli, Paola Generali and Lorena Pellissier.

Subsequently, on 20 September 2018, following the resignation of the Independent Director Giada Grandi from the position of Chairperson of the Control and Risk Committee - Committee for Related Party Transactions, the Board of Directors assigned this position to the Independent Director Eugenio Rossetti, already a member of the Committee, and appointed the Independent Director Gian Paolo Coscia as a new member. The Board of Directors then appointed the Independent Director Giada Grandi as Chairperson of the Remuneration Committee following the resignation of Alessandro Barberis, who held this position, thus achieving the current composition of the above-mentioned committees.

**TABLE 3: STRUCTURE OF THE BOARD OF STATUTORY AUDITORS**

Board of Statutory Auditors									
Office	Members	Year of birth	Date of first appointment *	In office since	In office until	List **	Indep. Code	Attendance at meetings of the Board of Statutory Auditors ***	No. of other offices ****
Chairperson	Laurini Luca	1962	24.4.2018	24.4.2018	Appr. Financial Statements 31.12.2020	m	x	11/11	--

<b>Statutory auditor</b>	Mannino Monica	1969	24.4.2018	24.4.2018	Appr. Financial Statements 31.12.2020	M	x	11/11	3
<b>Statutory auditor</b>	Sodini Alberto	1966	14.10.2009	24.4.2018	Appr. Financial Statements 31.12.2020	M	x	11/11	--
<b>Alternate auditor</b>	Serra Domenica	1958	30.04.2015	24.4.2018	Appr. Financial Statements 31.12.2020	M	x	--	--
<b>Alternate auditor</b>	Ramenzoni Maria Cristina	1971	24.4.2018	24.4.2018	Appr. Financial Statements 31.12.2020	m	x	--	--
<b>AUDITORS WHO LEFT THEIR OFFICE DURING THE REFERENCE YEAR</b>									
<b>Chairperson</b>	Riccardo Ranalli	1955	14.10.2009	30.4.2015	Approv. Bil. 31.12.2017	M	x	4/4	--
<b>Statutory auditor</b>	Gianfranco Chinellato	1951	14.10.2009	30.4.2015	Appr. Financial Statements 31.12.2017	M	x	4/4	--
<b>Statutory auditor</b>	Domenica Serra	1958	30.04.2015	30.4.2015	Appr. Financial Statements 31.12.2017	M	x	4/4	--
<b>Alternate auditor</b>	Alberto Sodini	1966	14.10.2009	30.4.2015	Appr. Financial Statements 31.12.2017	M	x	--	--
<b>Alternate auditor</b>	Laura Raselli	1971	30.04.2015	30.4.2015	Appr. Financial Statements 31.12.2017	M	x	--	--

**Number of meetings held during year under review: 11**

**Indicate the quorum required for presenting lists by minorities for the election of one or more members (pursuant to Art. 148 of the TUF): 2.5%**

**NOTES:**

\* The date of first appointment of each auditor is the date when the auditor was (absolutely) appointed for the first time to the Issuer's board of statutory auditors.

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

\*\*\* Participation of the auditors at the board of statutory auditors meetings is indicated in this column (indicate the number of meetings attended compared to the total number of meetings that could have been attended; e.g. 6/8; 8/8, etc.).

\*\*\*\* This column indicates the number of offices of director or auditor held by the subject pursuant to Article 148-*bis* of the TUF and the related implementing provisions contained in the Consob Issuers' Regulations. The complete list of appointments is published by Consob on its website pursuant to Article 144-*quinquiesdecies* of the Consob Issuers' Regulations.

**Luca Laurini (Chairperson)** – He received his degree in Economics and Business from the Università degli Studi di Parma in 1987. He works as a Certified Public Accountant and Auditor for the Cerati Laurini & Ampollini Associated Firm. He is an expert in tax, insurance and supplementary pensions. He holds position of the chairmanship of the Board of Directors of Parametrica Pension Fund Spa and he is the Chairperson of Board of Statutory Auditors of Linea Pelle, member of the Board of Statutory Auditors of Haer S.r.l., member of the Board of Statutory Auditors of Cad Dogana Logica S.p.A., member of the Board of Statutory Auditors of R&S Resource and Service S.r.l.. He is Vice-Chairperson of the Register of Chartered Accountants and Accounting Experts for Parma.

**Monica Mannino (Statutory Auditor)**

Graduated with honours in Business Economics from the Università Bocconi di Milano in 1994. A partner in Studio Bignami Associati where she provides corporate, business and tax advice to Italian and foreign corporations, with particular reference to: corporate governance, national and international tax issues, expert opinions and technical advice. Statutory Auditor of Accounts since 1999 and since 2004 technical expert to the Public Prosecutor's Office of Milan. She is a member of the Governance Commission of listed companies and of the Equal Opportunities Commission of the Order of Chartered Accountants of Milan. From 1996 to the present, she has been Chairperson or Statutory Auditor of companies, including listed companies, operating in various sectors, with Italian capital as well as foreign multinational groups. She holds the position of the Chairperson of Board of Statutory Auditors of DiaSorin S.p.A., member of the Board of Statutory Auditors of Giglio Group S.p.A., Chairperson of the Board of Statutory Auditors of Casta Diva Group S.p.A., member of the Board of Statutory Auditors of Milano Ristorazione S.p.A., Chairperson of the Board of Statutory Auditors of ISI – Istituto Stomatologico Italiano Coop. Soc. Onlus, Chairperson of the Board of Statutory Auditors of Business School24 S.p.A., member of the Board of Statutory Auditors of Il Sole 24 Ore – Trading Network S.p.A., member of the Board of Statutory Auditors of Connect S.p.A., Chairperson of the Board of Statutory Auditors of Eramet Alloys Italia S.r.l.

**Alberto Sodini (Statutory Auditor)** – He received his degree in Economics and Business from the Sapienza University of Rome in 1995. He is entered in the Register of Chartered Accountants of Rome and in the Register of Statutory Auditors; he is an expert witness of the judge at the Civil Court of Rome. He has gained professional experience in major tax firms with particular reference to extraordinary transactions and issues of national and international taxation. He is the owner of Studio Tributario Sodini and provides tax, corporate and business consulting services to Italian companies and multinational groups operating in the media-TV, marketing & communication, real estate and innovative start-ups sectors. He is a director and liquidator of joint-stock companies and is a member of boards of statutory auditors and supervisory bodies of companies, including listed companies, operating in various sectors, holding companies and consortia. He holds the position of the Chairperson of Board of Statutory Auditors of Innolva S.p.A. and Record Store S.p.A., member of the Board of Statutory Auditors of IC Outsourcing S.C.r.l. and Job Camere S.r.l. in liquidation.