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## **REPORT ON CORPORATE GOVERNANCE AND OWNERSHIP STRUCTURE** **Financial year 2018**

**(customary administrative and control model)**

*Drawn up pursuant to art. 123-bis of the Consolidated Law on Finance and approved by the Board of Directors on  
29 April 2019*

Servizi Italia S.p.a.

Registered Office Via S. Pietro, 59/b - 43019 Castellina di Soragna (PR)

Fully paid-up share capital Euro 31,809,451.00

Tax ID Code and Parma Register of Companies No. 08531760158

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## GLOSSARY

**Financial statements:** the financial statements at 31 December 2018 of Servizi Italia S.p.A.

**Code/Code of Conduct:** the Code of Conduct for listed companies approved in March 2006 by the *Corporate Governance* Committee as subsequently amended.

**Civil Code/Cod.civ./c.c.:** the Italian Civil Code.

**Board:** Servizi Italia S.p.A. Board of Directors

**Reference date:** date of approval of the Report, i.e. 29 April 2019.

**Issuer:** Servizi Italia S.p.A.

**Financial year or Reference financial year:** the financial year to which the Report refers.

**Servizi Italia Group or Group:** Servizi Italia S.p.A. and its Subsidiaries.

**Consob Issuers' Regulations:** the Regulations issued by Consob with resolution no. 11971 of 1999 (as subsequently amended) on matters related to issuers.

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

**Consob Related Parties Regulation:** the regulation issued by Consob with resolution no. 17221 of 12 March 2010 (as subsequently amended) on related party transactions.

**Report:** the report on corporate governance and ownership structures that companies are required to prepare pursuant to Article 123-bis of the Consolidated Law on Finance.

**TUF/Consolidated Law on Finance:** Legislative Decree no. 58 of 24 February 1998.

**Company:** Servizi Italia S.p.A.

**Subsidiaries:** San Martino 2000 S.c.r.l., Se.Sa.Tre. S.c.r.l. in liquidazione, Steritek S.p.A., Wash Service S.r.l., SRI Empreendimentos e Participações Ltda (parent company of the companies: Lavsim Higienização Têxtil S.A., Maxlav Lavanderia Especializada S.A., Vida Lavanderias Especializada S.A. and Aqualav Serviços De Higienização Ltda) and Ankateks Turizm İnşaat Tekstil Temizleme Sanayi ve Ticaret Ltd Şirketi (parent company of the company Ergülteks Temizlik Tekstil Ltd. Sti.).

**Articles of Association:** current Articles of Association available on the website [www.si-servizitalia.com](http://www.si-servizitalia.com)

## 1.0 COMPANY PROFILE

Servizi Italia S.p.A., a company based in Castellina in Soragna (PR), listed on the STAR segment of the Italian Stock Exchange, is the leading operator in Italy in the field of integrated services for hire, washing and sterilization of textile materials and surgical instruments for hospitals. With a technologically advanced production platform, articulated in laundry facilities, textile sterilization centres, surgical instruments sterilization centres and many wardrobes, the Company, which together with its Italian and foreign subsidiaries constitute the Servizi Italia Group, turns primarily to companies in public and private healthcare sector of centre / northern Italy and the State of S.Paulo, Brazil, Turkey, India, Albania and Morocco with a wide and diversified offer.

The organisation of Servizi Italia S.p.A. complies with the provisions contained in the Italian Civil Code and with the regulations governing corporations with listed shares, and in particular with the provisions of the Consolidated Law on Finance [TUF] and the Code of Conduct.

The Company annually combines the Financial Statements and Consolidated Financial Statements with the publication of the Report on Corporate Governance and Ownership Structure, drawn up pursuant to Article 123-*bis* of the Consolidated Law on Finance [TUF] and the publication of the Remuneration Report, drawn up pursuant to Article 123-*ter* of the Consolidated Law on Finance [TUF].

The corporate governance is based on a traditional management and control model (so-called "Latin" model), is made up of the following bodies:

- Shareholders' Meeting;
- Board of Directors (operating through the executive directors and directors with representation, and assisted by the Board Committees, the Control and Risk Committee and the Appointments and Remuneration Committee);
- Board of Statutory Auditors;
- Legal Auditing Company;
- Supervisory Body set up pursuant to Legislative Decree No. 231/01.

The Group's current strategic lines of development are based on the following primary targets :

1. integrity and ethics of the Group, social responsibility, environmental protection;
2. consolidation of *leadership* in Italy;
3. strengthening of foreign markets already served;
4. management optimization;
5. global development into new markets;
6. diversification of services/customers.

Servizi Italia S.p.A. falls within the definition of a SME pursuant to Article 1, paragraph 1, letter w-quater.1), of the Consolidated Law on Finance [TUF] and Article 2-*ter* of the Consob Issuers' Regulation (with an average capitalization of euro 148,740 thousand and a turnover of euro 252,102 thousand in 2017).

This Report, as well as the Articles of Association, the Code of Ethics and the Organizational Model drawn up in accordance with Legislative Decree no. 231/01 are available on the Company's website at [www.servizitalia.com](http://www.servizitalia.com).

## 2.0 INFORMATION ON OWNERSHIP STRUCTURE (pursuant to Art. 123-*bis*, paragraph 1, TUF) as of the Reference date

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

The amount of the share capital subscribed and paid up is equal to 31,809,451.00 Euro (thirty-one million eight hundred and nine thousand four hundred and fifty-one/00), while the categories of shares that make up the share capital are indicated in the table below:

SHARE CAPITAL STRUCTURE				
Types of shares	No. of shares	% compared to S.C.	Listed/unlisted	Rights and Obligations
Ordinary shares	31,809,451	100%	Electronic Equity Market [MTA] - STAR Segment	Vote at the Shareholders' Meeting
Multiple vote shares	-	-	-	-
Shares with limited voting rights	-	-	-	-
Non-voting shares	-	-	-	-
Other	-	-	-	-

Note that the Company has not issued financial instruments granting the right to subscribe to newly issued shares.

At the date of approval of this Report, there are no share-based incentive plans in place that involve capital increases, including free of charge.

*b) Restrictions on the transfer of securities (pursuant to art. 123-bis, paragraph 1, letter b) of the Consolidated Law on Finance [TUF])*

Note that the Articles of Association do not contain restrictions on the transfer of securities, such as ownership limits or the need to obtain the approval of Servizi Italia S.p.A. or other holders of securities.

*c) Significant shareholdings in the share capital (pursuant to art. 123-bis, paragraph 1, letter c), TUF)*

Servizi Italia qualifies as an SME, pursuant to Article 1, paragraph 1, letter w-quater.1) of the TUF; as such, according to the results of the Shareholders' Register, supplemented by the communications received pursuant to Article 120 of the TUF and other information available to the Company at the date of approval of this Report, those who directly or indirectly hold more than 5% of the share capital are:

RELEVANT CAPITAL SHARES			
Declarant	Direct Shareholder	% Share on ordinary capital	% Share on voting capital
Coopservice S.Coop.p.a.	Aurum S.p.A.	55.334%	55.334%
Kabouter Management LLC	Kabouter Management LLC	9.340%	9.340%
Steris Corporation	Steris UK Holding Limited	5.903%	5.903%

*d) Securities conferring special rights (pursuant to art. 123-bis, paragraph 1, letter d) of the Consolidated Law on Finance [TUF])*

Servizi Italia S.p.A. has not issued securities conferring special rights of control, nor do the Articles of Association provide special powers for certain shareholders (for example, those under Law 474/94).

The Company's Articles of Association do not provide for increased or multiple voting shares.

*e) Employee share ownership: mechanism for exercising voting rights (pursuant to art. 123-bis, paragraph 1, letter e) of the Consolidated Law on Finance [TUF])*

There is no employee shareholding system and, therefore, no mechanism for exercising the voting rights of employees, nor do the Articles of Association contain specific provisions relating to the exercise of voting rights of employee shareholders.

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

The Company's Articles of Association do not contain any special provisions that restrict voting rights, such as, for example, limitations on voting rights for a certain percentage or number of votes, time limits imposed for the exercise of voting rights or systems in which, with the cooperation of Servizi Italia S.p.A., the financial rights attached to securities are separated from the ownership of securities.

*g) Shareholder agreements (pursuant to art. 123-bis, paragraph 1, letter g), TUF)*

As of the Reference date of Servizi Italia S.p.A., no shareholders' agreements are known, pursuant to Art. 122 of the TUF.

*(h) Change of control clauses (pursuant to art. 123-bis, paragraph 1, letter h), TUF) and statutory provisions on takeover bids (pursuant to Articles 104, paragraph 1-ter and 104-bis, paragraph 1)*

As already indicated in the Addendum to the Information Document on Related Party Transactions published on 19 December 2018, Servizi Italia has signed a lease agreement with the related party Focus S.p.A., a wholly-owned subsidiary of Coopservice Soc.Coop.p.A., relating to the properties in Castellina di Soragna. Under the terms of this contract, the tenant, Servizi Italia, undertakes to issue the lessor, in the event that it loses the status of a subsidiary company, even indirectly, of Coopservice Soc.Coop.p.A., within 30 days of the occurrence of this condition, a bank guarantee, issued by a credit institution, on first call, to ensure the proper and timely fulfilment of all obligations assumed under the contract, also as a security deposit. This first-call surety must provide for an express waiver of the prior enforcement of the principal debtor in derogation of art. 1944 paragraph 1 of the Civil Code, as well as with waiver of the exception provided for in article 1957 paragraph 2 of the Civil Code, and will be equal to 1,013,000 Euro (one year's rent), with annual expiry, tacitly and automatically renewable and to be renewed from year to year, and the lessor's text of approval cannot be unjustifiably denied. If the guarantee is not delivered to the lessor, the latter may terminate the contract in accordance with Art. 1456 of the Italian Civil Code. There are no other significant agreements to which the Issuer or other Group companies are parties, which take effect, are amended or terminated in the event of a change of control of the Company.

The Articles of Association of Servizi Italia do not contain provisions that derogate from the provisions on the *passivity rule* provided by art. 104, paragraphs 1 and 1-bis of the TUF, nor rules of neutralization under art. 104-bis paragraphs 2 and 3 of the TUF.

*i) Powers to increase share capital and authorisations to purchase treasury shares (pursuant to art. 123-bis, paragraph 1, letter m), TUF)*

As of the Reference date, the Company's Board of Directors has not been delegated to increase the share capital pursuant to article 2443 of the Italian Civil Code.

The Articles of Association provide that the Company may issue financial instruments other than shares, in compliance with the requirements of the law and by resolution of the Extraordinary Shareholders' Meeting.

The Shareholders' Meeting of 20 April 2018 - after revoking the authorisation to purchase and dispose of treasury shares approved at the meeting held on 20 April 2017 for unused shares - authorised the Board of Directors, pursuant to articles 2357 et seq. of the Italian Civil Code, as well as article 132 of the Consolidated Law on Finance [TUF], to purchase treasury shares, in one or more tranches, provided that the amount does not exceed one-fifth of the share capital; the aforesaid authorisation was approved for a period of 18 months from the date of the shareholders' resolution. In implementation of the above resolution, on 20 April 2018 the Board of Directors approved the launch, from 23 April 2018, of a programme for the purchase of treasury shares with the aim of setting up a "securities warehouse". The plan responds to the need to have an

opportunity to efficiently invest the company's liquidity and to have the possibility to use it for strategic transactions and/or for the execution of subsequent transactions of purchase and sale of shares, within the limits allowed by accepted market practices.

The purchase of treasury shares is carried out on the market at a price that is not higher or lower than 20% of the weighted average of the official prices recorded in the 3 days preceding the individual purchase transaction, and in any case cannot be lower than the lower of the purchase prices.

The definition of purchase volumes and unit prices is carried out in accordance with the conditions set out in Article 3 of Delegated Regulation (EU) 2016/1052. More specifically:

- no shares are purchased at a price higher than the higher of the price of the last independent transaction or the highest price of the current independent bid on the purchase market;
- the daily purchase quantities do not exceed 25% of the average daily trading volume of the stock of Servizi Italia S.p.A.

Purchases and sales of treasury shares are carried out on the regulated market, in compliance with applicable laws and regulations, according to the operating procedures established by Art. 132 of the TUF, Art. 144-bis of the Issuers' Regulations, in compliance with the Delegated Regulation (EU) 2016/1052 and in compliance with the shareholders' resolution of 20 April 2018. The purchase of treasury shares is carried out for a maximum amount to the extent that it is within the distributable profits and available reserves resulting from the last duly approved financial statement.

The share purchase programme is coordinated by a qualified intermediary, INTERMONTE SIM S.p.A., which makes negotiation decisions on the timing of the purchase of shares of Servizi Italia entirely independently from the Company but within the limits of what is resolved by the Shareholders' Meeting.

At the closing date of the financial year, the Company held a total of 379,876 Servizi Italia S.p.A. shares equal to 1.194 % of the Issuer's share capital.

#### *l) Management and coordination actions (pursuant to Article 2497 et seq. of the Italian Civil Code)*

As at the Reference date, the Issuer is part of the group headed by Coopservice S.coop.p.a., an Italian company with registered offices in Reggio Emilia, which holds control through its wholly-owned subsidiary Aurum S.p.A., with registered offices in Via Rochdale 5, Reggio Emilia.

At the reporting date, Aurum S.p.A. exercises control over the Issuer, pursuant to Art. 93 of the Consolidated Law on Finance [TUF], holding a total equity investment equal to 55.334% of the Issuer's ordinary share capital.

The Issuer is not subject to management and coordination actions, pursuant to Articles 2497 et seq. of the Italian Civil Code, either by the direct parent company Aurum S.p.A. or by the indirect parent company Coopservice Soc.coop.p.A., which do not exercise acts of direction and/or interference in the management of the Company (or any of its Subsidiaries). The Issuer, in fact, operates under conditions of corporate and entrepreneurial autonomy, acting autonomously in business relations with its customers and suppliers and independently defining its own industrial plans and/or budgets.

The Issuer, on the other hand, exercises management and coordination actions, pursuant to Articles 2497 et seq. of the Italian Civil Code, with regard to its Subsidiaries.

Note that with regard to the information required by Article 123-bis of the TUF in relation to:

- **Agreements between companies and directors on severance indemnities** (pursuant to Art. 123-bis, paragraph 1, letter i) of the Consolidated Law on Finance [TUF]), reference should be made to the Remuneration Report published pursuant to Art. 123-ter of the Consolidated Law on Finance.



- **Appointment and replacement of directors and amendments to the Articles of Association** (pursuant to Art. 123-bis, paragraph 1, letter I) of the Consolidated Law on Finance), reference should be made to Chapter 4 of this Report.

### **3.0 COMPLIANCE (ex Art. 123-bis, comma 2, letter a), TUF)**

Servizi Italia S.p.A. adheres to the Code of Conduct drawn up by the Committee for the *Corporate Governance* of Listed Companies, accessible to the public on the website of the Committee for *Corporate Governance* at the web page <https://www.borsaitaliana.it/comitato-corporate-governance/codice/2018clean.pdf>.

In compliance with the eighth edition of the Italian Stock Exchange Format of January 2019, detailed information is provided below on the recommendations of the Code of Conduct that the Company concretely complies with.

Note that neither the Company nor its strategically important subsidiaries are subject to non-Italian laws that affect the Issuer's corporate governance structure.

### **4.0 BOARD OF DIRECTORS (ex Art. 123-bis, comma 1, letter I), TUF)**

#### *4.1 Appointment and replacement of directors and amendments to the Articles of Association (pursuant to Art. 123-bis, paragraph 1, letter I), TUF)*

Article 15 of the Articles of Association provides that the Company is managed by a Board of Directors composed of a minimum of 3 and a maximum of 14 members, including the Chairman, who need not be shareholders. At least one of the members of the Board of Directors, or 3 if the Board of Directors is made up of more than 7 members, must meet the independence requirements established for statutory auditors by current legal provisions. From the date of first renewal of the Board of Directors, as of the date of application of the legal provisions on gender balance, and for the time period during which such provisions are in force, the composition of the Board of Directors must comply with the criteria indicated by applicable legal and regulatory provisions in force on a case by case basis.

The Shareholders' Meeting shall determine the number of members of the Board of Directors, at the time of their appointment, within the above limits, as well as the duration of their appointment, which may not exceed three financial years. The term of office of the directors thus appointed expires on the occasion of the Shareholders' Meeting called to approve the financial statements for the last year of their term of office, unless they are revoked or resigned, and they may be re-elected. The Shareholders' Meeting may also change the number of directors during the term of office and always within the limits set out in Article 15 of the Articles of Association. In this case, the Shareholders' Meeting appoints the new directors in the same manner as indicated in Art. 15 of the Articles of Association, without prejudice to the need to ensure the presence within the Board of Directors of the number of directors meeting the independence and conformity requirements for statutory auditors provided for by current legislation and in compliance with the legislation concerning the balance between genders in force on a case by case basis. The term of office of the directors thus appointed ends with that of the directors in office at the time of their appointment.

The members of the Board of Directors are elected on the basis of lists of candidates in accordance with the procedures indicated below. A number of shareholders who, alone or together with other shareholders, represent at least 2.5% of the Company's share capital, or on the different measure established by Consob in implementation of current provisions<sup>1</sup>, may submit a list of at least 3 and not more than 14 candidates, ordered progressively by number, submitting it at the registered offices, including by means of remote communication that allows the identification of those presenting the list, no later than the twenty-fifth day prior to the date of first call of the Shareholders' Meeting, under penalty of forfeiture. The lists are made available to the public at the company's registered offices, on the website and in the other ways provided for

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<sup>1</sup> Amount determined by Consob with Executive Determination no. 13 of 24 January 2019: 2.5%.

by Consob Issuers' Regulations at least twenty-one days prior to the Shareholders' Meeting. In order to prove ownership of the number of shares necessary to present the lists, the communication issued by the persons authorised to do so, which has by rite been received within the deadline for publication of the lists by the Company, shall be considered authentic. Each list must expressly indicate the candidature of at least one person, or three in the case of a Board of Directors composed of more than seven members, having the requisites of independence required for auditors by current legislation. Lists which have a number of candidates equal to or greater than three must contain a number of candidates belonging to the less represented gender that is no less than one third of the number of members to be elected to the Board of Directors.

Each shareholder, shareholders who are parties to the same shareholders' agreement pursuant to Article 122 of the Consolidated Law on Finance [TUF], may submit, or take part in submitting, and vote for only one list. No list may be used to approve or vote in favour of any candidate in violation of this prohibition. Each candidate may stand for election on one list only, under penalty of ineligibility.

The notice of call must indicate the shareholding for the presentation of the lists and may provide for the filing of further documentation. Lists submitted without complying with the above provisions shall be deemed not to have been submitted.

At the end of the vote, the candidates from the two lists obtaining the highest number of votes according to the following criteria are elected:

- a. all the Directors to be elected, except one, are drawn from the list that obtained the highest number of votes, according to the progressive order of presentation (Majority List);
- b. the director in person of the candidate indicated with the first number on the list is drawn from the list that obtained the second highest number of votes, which is not connected in any way, even indirectly, with the shareholders who submitted, contributed to submitting or voted for the Majority List (Minority List).

The candidate elected in first place on the Majority List is elected Chairman of the Board of Directors. Without prejudice to any other provisions, in the event of a tie, the oldest candidate in terms of age shall be elected.

If the appointment of at least one director (or three in the case of a Board of Directors composed of more than seven members) meeting the independence requirements for statutory auditors set forth by current legislation has not been ensured, a non-independent candidate(s), elected last in numerical order on the Majority List, shall be replaced, according to the numerical order in which they are presented, by the first (and, if applicable, also by the second) independent candidate(s) not elected, drawn from the same list.

If, as a result of the above procedure, the composition of the Board of Directors does not allow compliance with current legislation on gender balance, the candidate of the most represented gender elected last in numerical order from the list that received the highest number of votes shall be replaced by the first candidate of the least represented gender not elected from the same list and in numerical order. This replacement procedure is carried out until the composition of the Board of Directors is assured in compliance with current legislation on gender balance. In the event that the application of the above procedure does not make it possible to achieve the above result, the replacement shall take place by resolution of the Shareholders' Meeting, following the presentation of candidates of the least represented gender.

If the first two lists obtain an equal number of votes, a new vote is taken by the Shareholders' Meeting, with only the first two lists being put to the vote. The same rule applies in the event of a tie between the lists that are second in number of votes and that are not connected, even indirectly, with the shareholders who presented or voted for the competing list. In the event of further parity between lists, the list presented by the shareholders with the largest shareholding or, alternatively, by the largest number of shareholders shall prevail.

For the purposes of allocating the directors to be elected, the Articles of Association do not provide that the lists of candidates must obtain a minimum percentage of votes at the Shareholders' Meeting.

If only one list is submitted or if no list is submitted, the Shareholders' Meeting shall pass resolutions in accordance with and with the majorities required by law, without complying with the above procedure and in compliance with the rules governing the balance between genders in force on a case by case basis.

A director who meets the independence requirements for statutory auditors pursuant to current statutory provisions and who, after being appointed, loses the independence requirements, must immediately notify the Board of Directors and shall cease to hold office. If a director ceases to meet the above independence requirements, he or she shall not be disqualified if the minimum number of directors required by current legislation continues to meet those requirements.

In the event that one or more directors should leave office during the year, the procedure set out in the Articles of Association shall be followed. Such procedure in any case does not prejudice the provisions aimed at ensuring the presence of independent directors within the Board of Directors in the total minimum number required by legislation in force at the time.

Whenever the majority of the members of the Board of Directors cease to be in office for any reason, the entire Board of Directors shall be deemed to have resigned and the Shareholders' Meeting must be called without delay by the directors remaining in office to reconstitute the Board.

Directors are subject to the prohibition set forth in Article 2390 of the Italian Civil Code, unless they are exempted from it by the Shareholders' Meeting.

The Articles of Association do not provide for additional independence requirements to those established for statutory auditors pursuant to Art. 148, paragraph 3 of the Consolidated Law on Finance [TUF], nor for requirements of honourableness and/or professionalism other than those required by law for assuming the office of director.

For further information, please refer to the current Articles of Association available on the website: [www.servizitalia.com](http://www.servizitalia.com).

Note that no sector-specific legislation other than that of the Consolidated Law on Finance (TUF) is applicable to the composition of the Board of Directors.

Pursuant to Art. 123-bis, par. 1, letter I) of the Consolidated Law on Finance [TUF] and with regard to the amendments to the Articles of Association, it should be noted that any amendments must be made in compliance with legislative and regulatory principles in force, with the specification that Article 17.2 of the Articles of Association confers on the Board of Directors the power to pass resolutions on the matters referred to in Article 2365, paragraph 2 of the Italian Civil Code.

## **Succession planning**

With reference to the so-called "succession planning", the Articles of Association govern the mechanism for appointing directors on the basis of lists submitted by shareholders, as well as the early replacement of directors. With the implementation of the application criterion 5.C.2 of the Code, the Board of Directors has also resolved the approval of a succession planning policy drafted by the Appointments and Remuneration Committee, with the involvement of the Human Resources Department, and the Organisation and Systems Department, aimed at:

- favouring, as a guarantee of a succession plan for executive directors, the preparation by the Company of an eligibility matrix for the Board containing the criteria for identifying possible candidates for the office of director belonging to the organisation of Servizi Italia;
- ensuring business continuity and facilitating a generational turnover in the Company through the definition of structured phases and succession tables for Executives with strategic responsibilities, Senior

Managers, key roles and special roles within the organisation, in order to reduce uncertainty in business management and be in a position to select the best possible substitutes;

- managing, through a structured procedure, the succession of the CEO in the event of both temporary impediment and termination of office;
- encouraging the professional growth of Company employees with leadership skills and ensuring the corporate sustainability of role changes by identifying short and medium-term successors for all strategic managerial positions; implementing individual development plans for these employees (development of skills, performance management system, retention policy).

The plan is reviewed every three years, on the initiative of the Human Resources Director and the Organization Director, with the support of a leading independent specialised company. The review process also includes the involvement of the Chief Executive Officer, the Appointments and Remuneration Committee and the Heads of units.

#### 4.2 Composition (pursuant to Art. 123-bis, paragraph 2, letter d), TUF)

The Shareholders' Meeting held on 20 April 2018 confirmed the number of members of the Board of Directors as eleven, appointing the Board of Directors for the three-year period 2018-2020, i.e. until approval of the Financial Statements as at 31 December 2020, on the basis of:

- the list filed by the majority shareholder **Aurum S.p.A.** - holder of 17,601,404 shares in Servizi Italia S.p.A. as at 23 March 2018, equal to 56.33% of the share capital, composed of the following candidates: Olivi Roberto, Righi Enea, Eugeniani Ilaria, Magagna Michele, Zuliani Umberto, Paglialonga Antonio, Zanichelli Lino, Schwizer Paola Gina Maria, Guglielmetti Romina, Mio Chiara, Pezzuto Carmen, Manti Giovanni, Campanini Simona and Minotta Angelo;
- the list filed by the minority shareholder **Padana Everest S.r.l.** - holder of 1,044,646 shares in Servizi Italia S.p.A. as at 20 March 2018, equal to 3.28% of the share capital, composed of the following candidates: Mastrangelo Antonio Aristide, Marchetti Maria Gabriella and Marchetti Marco.

The Directors appointed by the Shareholders' Meeting of 20 April 2018, all in office as at the Re-transfer Date, are indicated in the following table:

Name	Position	Date of first appointment
Roberto Olivi	Chairman	Appointment as Director 9 March 2010 Appointment as Chairman 22 April 2015
Enea Righi	Deputy Chairman and CEO	Appointment as CEO 22 April 2015 Appointment as Vice President 9 March 2010
Ilaria Eugeniani	Director	24 Jan. 2005
Michele Magagna	Director	20 April 2018
Antonio Paglialonga	Director	22 April 2015
Lino Zanichelli	Director	22 April 2015
Umberto Zuliani	Director	20 April 2018
Chiara Mio	Director (a) (b)	20 April 2018
Paola Schwizer	Director (a) (b) (c)	22 April 2015
Romina Guglielmetti	Director (a) (b)	22 April 2015
Antonio Aristide Mastrangelo	Director (a)	11 Sept. 2017

(a) Non-executive Director who meets the requirements of independence pursuant to the TUF and the Corporate Governance Code.

(b) Member of the Control and Risk Committee and of the Appointments and Remuneration Committee.

(c) Lead Independent Director

The outcome of the votes concerning the appointment of the Board by the Shareholders' Meeting of 20 April 2018 was:

	votes	%
List no.1): Shareholder "Aurum S.p.A."	22,732,190	94.7378
List no. 2): Shareholder "Padana Emmedue S.p.A."	1,259,646	5.2496
Against	2,627	0.0109
Abstaining	-	-
Non-voting	3,004	0.0125
<b>Total shares for which a vote was cast</b>	<b>23,994,840</b>	<b>100.0000%</b>

Further information on the structure of the Board of Directors, Committees and the *curricula* of the directors (art. 144-decies of the Consob Issuers' Regulations), as of the Reference date, is provided in the annex to this Report.

Note that the following ceased to hold the office of director during the financial year:

- Emil Anceschi, who resigned on 17 January 2018;
- Vasco Salsi and Paola Galbiati, following the natural expiry of their mandate with the approval of the Financial Statement at 31 December 2017.

#### Diversity criteria and policies

In compliance with the recommendations of principle 2.P.4 of the Code, the Company has applied diversity criteria, including gender diversity, in the composition of the Board of Directors, in order to ensure adequate competence and professionalism of its members.

More specifically, with regard to the criterion of gender diversity, it should be noted that:

- in compliance with the provisions of the Corporate Governance Code and art. 147-ter of the Consolidated Law on Finance [TUF], at least one third of the directors currently in office belong to the less represented gender;
- the Board of Directors has, following the proposal put forward by the Appointments and Remuneration Committee, resolved to adopt the criterion of gender diversity provided for in principle 2.P.4, introduced in the latest edition of the Corporate Governance Code, by means of a specific amendment to art. 15 of the Articles of Association, which will be submitted for approval to the next Shareholders' Meeting, establishing the rule (general and no longer limited to the first three mandates subsequent to 12 August 2012) according to which *"At least one third of the Board of Directors consists of directors of the less represented gender, with rounding up to the superior unit."*

In accordance with the recommendations of the Corporate Governance Code and the provisions of Legislative Decree No. 254/2016, on the occasion of the Shareholders' Meeting called to approve the financial statement as at 31 December 2017, the Board of Directors, having consulted with the Appointments Committee, made some considerations on the future size and composition of the Board of Directors which it submitted to the shareholders for guidance, with reference to the appointment of the members of the Board of Directors for the three-year period 2018-2020. In particular, the Board has taken into account:

- the results of the self-assessment of the composition and functioning of the Board itself and its Committees;
- the results of a succession planning process, which, using a specific method proposed by the Appointments Committee, identified a matrix of eligibility for election to the Board, containing possible candidates for the position of executive director belonging to the Company's organisation. This matrix, available from the Human Resources Department, takes into consideration managerial skills, training and professional experience, age, willingness/motivation to hold the position, as well

as the assessment of specific requirements for taking up the position itself, might be taken into consideration in formulating the list in order to ensure a succession plan for executive directors;

- the provisions of Legislative Decree No. 254/2016 on diversity, in relation to the composition of the administrative, management and control bodies, relating to aspects such as age, gender composition and training and professional experience.

The diversity policy of the Company's Board of Directors provides, specifically, that:

- the members of the Board of Directors should be identified in consideration of elements such as age (1/5 of the candidates presented in the list may be over 70 years of age), training and professional characteristics, experience, including managerial experience, as well as their seniority in office and, in particular, should:

- be aware of the powers and obligations inherent in the functions which each of them is required to perform (executive and non-executive functions, independence, etc.);
- be provided with adequate professional skills for the role to be filled, including in any internal committees of the Board of Directors and calibrated in relation to the operational characteristics and size of Servizi Italia;
- be able to devote adequate time to the complexity of the task, taking into account the nature, quality, commitment required and functions carried out in the Company, as well as other tasks in companies or bodies, commitments or work activities carried out;
- direct their work towards the pursuit of the overall interest of the Company, regardless of the corporate structure from which they were voted or from the list from which they were taken, and be capable of expressing independent judgement;
- have a professional profile appropriate to the role and, if they do not hold executive positions in the Company, be able to contribute with special commitment to the dialectical function of the Board of Directors and to an effective monitoring of the choices made by the executive members of the administrative body;

- at least three directors should be independent, on the basis of the criteria established by law and the recommendations of the Code of Conduct, in order to ensure an adequate presence of independent directors on the board committees;

- in the light of their experience on the boards of directors of listed and unlisted companies, all directors should be able to express their capacity for strategic orientation, stimulation of results, spirit of collaboration, capacity for influence and resolution of any divergences;

- one (or more) directors should represent the following areas of expertise and experience: (a) management experiences (also multinational), including in situations of strategic and business development; (b) experience in or knowledge of the reality of foreign organisations or institutions, preferably in countries where Servizi Italia operates;

- one (or more) directors should possess experience and skills in the Company's core business, above all in those sectors of specific interest to Servizi Italia; knowledge of international geo-political dynamics; knowledge of regulatory policies and practices in sectors of interest to the Company and in the countries where it operates;

- one (or more) directors should have expertise in economic-financial issues, in financial statements and risk management issues, preferably specific to the type of business offered by the Company;

- one (or more) directors should have legal and corporate *governance* knowledge;

- those who, in the last 3 years, have held a position as member of the administrative, management or supervisory bodies of healthcare companies, or who have been, in the last three years, consultants to

healthcare companies or parties with interests in the healthcare sector, are excluded from the position of director of the Company;

- the Chairman should (i) be a person with leadership and professional and business training appropriate to the position and complementary to those of the CEO; (ii) have gained experience on boards of directors of large companies of a size and complexity comparable to that of Servizi Italia; (iii) be able to devote time, presence and commitment to the full performance of the assigned role;

- the CEO should (i) have significant and successful experience in top executive positions in large companies of a size and complexity comparable to that of Servizi Italia; (ii) have strategic orientation skills and, preferably, experience and/or knowledge of the business of Servizi Italia or related sectors, with particular reference to governmental-institutional opportunities and risks, including international ones, as well as economic-financial and operational control skills.

In order for the Company's Board of Directors to carry out its duties as effectively as possible, it is considered essential that all directors guarantee the availability of their time necessary for the full and diligent performance of the responsibilities and tasks assigned to them.

At the first meeting held after the Shareholders' Meeting of 20 April 2018, the Board of Directors verified that the newly elected directors possessed the characteristics identified in the Shareholders' guidelines described above, ascertaining that the current composition of the Board of Directors complied with the criteria of diversity identified in compliance with the primary objective of ensuring adequate competence and professionalism for its members.

With regard to the promotion of corporate policies regarding measures to promote equal treatment and opportunities between genders within the corporate organisation, reference should be made to the Consolidated Declaration of a non-financial nature prepared for the financial year, made available to the public at the Company's registered office, the eMarket Storage mechanism at the address [www.emarkestorage.com](http://www.emarkestorage.com), as well as on the Company's website ([www.si-servizitalia.com](http://www.si-servizitalia.com)).

#### **Maximum accumulation of positions held in other companies**

The Board of Directors has not defined general criteria for the maximum number of directorships and control positions that its own directors may hold in other companies. The lack of establishment of a general rule on the maximum number of positions held essentially resides in the multiplicity of abstractly possible situations, which differ in relation to the characteristics of each individual Director, as well as the type, size, complexity and specificity of the sector of activity of the companies in which the additional offices are held, and the specific role held (executive, non-executive, independent director; committee member; standing auditor or chairman of a board of statutory auditors, etc.).

However, the Board of Directors has carried out a specific and precise evaluation of the situation of each individual member, in order to verify that it can be considered compatible with an effective performance of the role of director in Servizi Italia S.p.A. As a result of this evaluation, each director is considered to be in a situation compatible with the effective performance of the role.

#### **Induction Program**

In relation to application criteria 2.C.2 of the Corporate Governance Code, it should be noted that most of the Directors possess a thorough knowledge of the reality and dynamics of the Company and the Group, linked, among other things, to their successful stay in office, and that the number of meetings of the Board and the Committees ensures continuous updating on the Company and market.

During the financial year, the Chairman of the Board of Directors carried out initiatives addressed to all members of the Board of Directors, aimed at providing adequate knowledge of the business sector in which the Servizi Italia Group operates, competitive positioning, the principles of correct management of specific business risks, company dynamics and their evolution, as well as the legislative/self-regulatory framework of reference in the countries in which the Group operates, with particular reference to Brazil and Turkey (where

some subsidiaries are located) through specific in-depth sessions, with the collaboration of the Group's management. In particular, especially in consideration of the fact that three directors took office for the first time during the financial year in question, the characteristics of the Group's various business lines, and its historical evolution were examined in depth, focusing specifically on the market listing process and stock performance.

In addition, during the meetings of the Board of Directors, the delegated bodies illustrate what is relevant for the Company's and the Group's performance, constantly providing, among other things, information on major updates of the legislative and self-regulatory framework of interest and their impact on the Company.

#### *4.3 Role of the Board of Directors (pursuant to Art. 123-bis, paragraph 2, letter d), TUF)*

In accordance with the current Articles of Association, available on the website [www.si-servizitalia.com](http://www.si-servizitalia.com), the Board of Directors possesses the broadest powers for the ordinary and extraordinary management of the Company, and has the power to perform all acts it deems appropriate to achieve the corporate objective, with the sole exception of those that the law reserves to the decisions of the Shareholders' Meeting.

Table 2, attached to this Report, shows the structure of the Board of Directors and Committees, the number of meetings held in 2018, their average duration, the actual participation of each member and information on the year of birth and date of first appointment of the members of the bodies, as well as their respective role.

For the 2019 financial year, with the possibility of amendments and/or additions, the Company identified the meetings of the Board of Directors referred to in the events calendar duly published within the time limits required by law. Up until the Reference date, the Board of Directors met 4 times.

Information is provided prior to board meetings in a timely and complete manner, sending notice of meetings containing the agenda, within the times and in the manner provided for by the Articles of Association, as well as by sending the Directors the information necessary to take decisions in a timely manner, with time frames that vary according to individual cases and in relation to specific documentation to be submitted to the Board. In the few cases in which it was not possible to provide the necessary information to the board members well in advance, the Chairman of the Board of Directors ensured that adequate in-depth analyses were carried out during the board sessions. During the Financial year, there were no exceptional events in which information prior to a board meeting required confidentiality limits. The Chairman of the Board of Directors also ensured that the items on the agenda were given the necessary time to allow for constructive debate, encouraging contributions from the directors during the meetings.

During the Financial year, Company executives and managers of the relevant company departments attended a number of board meetings to provide the necessary in-depth information on the items on the agenda.

In relation to the examination and approval of strategic, industrial and financial plans for the Company and the Group, as well as the periodic monitoring of their implementation, the definition of the corporate governance system of Servizi Italia S.p.A. and the Group's structure, it should be noted that, although the Articles of Association do not expressly provide for this, they fall within the functions of ordinary and extraordinary administration of the Board itself, as none of its members possesses the power to act in relation to such matters without the Board's prior approval. The same applies to the examination and prior approval of transactions of Servizi Italia S.p.A. and its subsidiaries, when such transactions have a significant strategic, economic, asset-related or financial importance for the Company itself.

The Board of Directors has assessed the adequacy of the organisational, administrative and accounting structure of the Issuer and its strategically important subsidiaries (coinciding with the subsidiaries included in the scope of consolidation), during the Financial year, and most recently, at the meeting for the approval of the annual financial report as at 31 December 2018. In particular, these assessments were adopted on the basis of an analysis by the Director in charge of the Internal Control and Risk Management System and with the prior opinion of the Control and Risk Committee which, during its meetings - in which the head of the internal audit function also participated - was in a position to continuously verify the adequacy and effective



functioning of the internal control and risk management system of both the Issuer and the Group. During 2018, the organisational change project approved by the Board of Directors in 2017 was also implemented, which provided for a structural revision of the organisational model in order to enhance the services of the business lines, introducing the necessary functions for the development of new processes, and adapting the organisational, administrative and accounting structure of the Company, as well as that of its strategically important subsidiaries, with special reference to the internal control and risk management system. As part of the same structural review project, structures were reallocated within the Company's personnel to ensure the continuity of all services provided by the Group, as well as the implementation, following a succession planning process, of individual resource development plans, with the preparation of replacement tables for roles within the organisation deemed strategic, or key figures, within a logic of business continuity.

During the Financial year, the Board of Directors assessed the general operating performance, taking into account the information received from the delegated bodies, and periodically compared the results achieved with those planned. It also examined and approved in advance the Company's most significant transactions. The Board has not established general criteria for identifying transactions of significant strategic, economic, asset-related or financial importance for Servizi Italia S.p.A., as the most significant transactions carried out by the CEO are reported in advance to the entire Board in order to receive prior authorisation.

On the proposal of the Appointments and Remuneration Committee, the Board defined, for the Financial year, a general policy for the remuneration of executive directors, other directors holding special charges, and executives with strategic responsibilities. The directors presented the Remuneration Report describing this policy to the shareholders at the shareholders' meeting. On 20 April 2018, the Ordinary Shareholders' Meeting determined the annual remuneration for the Directors holding office. With the support of the Appointments and Remuneration Committee and the approval of the Board of Statutory Auditors, the Board assessed and determined the division of remuneration for each of its members, as illustrated in the Report on the Remuneration of Servizi Italia S.p.A.

During the Financial year, the Board of Directors carried out an assessment of the functioning of the Board itself and its Committees, as well as their size and composition, also taking into account elements such as professional characteristics, experience, also managerial experience, and the gender of its members, as well as their seniority in office, including in relation to the criteria of diversity provided for by the policy adopted by the Company in compliance with the recommendations of Article 2 of the Code of Conduct. The evaluation process was carried out by means of an analytical questionnaire with specific sections for the reporting of any issues worthy of further investigation, prepared by the Appointments and Remuneration Committee and delivered to all directors. This in order to:

- carry out an initial individual assessment by each member of the body, and a second collective assessment;
- measure the results achieved, attempting to identify the reasons and possible corrective actions that can be taken to improve the functioning of the body itself.

The results of the questionnaire were then assessed in their entirety by the Appointments and Remuneration Committee and subsequently by the Board of Directors, which, on the basis of the findings, deemed that the size, composition and functioning of the Board and its Committees are adequate in relation to the organisational and management the Company's needs, and that the composition of the administrative body complies with the criteria of diversity envisaged by the policy adopted by the Company. The results of the questionnaire were then assessed also by the independent directors.

In compliance with Application Criterion 1.C.1, letter h) of the Code, the outgoing Board, before appointing the current administrative body, approved by the Shareholders' Meeting of 20 April 2018, after consulting the Appointments Committee and taking into account the results of the self-assessment process carried out at the meeting of 6 March 2018, expressed to the Shareholders - as part of the Report on the fifth item on the agenda pursuant to Article 125-ter of the Consolidated Law on Finance [TUF] - its orientation on the composition of the administrative body.

The Shareholders' Meeting did not authorise, in a general and preventive manner, exceptions to the non-competition clause provided for in Article 2390 of the Italian Civil Code, and the Board did not assess any problematic cases on these merits.

#### 4.4 Delegated Bodies

Pursuant to the Articles of Association, the Board of Directors may delegate part of its powers, including the use of the corporate signature, to one or more of its members in the capacity of CEO, determining their powers and remuneration (as part of the overall determination made by the Shareholders' Meeting pursuant to Art. 17.10 of the Articles of Association). In addition, the offices of Chairman and CEO may be associated.

The administrative body may appoint, revoke and/or in any case determine the termination of the relationship with agents, general managers, *ad negotia* proxies and representatives in general for the performance of certain acts or categories of acts in the name and on behalf of the Company, selecting them from among employees of the Company or third parties.

The following table lists the Directors possessing proxies and powers of attorney as at the Reference date. The indication of the relative powers and the limits within which they can be exercised are indicated in the Chamber of Commerce registration certificate.

Name	Position
Enea Righi	Deputy Chairman and CEO
Ilaria Eugeniani	Director with power of attorney concerning the aspects of Administration, Finance and Control - Executive in charge

In particular, the Board of Directors has attributed the following powers to the Deputy Chairman and CEO Enea Righi:

- the legal representation of the company in dealings with third parties and in legal proceedings, as well as the corporate signature within the scope of the powers conferred and within the limits of the powers provided for by the Articles of Association.
- The power to exercise all the powers granted to the Board of Directors by law and by the Articles of Association for the performance of all acts of ordinary and extraordinary administration, with the exception of, in addition to that which cannot be delegated pursuant to Article 2381 of the Italian Civil Code:
  - purchase and sale transactions or acts of disposition (including, by way of example but not limited to, the creation of usufruct, pledge and mortgage) of real estate, shareholdings in other companies, businesses and branches thereof (excluding consortium companies, consortia and ATI – temporary association of companies);
  - the granting of guarantees on behalf of third parties, including guarantees on behalf of subsidiaries or associates;
  - the assumption of loans exceeding the amount of 8,000,000.00 Euro per year (eight million/00);
  - powers that are non-delegable by law and by the Articles of Association.

The CEO is also granted the status of employer pursuant to Article 2, letter b) of Legislative Decree No. 81/08, which is appropriately rendered public, internally and externally, attributing expenditure autonomy.

The CEO is also expressly granted the right to sub-delegate to third parties, even partially and including individual powers, within the limits of the powers conferred, to be formalised in writing.

The Director Eugeniani, with power of attorney issued on 24 April 2015, has been granted all powers to carry out the following activities, with obligation to report, in the name and on behalf of the Company:

- 1) issue, sign and receipt invoices, debit notes, credit notes and receive them;
- 2) arrange accounts and invoices, agreeing and settling payments, both in and out of court;
- 3) maintain and sign the company's correspondence;
- 4) propose instances, appeals, complaints to any jurisdiction, both ordinary and administrative;
- 5) demand all values and all sums without limitation owed to the company for any reason whatsoever, including those owed to the company from government bodies, parastatal and local authorities, issuing corresponding receipts and releases;
- 6) represent the Company in bankruptcy proceedings and judicial and extra-judicial composition proceedings, in bankruptcy agreements and *cessio bonorum*;
- 7) represent the Company before the representatives of the Bank of Italy and the Italian Exchange Office for all financial and commercial transactions in foreign currency, as well as before any credit institution or private bankers, stipulating with bank contracts for short, medium and long term financing;
- 8) carry out transactions at the offices of the public deposits fund, deposits and loan offices, post offices, railway offices, customs offices and transport companies in general, with insurance companies, and at all public and private offices, both civil and military, Italian and foreign, including the right to withdraw sums, assets, envelopes, including registered and insured letters, enabling restrictions and releases exempting solvent administrations from any and all liability;
- 9) open and close postal current accounts at post and telegraph offices, paying in and withdrawing from them, within the framework of current regulations;
- 10) sign the declarations of tax substitutes, attestations for remuneration subject to withholding tax and the remunerations for employed labour;
- 11) draw, turn and protest effects, but not issue bills of exchange;
- 12) withdraw sums, by signing cheques, debiting current accounts with banks and making withdrawals, including those from overdrafts, which might be permitted in favour of the principal company, in any form whatsoever, including by issuing cheques in its favour, in favour of third parties, either by payment orders or requests for cheques from banks.

Board member Eugeniani is also responsible for representing the Company in financial affairs, in the registry offices, tax offices and municipal offices, including those for local taxes, in the general share register, and in VAT (value added tax) offices, at the labour inspectorate, regional labour offices and institutes for compulsory insurance, in the capacity of drawing up, signing and presenting declarations, requests, variations, appeals, complaints, proxies for payment, claims and forms for the incomes of third parties subject to withholding tax, and any other tax declaration, challenging tax assessments or taxes against the tax commissions and administrative offices of every order and level, proposing and accepting agreements by signing.

The aforementioned board member may exercise her powers independently within the maximum expenditure limit set at € 25,000,000.00 (twenty-five million/00) per transaction; above this limit each deed must be endorsed by a legal representative of the company, through the joint signature of the deed itself.

It should be noted that the Deputy Chairman and CEO Enea Righi, who can be qualified as the main person responsible for the management of the company, does not hold a position as director at another issuer of which another board member of Servizi Italia is CEO. As such, she is not in any situation of *interlocking directorate* as provided for in criterion 2.C.6. of the Corporate Governance Code.

#### *4.5 The Chairman of the Board of Directors*

The Chairman of the Board of Directors, Roberto Olivi, who also holds the position of Chairman of the Board of Directors of Coopservice Soc. Coop.p.A., a company that indirectly exercises control over the Issuer through Aurum S.p.A., is vested with legal representation of the Company. For a more correct application of the principles set out in the Code of Conduct, considering that the office of Chairman is held by the person who also holds the office of Chairman of the company's administrative body which controls the Issuer, it has been considered appropriate not to entrust management powers to the Chairman, who does not participate in the preparation of corporate strategies.

Specifically, in addition to the legal representation of the Company in dealings with third parties and in legal proceedings, as well as corporate signature within the scope of the powers conferred and within the limits of the powers provided for by the Articles of Association, the Chairman has been granted the power to sign consultancy and intellectual work contracts involving the assumption of obligations for the Company up to the amount of € 200,000.00.

It should be noted that the Chairman is a non-executive director of the Company and is not the main person responsible for the management of the Issuer nor the controlling shareholder of the Issuer.

#### **EXECUTIVE COMMITTEE (pursuant to Art. 123-bis, paragraph 2, letter d), Consolidated Law on Finance [TUF])**

Servizi Italia S.p.A. has not set up an executive committee.

#### **GUIDELINES TO THE BOARD**

During meetings of the Board of Directors, the delegated bodies provide directors and statutory auditors with adequate information, at least on a quarterly basis, on the general performance of operations and its foreseeable evolution, as well as on the activities carried out in the exercise of their respective powers and on the most significant financial and equity transactions, in terms of size and specificities, as carried out by the Company and its Subsidiaries.

On a quarterly basis, during meetings established by the corporate events calendar, the Board therefore assessed the general operating performance, taking into account the information received from the delegated bodies on extraordinary operations, market performance and regulatory developments in the sector in which the Company operates, comparing the planned economic and financial results with those approved in the additional periodic reports as at 31 March and 30 September, in the half-yearly financial report and financial statements.

#### *4.6 Other executive directors*

With regard to the directors currently in office, pursuant to art. 2 of the Corporate Governance Code, the following are executive directors: Deputy Chairman and CEO Enea Righi, who can be qualified as the main person responsible for the management of the company, and director Ilaria Eugeni, who holds the executive role of Head of Administration, Finance and Control and Manager in charge of Financial Reporting.

#### *4.7 Independent Directors*

As of the Reference date, the Board of Directors is composed of eleven directors, four of whom are independent in accordance with the TUF and the Code of Conduct: Paola Schwizer, Romina Guglielmetti, Chiara Mio and Antonio Aristide Mastrangelo. Prior to the Shareholders' Meeting of 20 April 2018, the independent directors were: Paola Schwizer, Romina Guglielmetti, Paola Galbiati and Antonio Aristide Mastrangelo.

These directors have indicated, in the lists for the appointment of the Board, their suitability to qualify as independent, and have undertaken to maintain their independence during the duration of their mandate and, if necessary, to resign.

During the Financial year, the Board of Directors has assessed, at the first opportunity after the appointment, the existence of the independence requirements provided for by the Consolidated Law on Finance [TUF], and the requirements provided for by the Code of Conduct, disclosing the outcome of its assessments through a press release disclosed to the market. The criteria of independence taken into consideration are all those established by current legislation, as well as by Art. 3 of the Code of Conduct.

The correct application of the criteria and procedures adopted by the Board to assess the independence of its members was also positively assessed by the Board of Statutory Auditors.

The independent directors met once in the absence of the other directors, in compliance with the provisions of the Code of Conduct. The meeting dealt with the results of the evaluation of the functioning of the Board itself and its Committees, as well as proposals for further study for the upcoming *induction* sessions.

#### **4.8 Lead Independent Director**

Although conditions do not subsist as pursuant to the application criterion 2.C.4 of the Corporate Governance Code, the Board of Directors - having taken into account the fact that the office of Chairman is held by the same person who also holds the office of Chairman of the shareholder controlling the Issuer - from 20 April 2018 deemed it appropriate to provide itself with a further corporate governance structure deriving from international best practices, appointing a Lead Independent Director in the person of Paola Schwizer.

The Lead Independent Director: (i) represents a point of reference and coordination for the requests and contributions of non-executive directors and, in particular, those who are independent; (ii) collaborates with the Chairman of the Board of Directors to ensure that directors receive complete and timely information flows.

During the Financial year, the Lead Independent Director actively participated in the meetings of the Board of Directors, coordinating, where necessary or appropriate, the requests and contributions of non-executive directors and in particular of independent directors.

### **5.0 TREATMENT OF COMPANY INFORMATION**

A specific procedure has been prepared for the internal management and external communication of documents and information concerning Servizi Italia S.p.A., which regulates the procedures for the processing, internal management and external communication of documents and corporate information concerning Servizi Italia S.p.A. and its subsidiaries, including information regulated pursuant to art. 113-ter of the Consolidated Law on Finance [TUF], and with particular reference to inside information pursuant to Art. 7 of EU Regulation No. 596/2014).

Servizi Italia S.p.A. has also established a Register of Persons with access to insider information in accordance with Art. 18 of EU Reg. No. 596/2014, with particular attention to the recommendations contained in the Consob Guidelines on the management of privileged information, delegating to a qualified third party supplier the maintenance and custody of the same, on the basis of the information transmitted by the Corporate Affairs Office.

Furthermore, in compliance with the provisions of the Consob guidelines on the management of inside information, the Company has identified sixteen categories of relevant information (the term "relevant information" referring to any information that has a sufficient chance of subsequently, or even imminently, becoming inside information, but is not yet sufficiently accurate to be deemed as such), establishing a special register (the "Register of Relevant Information" or "RIL"), in which are indicated for each category of relevant information (if necessary divided into subcategories) the functions of each relevant information category (if subcategories), with an indication of the responsible persons.

Without prejudice to the specific provisions of this procedure, the board members, auditors, administrators, employees, agents and consultants of the Company and its subsidiaries are bound to comply with statutory provisions and maintain secrecy over any inside information, relevant information and generally all documentation and information concerning the Company and its subsidiaries of which they become aware

in the performance of their duties (unless made public in the required forms), handling the information only through specifically authorised channels, as well as adopting all other precautions to ensure that the information is circulated within the company without compromising its confidential nature.

## **6.0 INTERNAL BOARD COMMITTEES (ex art. 123-bis, par. 2, letter d), TUF)**

In compliance with the provisions of the Corporate Governance Code and considering the dynamics and size of the company organisation, as well as the professionalism of its members, the Appointments and Remuneration Committee and the Control and Risk Committee are established from within the Board of Directors, whose responsibilities have been defined in specific regulations approved by the Board of Directors. Both committees are made up of three members; their functions are merely to make proposals and provide advice, assisting the Board of Directors in investigating matters falling within their respective areas of responsibility.

The Appointments and Remuneration Committee, with a view to organisational efficiency, brings together the functions of two committees provided for by the Corporate Governance Code, in compliance with the conditions set out in Article 4 of the Code.

The work of each committee is coordinated by a Chairman and the decisions of each committee must be taken with the favourable vote of an absolute majority of its members. Minutes are drawn up of the meetings of each Committee.

The members of the committees have the right to access the information and corporate functions necessary for the performance of their duties and - where deemed necessary - may avail themselves of external consultants.

The Board of Directors has approved a specific budget for each committee, with provision for its expansion, for specific needs proposed on a case by case basis to the Board of Directors, in order to allow each committee to always be in a position to perform its duties in full economic and managerial autonomy.

It should be noted that the functions of the committees provided for in the Code have not been reserved for the Board of Directors.

Each committee reports periodically to the Board of Directors on its actions.

## **7.0 APPOINTMENTS AND REMUNERATION COMMITTEE**

In accordance with the provisions of the Code of Conduct, Servizi Italia has set up an Appointments and Remuneration Committee ("**ARC**"). The ARC in office until the Shareholders' Meeting of 20 April 2018 was composed of three independent and non-executive directors: Paola Galbiati (Chairman of the ARC), Romina Guglielmetti and Paola Schwizer.

Subsequently, on 20 April 2018, the Board of Directors identified three independent and non-executive directors as members of the ARC: Chiara Mio (Chairman of the ARC), Romina Guglielmetti and Paola Schwizer. At the time of appointment, the Board deemed its knowledge and experience in accounting and financial matters, and/or in the field of remuneration policies of the members of the Committee to be adequate.

The Appointments and Remuneration Committee has the following consultative and proposal-making functions vis-à-vis the Board of Directors:

### on appointments

- to formulate opinions to the Board of Directors on the size and composition of the Board, and express recommendations on the professional figures whose presence on the Board is deemed appropriate;
- make recommendations in this regard:
  - a) the maximum number of charges as director or auditor in other companies listed on regulated markets (including foreign markets), in financial, banking, insurance or large companies that may be deemed compatible with the effective performance of the office of director of the Company,

b) to the Board of Directors' assessments of any problematic cases in which the shareholders' meeting has authorised, in a general and preventive manner, of exceptions to the non-competition clause provided for by Article 2390 of the Italian Civil Code;

- propose to the Board of Directors candidates for the office of director in cases of co-optation, where it is necessary to replace independent directors;

with regard to remuneration

- to support the Board with a specific investigation into the preparation of any succession plans;
- periodically assessing the adequacy, overall consistency and concrete application of the policy for the remuneration of directors and executives with strategic responsibilities, making use in this regard of the information provided by the CEOs; making proposals to the Board of Directors on this subject;
- to submit proposals or express opinions to the Board of Directors on the remuneration of executive directors and other directors holding special offices, as well as on the setting of performance objectives related to the variable component of such remuneration; to monitor the application of the decisions adopted by the Board itself, verifying, in particular, the actual achievement of the performance objectives;
- to examine in advance the annual report on the remuneration to be made available to the public with a view to the annual general meeting for the approval of the financial statements.

Within the scope of its responsibilities, the ARC draws up, submits to the Board of Directors and monitors the application of incentive systems aimed at management (including any remuneration plans based on financial instruments), intended as instruments aimed at attracting and motivating resources of an adequate level and experience, developing a sense of belonging and ensuring a constant orientation towards the creation of value over time.

The ARC may also provide support to the CEO and Director of Human Resources with regard to the enhancement of managerial resources, recruitment of talented resources and the promotion of initiatives with universities in this field.

The Appointments and Remuneration Committee also evaluates the criteria adopted for the remuneration of executives with strategic responsibilities and supervises their application on the basis of the information provided by the CEO and Director of Human Resources.

In order to carry out the tasks assigned to it, the ARC may avail itself of the assistance of both Company employees and external professionals, as well as experts in the field of remuneration policies, provided that they do not simultaneously provide the human resources department, directors or managers with strategic responsibilities with services of such significance as to concretely compromise their independent judgement. The members of the Committee also have access to the information and corporate functions necessary for the performance of their duties, with the assistance of the Director of Human Resources.

The meetings of the ARC were attended by the Chairman of the Board of Statutory Auditors or another auditor designated by the latter, as well as the company management in order to contribute to the discussion of the items on the agenda of the meetings. Non-members of the Committee participated at the invitation of the Committee and on individual items on the agenda.

The meetings of the ARC have been duly recorded in minutes and the Chairman has promptly informed the Board of Directors.

In the event of proposals to the Board relating to its remuneration, the directors must refrain from attending such Committee meetings.

For the 2018 financial year, the main activities carried out by the Committee were as follows:

- as Remuneration Committee: proposal to the Board of Directors of the criteria identified in the Regulations for the Annual Bonus System Plan and in the Regulations for the Long Term Incentive Cash Plan 2018-2019-2020; presentation to the Board of Directors of its proposal with reference to the Remuneration Policy to be submitted to the next Shareholders' Meeting, highlighting any

- changes with respect to the Remuneration Policy for the previous year; issue of a favourable opinion on the remuneration of Directors holding special charges e of the Internal Auditor;
- as Appointments Committee: proposal to the Board of Directors for the approval of (i) a succession planning policy with the aim of guaranteeing business continuity through the definition of structured phases and succession tables for Executives with strategic responsibilities, Senior Managers, key roles and special roles in the organisation, as well as favouring the preparation by the Company of an eligibility matrix in the Board of Directors of persons already belonging to the organisation of Servizi Italia in order to guarantee the succession plan of the executive directors, (ii) guidelines and policy of the Board of Directors of Servizi Italia S.p.A. to the shareholders on the future size and composition of the Board of Directors on the occasion of the Shareholders' Meeting of 20 April 2018 called to renew the management body for the three-year period 2018-2020; preparation of the questionnaire for the evaluation of the composition and functioning of the Board and its Committees and preliminary analysis of the results; analysis of the changes made to the Corporate Governance Code regarding gender diversity and formulation to the Board of Directors of a proposal on how to adopt gender differences referred to in the principles 2.P.4. and 8.P.2.

The ARC also presented the procedures for exercising its functions at the Shareholders' Meeting held on 20 April 2018, through the Chairman.

An annual budget of € 20,000.00 is made available to the ARC for the performance of its duties.

For further information on the composition and functioning of the Appointments and Remuneration Committee (pursuant to Art. 123-bis, paragraph 2, letter d) of the Consolidated Law on Finance [TUF]), reference should be made to the Remuneration Report prepared pursuant to Art. 123-ter of the Consolidated Law on Finance, made available to the public at the Company's registered offices, the eMarket Storage at [www.emarkestorage.com](http://www.emarkestorage.com), and on the Company's website ([www.si-servizitalia.com](http://www.si-servizitalia.com)).

Table 2, attached to this Report, shows the structure of the Board of Directors and the Committees, the number of meetings held in 2018, their average duration, the actual participation of each member, their role, the number of meetings scheduled for the current year, as well as those already held.

## 8.0 REMUNERATION OF BOARD DIRECTORS

Based on the proposal of the Appointments and Remuneration Committee, the Board of Directors has defined the Company's remuneration policy, in compliance with the applicable regulations and with principle 6.P.4 of the Corporate Governance Code. This document defines the guidelines that all the corporate bodies involved must observe in order to determine the remuneration of directors - in particular executive directors and other directors holding special charges - and executives with strategic responsibilities, both at a procedural level (procedure for defining and implementing remuneration policies) and at a substantial level (criteria that must be complied with in the definition of remuneration).

The remuneration policies and procedures are illustrated in the first section of the Remuneration Report drafted pursuant to art. 123-ter of the Consolidated Law on Finance, which is made available to the public at the Company's registered offices, the eMarket Storage at the address [www.emarkestorage.com](http://www.emarkestorage.com), as well as on the Company's website ([www.si-servizitalia.com](http://www.si-servizitalia.com)), to which reference should be made in full for any information not contained in this Report.

Note that in compliance with the provisions of article 123-ter, paragraph 6, of the Consolidated Law on Finance [TUF], the next Shareholders' Meeting will be called upon to resolve in a non-binding manner on the first section of the Remuneration Report, which illustrates the remuneration policy adopted by the Company and the procedures used for its adoption and implementation.

Note that at the time of appointment, the members of the Board of Directors, in accordance with the Articles of Association (article 17.10), are entitled, for the duration of their term of office, to a remuneration



determined by the Shareholders' Meeting in total terms, in accordance with article 2389, paragraph 3 of the Italian Civil Code. This compensation may also consist of a fixed part and a variable part, the latter commensurate with the achievement of certain objectives. The remuneration of directors holding special charges is established by the Board of Directors, on the proposal of the Appointments and Remuneration Committee and after hearing the opinion of the Board of Statutory Auditors, within the framework of the overall determination made by the Shareholders' Meeting pursuant to article 17.10 of the Articles of Association. The Shareholders' Meeting of 20 April 2018, on the occasion of the appointment of the Board of Directors for the three-year period 2018-2019-2020, determined the annual remuneration in total terms, for the entire duration of the mandate. The emolument was subsequently divided among the directors by the Board of Directors, on the proposal of the Appointments and Remuneration Committee and after hearing the opinion of the Board of Statutory Auditors. In submitting its proposal, the Appointments and Remuneration Committee noted that the proposal is in line with and consistent with the Company's remuneration policy, as well as being suitable for the correct definition of competitive remuneration levels and for promoting internal fairness and transparency.

It should be noted that the Shareholders' Meeting did not approve share-based incentive plans for directors.

#### ***Indemnity for directors in the event of resignation, dismissal or termination of employment following a takeover bid (pursuant to Art. 123-bis, paragraph 1, letter i), TUF)***

Pursuant to Article 123-bis, paragraph 1, letter i), of the Consolidated Law on Finance [TUF], note that at the date of approval of this Report:

- the Shareholders' Meeting of 20 April 2018 resolved to grant the CEO, in the event of (i) natural expiry of the directorship contract (approval of the 2020 financial statement) without confirmation of his/her position as CEO at the end of the term of office, (ii) revocation without just cause and (iii) resignation for just cause, an indemnity for termination of office of an amount that varies according to the time when the relationship is terminated (€ 400,000.00 in the first year; € 500,000.00 in the second year; € 700,000.00 in the third year or at the end of the mandate). An agreement also exists with the CEO that provides for compensation for non-competition commitments for a period of 24 months following the termination (for whatever reason) of the office and powers assigned. For further information, please refer to the Remuneration Report published pursuant to article 123-ter of the Consolidated Law on Finance [TUF];
- there are no further agreements between the Company and the other members of the Board of Directors providing for indemnities in the event of resignation or dismissal/withdrawal without just cause or if their relationship ceases following a takeover bid.

It should be noted that in the Financial year, following the resignation on 17 January 2018 of the non-executive Director Emil Anceschi, the latter did not receive any severance indemnity.

## **9.0 CONTROL AND RISK COMMITTEE**

In accordance with the provisions of the Code of Conduct, Servizi Italia has set up a Control and Risk Committee ("CRC"). The CRC in office until the Shareholders' Meeting of 20 April 2018 was composed of three independent and non-executive directors: Romina Guglielmetti (Chairman of the CRC), Paola Galbiati and Paola Schwizer.

Subsequently, on 20 April 2018, the Board of Directors identified three independent and non-executive directors as members of the CRC: Romina Guglielmetti (Chairman of CRC), Chiara Mio and Paola Schwizer. At the time of appointment, the Board deemed the knowledge and experience in accounting and financial and/or risk management matters of the members of the committee to be adequate.

In accordance with the provisions of the Corporate Governance Code, the Control and Risk Committee collaborates, on a consultative and propositional basis, with the Board of Directors in carrying out periodic

checks on the adequacy and effective functioning of the organisational structure relating to the internal control and risk management system.

The Control and Risk Committee, as provided for by art. 8 of the Regulation for Related Party Transactions adopted by the Company ("**RPT Regulation**"), has also been invested with the functions of the Related Party Transactions Committee ("**RPT Committee**") and is therefore called upon to express its reasoned opinion on the Company's interest in carrying out transactions with related parties, as well as on the convenience and substantial correctness of the related conditions, and to perform the additional functions assigned to the Committee by the RPT Regulation.

In addition, the CRC issues its prior opinion to the Board of Directors:

- a) on the guidelines of the internal control and risk management system, so that primary risks regarding the company and its subsidiaries are correctly identified, and adequately measured, managed and monitored;
- b) on the degree of compatibility of risks referred to above under point (a), enabling the company's management consistent with the strategic objectives identified;
- c) the adequacy of the internal control and risk management system in relation to the characteristics of the company and the risk profile assumed, as well as the effectiveness of the system itself;
- d) on the work plan prepared by the Internal Auditor;
- e) on the description, contained in the Corporate Governance Report, of the main characteristics of the internal control and risk management system and the method of coordination between the parties involved, including the assessment of the adequacy of the system itself;
- f) on the results presented by the independent auditors in a letter of suggestions, if applicable, and in the report on the fundamental issues raised during the statutory audit;
- g) on the proposal relating to the appointment, dismissal and remuneration of the Internal Auditor, as well as the adequacy of the resources assigned to the latter to perform its functions.

It should be noted that this opinion is not binding on the Board of Directors.

In addition to the above, the Control and Risk Committee:

- supports, by means of an adequate preliminary activity, the assessments and decisions of the Board of Directors regarding the internal control and risk management system, also with reference to the periodic financial reports;
- within the limits of its functions, assesses, together with the Financial Reporting Manager responsible for preparing the company's financial reports and having consulted with the independent auditors and the Board of Statutory Auditors, the correct use of the accounting principles and their uniformity for the purposes of preparing the consolidated financial statements and, where the Committee deems appropriate, the half-yearly financial report;
- consults with the Financial Reporting Manager on the results of control activities relating to the business risks associated with the activities of the Financial Reporting Manager, as well as the implementation of internal procedures involving the Financial Reporting Manager;
- expresses opinions on specific aspects relating to the identification of the Group's primary risks;
- examines the periodic reports, concerning the evaluation of the internal control and risk management system, and those of particular importance prepared by the internal audit function;
- monitors the autonomy, adequacy, effectiveness and efficiency of the internal audit function;
- may ask the internal audit function to carry out checks on specific operational areas, at the same time notifying the Chairman of the Board of Statutory Auditors;
- reports to the Board, at least every six months, on the occasion of the approval of the annual and half-yearly financial report, on the activities carried out as well as on the adequacy of the internal control and risk management system;

- supports, by means of an adequate preliminary activity, the assessments and decisions of the Board of Directors relating to the management of risks deriving from prejudicial facts of which the Board of Directors has become aware.

With a view to constantly monitoring the Company's degree of compliance to the regulatory provisions, in order to formulate proposals and suggestions to the Board of Directors, the Control and Risk Committee may:

- examine and discuss with management and the Head of Internal Audit the most significant findings, the reasons given and any difficulties encountered in the course of its activities;
- meet with management to examine the primary corporate risks identified by the Director in charge of the internal control and risk management system, and the measures adopted by management to prevent, monitor and control such risks.

The Chairman of the Board of Statutory Auditors or another auditor designated by the same Chairman attends the meetings of the CRC.

The CRC may invite to its meetings the reporting Manager responsible for preparing the company's financial reports, the Director of Organisation, the Internal Auditor, members of the Company's independent auditors, other members of the Board or the structure, or other persons whose participation is deemed useful, with reference to individual items on the agenda. The participation of these persons in the meetings of the committee during the relevant financial year, including the Chairman of the Board of Statutory Auditors or another designated auditor, was therefore at the invitation of the CRC itself and on individual items on the agenda.

Furthermore, CRC meetings were duly recorded in minutes and the Chairman of the Committee has duly and promptly informed the Board of Directors.

During the Financial year, the Control and Risk Committee has, specifically:

- approved the report prepared by the Committee in compliance with the application criterion 7.C.2., letter f), of the Corporate Governance Code and art. 3 of the Regulation, in order to provide the Board of Directors with information on the activities carried out and the adequacy of the System of internal controls and risk management;
- expressed a favourable opinion on the audit plan activities scheduled for 2018 for the Company, also expressing a favourable opinion on its approval by the Board of Directors;
- taken favourable note of the periodic Internal Auditor reports and of the overall suitability of the System of internal controls and risk management, expressing a positive opinion on its overall suitability;
- assessed the correct use of the accounting standards and their uniformity for the purposes of preparing the consolidated financial statements, following the findings of the representative of the Independent Auditors, having consulted with the Board of Statutory Auditors and the Financial Reporting Manager responsible for preparing the financial statements, also taking note of the analysis of the estimated impact of the application of the new international accounting standards (IFRS 9, IFRS 15 and IFRS 16) implemented by the Independent Auditors, in coordination with the Board of Statutory Auditors and the Financial Reporting Manager responsible for preparing the financial statements;
- taken note of the activities undertaken by the Supervisory Body during the Financial year, concerning, among other things, updates to Model 231 in the face of certain organisational changes and information relating to significant events pursuant to Legislative Decree no. 231/2001;
- taken note of the activities carried out, including in collaboration with the Independent Auditors, for the preparation of the consolidated declaration of a non-financial nature, i.e. "The Sustainability Report of the Servizi Italia Group" (the "Non-Financial Declaration 2017");
- expressed a favourable opinion on the approval of the Report on Corporate Governance and the Company's ownership structure for the 2017 financial year by the Board of Directors, acknowledging

the compliance of the corporate governance system adopted by the Company with, among other things, the provisions of the Consolidated Law on Finance and the Code of Conduct;

- expressed a favourable opinion on the approval of the 2017 Non-Financial Declaration prepared, and also in compliance with Legislative Decree no. 254/16, pursuant to the "G4 Sustainability Reporting Guidelines" published in 2013 by the Global Reporting Initiative, and the EC Guidelines 2017/C215/01;
- taken note of the information regarding the activities carried out by the Company in order to comply with the provisions of EU Regulation 2016/679 ("GDPR");
- examined the update of the Committee's Rules and Regulations, agreeing to submit them to the Board of Directors for approval;
- expressed a favourable opinion on the appointment of Mr. Antonio Ciriello as the Company's Internal Auditor, also examining the remuneration and underlying position, and deeming them adequate, together with the available budget;
- as RPT Committee: (i) expressed its favourable opinion on the settlement agreement between the Company and one of its executives with strategic responsibilities, noting the existence of the Company's interest and convenience in carrying out the transaction, as well as the substantial fairness of the related conditions; (ii) acknowledged the ordinary transactions concluded at market or standard conditions carried out by Servizi Italia with related parties; (iii) expressed its favourable opinion on the update of the RPT Regulation adopted by the Company; (iv) instructed a significant transaction of Major importance with the related company Focus S.p.A., referring to the redevelopment project of the industrial complex of Castellina di Soragna (Parma), with the delivery of the new premises and the signing of a new lease for the same complex, including the properties delivered, formulating its opinion on the interest of the Company in carrying out the transaction, as well as on the convenience and substantial correctness of the related conditions.

In the meetings held in the first quarter of 2019, the CRC took charge of the IT accident issue as described in the following point 10.0 of the Report, starting the investigations under its responsibility, also for the purposes of assessing the remedial actions.

For the performance of its duties, the CRC is provided with an annual budget of € 20,000.00, with the specification that this limit does not apply with reference to the functions of the Committee in relation to transactions with related parties of Major importance.

Table 2, attached to this Report, shows the structure of the Board of Directors and the committees, the number of meetings held in 2018, their average duration, the actual participation of each member, their role, the number of meetings scheduled for the current year, as well as those already held.

## 10.0 INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM

### Preamble - Information on risk management

The Group has developed a model based on the integration of risk management and internal control systems and their adequacy.

The model adopted by the Company is aimed at ensuring the continuity of the organisation and the adequacy of its processes, activities and services in terms of:

#### 1. Business Objectives:

- achievement of the objectives set out in the definition of corporate strategies;
- effective and efficient use of the organisation's resources;

#### 2. Governance Objectives:

- ensure the reliability, accuracy, reliability and timeliness of financial reporting;

- safeguarding the company's assets;
- compliance with laws, regulations, contracts, ethical and company rules;
- protection of ethical and social responsibilities.

The Company's internal control and risk management system is structured on three levels:

1. **first level:** the operating structures identify, evaluate, monitor, mitigate and report risks deriving from ordinary business activities, ensuring the correctness of operations in accordance with the limits and objectives assigned;
2. **second level:** the Director in charge of the internal control system is responsible for monitoring all types of risk and clearly representing the company's risk management policy to the Control and Risk Committee and Board of Directors;
3. **third level.** Internal Auditing, which reports directly to the Board of Directors, assesses the suitability of the overall internal control and risk management system to ensure the effectiveness and efficiency of processes, the safeguarding of company assets, the reliability and integrity of accounting and management information, compliance with internal and external regulations and management instructions.

In order to carry out its activities, Internal Auditing submits an activity plan to the Board of Directors, in which the planned auditing activities are represented in line with the risks associated with the activities aimed at achieving the company's objectives.

The results of the activities carried out, on a half-yearly basis, are brought to the attention of the Board of Directors and the Board of Statutory Auditors, after examination by the Control and Risk Committee; the critical elements found during the verification are, on the other hand, promptly reported to the competent company structures for the implementation of improvement actions.

Servizi Italia Group, aware of its mission and corporate policy, aims to correctly control risks identified in all its activities, a primary condition for maintaining a relationship of trust with stakeholders, and ensuring the company's sustainability over time.

The risk control process, common to all the control functions, in line with the best practices in question, in particular according to the principles of the new COSO-ERM framework (Committee of Sponsoring Organizations of the Treadway Commission) - (Enterprise Risk Management), is divided into the following phases:

1. governance and risk culture;
2. strategy and definition of objectives for risk management;
3. risk analysis;
4. information, communication and reporting for risks;
5. monitoring the performance of the risk management model.

The Board of Directors, supported by the Control and Risk Committee as specified in paragraph 9.0, through the Director in charge of the internal control and risk management system and the Head of *Internal Audit*, plans, organises and directs the execution of initiatives capable of ensuring the achievement of corporate objectives through the periodic review of its objectives, the modification of processes in relation to changes in the internal and external environment of the Company, the promotion and maintenance, within the Company, of a culture and climate favourably oriented towards Risk Management.

The different types of risk are defined in the Group's Risk Policy, which is updated at least once a year. The Risk Policy represents the Group's Risk Appetite Framework (hereinafter, in brief, also "**RAF**"), i.e., the key instrument with which the Board of Directors defines the propensity to risk, tolerance thresholds, sustainable risk limits, risk governance policies and the framework of related organisational processes.

Within the scope of the RAF, the Risk Policy and, therefore, the internal body of regulations on risk management, aspects linked to the management of social, environmental and economic risks are also considered.

In order to minimize the various types of risk to which it is exposed, the Group has adopted control methods and time scales that allow corporate management to monitor risks and inform the Director in charge of the internal control system and (also through him) the Board of Directors accordingly. Without prejudice to the principle of continuous monitoring and taking into account the characteristics of the activities carried out by Group companies, the review of the risk analysis shows that, through the application of the planned organisational and management actions, the Company has obtained the desired mitigation on the main risks identified in the operational, financial, strategic and compliance areas, implementing and documenting the control points within company procedures.

### **Main features of the existing risk management and internal control systems in relation to the financial reporting process pursuant to Article 123-bis, paragraph 2, letter b) of the Consolidated Law on Finance**

In relation to financial reporting, the *Enterprise Risk Management* process is closely linked to the strategic planning process, with the aim of associating the Group's overall risk profile with prospective profitability resulting from the planning/budget document. For this reason, the Internal Control System has been set up in terms of the sizing of analysis, risk assessment, roles and responsibilities, with particular attention paid to the Strategic Planning process, budgeting process, Control and reporting processes and technical-accounting tools (Multi-year plans, budgets, reporting, performance indicators, performance analysis: dimensions, critical success factors, KPIs).

For the control system, the control environment, risk assessments, control activities, information/communications and monitoring were considered as structural elements.

All control activities have been implemented:

- at a process level, with the aim of monitoring the performance of operational activities, identifying, assessing and preventing any risks by constantly measuring the effectiveness of the internal control system adopted;
- at a general level, mainly with reference to information technology and its correct application in the management, technical-accounting and organisational fields, in compliance with the rules and control structures identified for the activities for which it is responsible.

The CEO, in charge of the internal control and risk management system, and the Financial Reporting Manager are the main guarantors of this model.

As part of its risk management activities, during the meetings held to approve the periodic and additional financial reports, the Board of Directors verifies the Group's exposure to the risk factors characterising the business, which are illustrated and further detailed in the Report on Operations for the Financial year and in the specific notes to the separate and consolidated financial statements.

During the year, the Board, Control and Risk Committee, Board of Statutory Auditors and Head of Internal Auditing assessed the adequacy and effectiveness of the internal control system for financial reporting.

\* \* \*

During the Financial year, the Board approved the work plan prepared by the Internal Auditor, after obtaining the favourable opinion of the Control and Risks Committee, Board of Statutory Auditors and Director in charge of the internal control and risk management system.

During the Financial year, the Board of Directors, after obtaining the opinion of the Control and Risk Committee, positively assessed the adequacy of the internal control and risk management system with respect to the company's characteristics and risk profile assumed, as well as its effectiveness.

Following the end of the Financial Year, on 7 March 2019, the Company promptly announced that an exceptional malfunction occurred in February within the primary data centre, located at the facilities of the data hosting service provider and of network connectivity, made part of the Group's accounting information system unavailable (hereinafter referred to as "**IT Accident**"), also determining the loss of a part of the accounting records of the 2018 financial year. The restore procedures subsequently started presented a series of technical problems that prevented the timely restoration of the machines involved in the IT Accident. Furthermore, the disaster recovery procedure from the secondary site, located in a different structure of the data hosting service provider, also did not work properly.

The Company, through the Director in charge of the internal control and risk management system, the Financial Reporting Manager and the Information Technology Department, promptly initiated all the procedures necessary for recovering and restoring the compromised machines. At the same time, qualified third parties have been entrusted with technical and control tasks and checks have been started at the providers of network infrastructures and services, in order to identify the causes of the malfunction. This also entailed the review of the risk assessment and management processes by the Management, with the support of the Control and Risk Committee and the Board of Statutory Auditors, aimed at identifying and implementing the remedial actions for the disaster recovery and check of the information systems and accounting data integrity procedures, in order to prevent the repetition of similar events. It should also be noted that the event that occurred did not in any way detract from the ordinary operations of the Group and the services provided to the customers.

The Company has carried out activities in order to restore the information system and reconstruct the accounting information with the data already available on the management and auxiliary systems that were not affected by the event occurred, also having the possibility of comparing the data restored with the accounting situation as at 31 December 2018, drawn up prior to the date of the IT Accident.

Pending the restoration activities, the Board of Directors of Servizi Italia S.p.A. has deemed it necessary to postpone the approval of the separate and consolidated financial statements as of 31 December 2018 within the broader terms set by current legislation.

As of the date of publication of this document, the aforementioned restoration procedures have been successfully completed.

### ***Consolidated non-financial statement***

For the Financial year, the Company has prepared the Sustainability Report of Gruppo Servizi Italia, which is the consolidated non-financial statement ("**NFS**"), reporting to the extent necessary to ensure an understanding of the business, its performance, results and impact of the product on issues deemed relevant and provided for in Art. 3 of Legislative Decree No. 254/16 (referred to in art. 4 of the aforementioned Legislative Decree 254/16), in accordance with the reference standards: Global Reporting Initiative (GRI) Sustainability Reporting Standard "Core" option.

#### ***10.1 Internal Control and Risk Management Director***

The Board of Directors has identified the CEO as the Director in charge of the internal control and risk management system.

Furthermore, the Board of Directors, with the assistance of the Control and Risk Committee, defines the guidelines of the Internal Control and Risk Management System, periodically examining the main corporate risks identified by the Director in charge of the internal control and risk management system, and assesses at least once a year, the adequacy, effectiveness and effective functioning of the Internal Control and Risk Management System.

As part of the responsibility assigned by the Board of Directors, i.e. overseeing the functionality of the Internal Control and Risk Management System, the Director in charge of the Internal Control and Risk Management System in 2018:

- was responsible for identifying the main corporate risks, taking into account the characteristics of the activities carried out by the Issuer and its subsidiaries, and submitted them to the Board for examination;
- implemented the guidelines identified by the Board, examining the planning, implementation and management of the internal control and risk management system, and constantly verifying its adequacy and effectiveness with the support of Internal Auditing;
- adapted this system to the dynamics of operating conditions and the legislative and regulatory framework, with the support of Internal Auditing;
- in the performance of its activities, did not detect, or in any case did not detect any problems and/or critical issues to be reported to the Control and Risks Committee or to the Board of Directors.

It should be noted that the Director in charge of the internal control and risk management system has the power to ask the Internal Audit function to carry out checks on specific operational areas and on compliance with internal rules and procedures in the execution of company operations, promptly notifying the chairmen of the governance bodies.

### *10.2 Head of the Internal Audit function*

On 8 August 2018, on the proposal of the Director in charge of the internal control and risk management system, subject to the favourable opinion of the Control and Risk Committee and after consulting the Board of Statutory Auditors, the Board of Directors reconfirmed the appointment of the Company's employee Antonio Ciriello, previously confirmed on 28 June 2007, as Head of the Internal Audit function, in charge of verifying that the Internal Control and Risk Management System is functioning and adequate, defining remuneration in line with company policies and ensuring that he has adequate resources to carry out his responsibilities. The Board of Directors also approved the document "Global Policy: the Group's Internal Auditing Mandate", which sets out the principles and rules defining its mission, area of competence, independence, responsibilities and the authority of the Internal Auditing function within the Group. The document is consistent with the mission of the Internal Audit function and with the binding elements of the *International Professional Practices Framework* (the fundamental principles for the professional practice of internal auditing), as well as with the Code of Ethics, and international internal auditing standards.

The *Internal Auditor*, who has suitable professional requirements, is not responsible for any operational area and reports hierarchically to the Board of Directors.

The *Internal Auditor*:

- verifies the operation and suitability of the Internal Control and Risk Management System, both on a continuous basis and in relation to specific needs and in compliance with international standards, through an audit plan approved by the Board of Directors, based on a structured process of analysis and identification of the priorities of the main risks;
- within the audit plan, verifies the reliability of information systems, including the accounting detection systems;
- continually consults with the Director in charge of the internal control and risk management system, supporting the latter in monitoring the internal control and risk management system;
- supports the Control and Risk Committee in fulfilling its responsibilities in terms of investigative activities in the assessment and monitoring of governance and control systems;
- provides valid support to the Board of Statutory Auditors in fulfilling its responsibilities in terms of monitoring compliance with the law, compliance with the principles of correct administration, the adequacy of the organisational, administrative and accounting structure and the internal control



system, as well as the adequacy of the instructions given to Subsidiaries pursuant to Art. 114, paragraph 2 of the Consolidated Law on Finance;

- supports the Supervisory Board in fulfilling its responsibilities in terms of assessing the effectiveness of the Organisational Model, pursuant to Legislative Decree No. 231/01;
- supports the Financial Reporting Manager in the planning and implementation of the procedural system necessary for certification and truthfulness, also ensuring, in relation to audits carried out in the areas of interest to the Financial Reporting Manager, a suitable and direct flow of information on the operation of controls relating to administrative and accounting processes;
- periodically reports to the Board of Directors, Control and Risk Committee, Board of Statutory Auditors and Supervisory Board on work carried out, preparing timely reports in the event of events of particular importance;
- has direct access to all information necessary for the performance of his duties.

During the course of the year, the Head of Internal Audit has, in particular:

1) verified the operation and suitability of the internal control and risk management system on an ongoing basis and in compliance with international standards;

2) prepared periodic reports containing information on its activities, on the manner in which risk management is conducted, as well as on compliance with the plans defined for their containment, and assessed the suitability of the internal control and risk management system, reporting on events of special importance; these were then sent to the Director in charge of the internal control and risk management system, as well as to the Chairmen of the Control and Risk Committee, the Board of Directors and Board of Statutory Auditors;

3) had access to all information necessary for the performance of his duties;

4) verified, within the framework of the 2018 audit plan, the reliability of information systems, including the accounting detection systems.

In accordance with the 2018 audit plan, audits conducted by the Internal Auditor have included, among other things:

- procedural activities relating to the closure of accounts - fast close - for the purposes of preparing the financial statements for the period;
- compliance operational activities, including IT activities;
- company procedures, models and regulations, in order to adapt and revise them to current regulations and organisational changes;
- risk analysis review for risk reporting purposes.

A budget of € 20,000 is made available to the Head of Internal Audit, with the obligation to report, and the possibility of requesting additional resources from the Board of Directors for special needs.

### *10.3 Organisational model pursuant to Legislative Decree No. 231/2001*

The Company has adopted an organisational, management and control model pursuant to Legislative Decree No. 231/2001. This model, together with the Code of Ethics, is available and can be consulted on the company's website: [www.si-servizitalia.com](http://www.si-servizitalia.com) - Sustainability section.

In compliance with the terms prescribed by article 2.2.3, paragraph 3, letter I), of the Regulations for markets organised and managed by the Italian Stock Exchange [Borsa Italiana], the Company's Board of Directors has approved its own "Organisation, Management and Control Model", pursuant to article 6 of the Legislative Decree No. 231/2001, as subsequently amended ("**Model**"). The Model was drawn up on the basis of the guidelines issued by Confindustria and in compliance with the guidelines of the relevant jurisprudence.

The Model provides for a series of rules of conduct, procedures and control activities aimed at preventing the occurrence of the offences expressly listed in Legislative Decree No. 231/2001. In addition, a disciplinary system has been introduced to be applied in cases of violation of the Model.

The Board of Directors has also set up a Supervisory Body ("**SB**") with the functions identified in Article 6, paragraph 1, letter b) of Legislative Decree No. 231/2001, i.e. with supervisory and control functions with regard to the functioning, effectiveness, adequacy and observance of the aforementioned Model. In carrying out its duties, the Supervisory Board avails itself not only of its own structure, but also of the support of Servizi Italia S.p.A. corporate functions and external consultants.

The Supervisory Board has a collegial structure and is composed of individuals with proven experience, who fill the requirements of autonomy, independence, integrity, professionalism, continuity of action, and possess specific skills in terms of inspection and consulting activities.

The members of the Supervisory Board hold office for three years and can be re-appointed. They can only be revoked for just cause.

As of the Report's Reference date, the members of the Supervisory Board are as follows:

Position	Components	in office from	In office until
President of the SB	Veronica Camellini <i>Attorney specialising in corporate issues and implementation and verification of the System of Internal Controls and Corporate Risks</i>	2 Feb. 2019	2 Feb. 2022
Member of the SB	Laura Verzellesi <i>Accountant specialising in administrative, accounting and tax matters</i>	2 Feb. 2019	2 Feb. 2022
Member of the SB	Francesco Magrini <i>Attorney with specific expertise in the administrative responsibility of entities</i>	2 Feb. 2019	2 Feb. 2022

On an annual basis, the SB sends a report to the Board of Directors on the implementation and real knowledge and awareness of the Organisation, Management and Control Model within each company department. With reference to the financial resources assigned to the Supervisory Board, it should be noted that it did not use the budget at its disposal, having involved the heads of the company departments concerned, in the audits, as well as Legal Affairs, Corporate Affairs, Internal Audit and the Director of Organisation and Systems departments.

It should be noted that, during the Financial year, the Supervisory Board met 6 (six) times, including joint meetings with the Board of Statutory Auditors and the Company's Control and Risk Committee, in order to exchange information on control activities conducted.

With regard to the updating of the Model, during the current financial year, the Supervisory Board proposed to the Board of Directors a number of amendments, approved by the latter on 13 March 2019, aimed at adapting the Model to changes in the rules governing the administrative liability of legal entities pursuant to Legislative Decree No. 231/01. Specifically, the Model has been updated in consideration of the provisions of art. 2 of Law 179/17, providing that the SB is the body delegated to receive, through appropriate channels, as well as to manage, any reports of relevant illegal conduct pursuant to Legislative Decree no. 231/01 and violations of the Model, in compliance with the provisions of art. 6, paragraph 2-bis of the Decree (so-called Whistleblowing). Furthermore, the special part regarding market abuse administrative crimes and offenses was updated in consideration of the changes made by Legislative Decree 17/2018 to the Legislative Decree n. 58 of 24 February 1998 - Consolidated law on financial intermediation, while the special part concerning offenses in relations with the Public Administration was updated in consideration of the provisions of law no. 3/2019, which included in the catalogue of predicate offenses the crime of trafficking in illicit influences, established by art. 346-bis of the penal code.

The Model is published on the Company's website and has been submitted to all personnel. Lastly, as part of the activities aimed at implementing the Model, the Board of Directors has adopted the Italian Code of Ethics of Servizi Italia. Indeed, as highlighted in the Confindustria Guidelines, the adoption of ethical principles relevant to the prevention of crimes is an essential element of the preventive control system. In particular, the Code of Ethics of Servizi Italia identifies corporate values, and the rights, duties and responsibilities of recipients, providing for the application of sanctions, independently of those provided for in the applicable National Collective Labour Agreements.

#### *10.4 Statutory auditing firm*

On 22 April 2015, the Shareholders' Meeting approved by a majority vote the proposal of the Board of Statutory Auditors to appoint Deloitte & Touche S.p.A. to audit the separate and consolidated financial statements of Servizi Italia S.p.A. for the years 2015-2023.

The mandate will expire with the approval of the financial statements as at 31 December 2023.

#### *10.5 Financial Reporting Manager responsible for preparing the company's financial reports and other company roles and functions*

Pursuant to Art. 154-bis of the Consolidated Law on Finance, in its meeting of 20 April 2018 the Issuer's Board of Directors reconfirmed the appointment of Ilaria Eugeniani, previously confirmed on 28 June 2007, as Financial Reporting Manager responsible for preparing the company's financial reports, until the expiry of the mandate of the current Board of Directors. As mentioned above, Ilaria Eugeniani is also an executive director of the Company.

The role of Financial Reporting Manager responsible for preparing the company's financial reports is intended to strengthen the system of internal controls in relation to the financial reporting of listed companies. One of the main duties assigned to the Financial Reporting Manager is, in fact, also the important responsibility of contributing to ensuring the reliability of financial information.

With reference to the professionalism requirements, the Financial Reporting Manager in charge appointed by the Company has proven experience in accounting and finance, and meets the requirements of integrity established for the members of the control bodies by Article 148, paragraph 4 of the Consolidated Law on Finance, in compliance with the provisions of Article 24 of the Articles of Association.

For the entire duration of her term of office, the Financial Reporting Manager has been granted wide ranging powers directly and/or indirectly related to the performance of assigned duties, including, by way of example and without this implying any limitation to the generality of the foregoing, the power to access any type of information and/or document concerning the Company and/or companies included in the scope of consolidation, deemed relevant and/or appropriate for the performance of duties assigned by law; prepare the Company's financial statements in compliance with current legislation, ensuring reliability and compliance with the reality of all data; sign reports prepared following inspections by public officials for checks and controls of any kind, issuing related declarations. The Financial Reporting Manager responsible for preparing the company's financial reports has an annual budget of € 50,000.00 for the performance of her duties.

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

In compliance with Principle 7. P.3 of the Code of Conduct, and the best practices of listed companies, the Company has provided for methods of coordination between the various bodies involved in the internal control system and risk management.

In particular, meetings are periodically held jointly between the various bodies responsible for internal control and risk management in order to identify, on the basis of the business processes identified in the audit plan prepared by the Head of the Internal Audit function, those areas of intervention and analysis

specific to each body, and to identify, for each of them and taking into account their respective responsibilities, different viewpoints for examining the same issues, in order to avoid overlapping functions and/or duplication of activities, while implementing a unitary compliance system within the Company and the Group.

In Servizi Italia, the Head of Internal Audit and the Organisation and Systems Director are also responsible for promoting coordination between the various parties involved in the Internal Control and Risk Management System (Board of Directors, Director in charge of the Internal Control and Risk Management System, Control and Risk Committee, Head of the Internal Audit function, Financial Reporting Manager in charge of preparing the company's financial reports, Board of Statutory Auditors, Supervisory Body and other company roles and functions with specific tasks in relation to internal control and risk management).

During the Financial year, special meetings were held between:

- Director in charge of the Internal Control and Risk Management System, Financial Reporting Manager in charge of preparing the company's financial reports, Head of Internal Audit and Organisation and Systems Director;
- Board of Statutory Auditors, Control and Risk Committee, Supervisory Body, Financial Reporting Manager responsible for preparing the company's financial reports, Independent Auditors, Head of *Internal Audit* and Organisation and Systems Director.

Subsequently, depending on the issues dealt with, the Board of Directors is informed through the Director in charge of the internal control and risk management system, the Financial Reporting Manager responsible for preparing the company's financial reports, the Head of the *Internal Audit* function, the Chairman of the Board of Statutory Auditors, the Chairman of the Control and Risks Committee, the Chairman of the Supervisory Board and the attorneys/delegates.

## **11.0 INTERESTS OF ADMINISTRATORS AND OPERATIONS WITH RELATED PARTIES**

On 14 November 2018, the Board of Directors approved an updated version of the Regulation for transactions with related parties, subject to the favourable opinion of the Committee for Transactions with Related Parties, which can be consulted on the Company's website, in the *Corporate Governance*, Documentation section. This regulation is aimed at ensuring effective transparency and compliance with the criteria of substantial and procedural fairness in the execution of transactions with related parties, in compliance with the provisions of current legislation and, in particular, the Consob Related Parties Regulation.

Furthermore, pursuant to the adopted Regulation, if transactions with related parties involve the interests of one of the Company's directors, the CEO placed in the situation referred to in article 2391 of the Italian Civil Code may not adopt decisions approving the transaction, even if the latter falls within the CEO's delegated powers, and as soon as he/she is informed he/she must inform the Board of Directors, in the person of its Chairman, of both the transaction and his/her interest in it as soon as possible. Each director is required to provide similar information when a transaction, for whatever reason, is subject to a resolution by a collective management body of which he/she is a member or to a resolution of the Board. In the latter case, a director who has an interest of his/her own involved in a related party transaction must notify the Board of Directors and the Board of Statutory Auditors, specifying the nature, terms, origin and scope.

## **12.0 APPOINTMENT OF STATUTORY AUDITORS**

The Board of Statutory Auditors is made up of three standing members and two alternate members, whether shareholders or not, and is appointed by the Ordinary Shareholders' Meeting, which determines their annual remuneration for the entire duration of their term of office. Statutory Auditors are entitled to reimbursement of expenses incurred in the performance of their duties and may be re-elected. From the first renewal of the

Board of Statutory Auditors, from the date of application of the provisions of law and regulations on gender balance and for the period of time during which these rules will be in force, the composition of the Board of Statutory Auditors must comply with the criteria indicated by the applicable legislative and regulatory provisions in force on a case by case basis.

Without prejudice to situations of incompatibility envisaged by current legislation, those who already hold the office of member of the Board of Statutory Auditors in five issuing companies in accordance with current legislative and regulatory provisions, except for different limits established by current legislation, may not take the office of auditor and, if elected, shall forfeit their office.

Attributes, duties and duration are those established by law. The members of the Board of Statutory Auditors are chosen from among those who meet the requirements of integrity, professionalism and independence required by law and regulatory provisions. In particular, for the purposes of the provisions of article 1, paragraph 2, letters b) and c) of Decree No. 162 of the Ministry of Justice of 30 March 2000, the matters and sectors closely related to the Company's activities are considered to be those listed in article 2 of the Articles of Association. If the requirements are not met, the office is forfeited.

Statutory auditors are appointed on the basis of lists presented by the shareholders according to the procedures described below and, in any case, in compliance with regulations in force on a case by case basis. The candidates on each list are listed by a sequential number. The lists are made up of two sections: one for candidates for the office of standing auditor, the other for candidates for the office of alternate auditor. Each section must contain at least one male candidate and at least one female candidate; candidates must be included in the list alternately by gender (one male, one female or vice versa, and so on). Lists with fewer than three candidates are exempt.

Only shareholders who, alone or together with others, represent at least 2.5% (two point five per cent) of the Company's share capital or a different measure established by Consob<sup>2</sup> in implementation of current provisions, are entitled to submit lists.

Each shareholder, shareholders who are parties to the same shareholders' agreement pursuant to article 122 of the Consolidated Law on Finance, subsidiaries and those subject to joint control pursuant to article 93 of the Consolidated Law on Finance, even if they act through a third party or trust company, may submit, or take part in submitting, and vote for, only one list. No list may be used to approve or vote in favour of any candidate in violation of this prohibition. Each candidate may appear on only one list under penalty of ineligibility.

Without prejudice to the application of a different legal disposition, the lists presented must be deposited at the Company's registered offices, including by means of remote communication that allows the identification of those presenting the list, no later than the twenty-fifth day prior to the date set for the first call of the Shareholders' Meeting, and made available to the public at the Company's registered offices, on the website and in other ways provided for by Consob regulations at least twenty-one days prior to the date of the Shareholders' Meeting.

Together with each list, the following must be deposited at the Company's registered offices within the terms indicated above:

- a copy of the certificates issued in accordance with the law by the authorised intermediaries;
- *Curriculum Vitae* concerning the personal and professional characteristics of each candidate, indicating administrative and control positions held in other companies;
- statements in which the individual candidates accept their candidacy and certify, under their own responsibility, that there are no grounds for ineligibility or incompatibility, including with reference to

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<sup>2</sup> Amount determined by Consob with Executive Decision No. 13 of 24 January 2019: 2.5%

the number of offices referred to in the second paragraph of this article, and that they meet the regulatory and statutory requirements for the respective offices.

In addition to the above, if a list is presented by shareholders other than those who hold, even jointly, a controlling interest or a relative majority in the Company's share capital, the list must be accompanied by a declaration from the shareholders presenting it, attesting to the absence of any relationship with one or more reference shareholders, as defined by current legislation. The call notification must specify the shareholding for the presentation of the lists and may provide for the deposit of any further documentation.

A list for which the above provisions are not observed shall be considered as not having been submitted.

The election of the members of the Board of Statutory Auditors shall be carried out as follows:

- two standing auditors and one alternate auditor are taken from the list that obtained the highest number of votes from shareholders at the Shareholders' Meeting, on the basis of the progressive order in which they are listed in the sections of the list;
- from the list that obtained the second highest number of votes from shareholders at the Shareholders' Meeting and that is not connected, even indirectly, in accordance with the provisions of current legislation and regulations, with the shareholders who submitted or voted for the list that received the highest number of votes, the remaining standing member, who shall chair the Board of Statutory Auditors, and the other alternate member shall be drawn, on the basis of the progressive order in which they are listed in the sections of the list.

If the composition of the Board of Statutory Auditors is not ensured by the methods indicated above, in compliance with the *pro tempore* regulations in force on the subject of gender balance, the necessary replacements will be drawn from within the candidates for the office of standing auditor on the list that obtained the highest number of votes, according to the progressive order in which the candidates are listed.

In the event of a tie between the two, the Shareholders' Meeting shall proceed to a new vote, putting to the vote only the first two lists. The same rule shall apply in the event of a tie between the lists that are second in number of votes and that are not connected, even indirectly, in accordance with the provisions of current legislation and regulations, with the shareholders who have submitted, contributed to the submission of, or voted for the list that was first in number. In the event of further parity between lists, the list presented by the shareholders with the largest shareholding or, alternatively, the list presented by the largest number of shareholders shall prevail.

In the event of the replacement of a Statutory Auditor elected from the list that received the highest number of votes, the alternate Statutory Auditor belonging to the same list as the outgoing Statutory Auditor shall take his/her place. This replacement will take place in accordance with current legislation on gender balance. If this is not possible, the Shareholders' Meeting must be called promptly to ensure compliance with this regulation.

If, on the other hand, a Statutory Auditor elected from the list that received the second highest number of votes is replaced and is not connected, even indirectly, in accordance with the provisions of current legislation and regulations, with the shareholders who submitted, contributed to submitting or voted for the list that received the highest number of votes, the Alternate Statutory Auditor taken from the same list shall take over, in compliance with current legislation.

If it is necessary to appoint standing and/or alternate auditors to complete the board of statutory auditors following the replacement of a standing and/or alternate auditor elected from the majority list, the shareholders' meeting shall resolve by legal majority without list constraints.

In any case, the procedures must ensure compliance with the current rules governing balance between genders. If the statutory and regulatory requirements are no longer met, the auditor's term of office shall expire.

If only one list is submitted or if no list is submitted, the Shareholders' Meeting resolves with the majorities required by law and in compliance with the provisions of regulations in force on a case by case basis on the subject of gender balance.

### 13.0 COMPOSITION AND FUNCTIONING OF THE BOARD OF AUDITORS (pursuant to Art. 123-bis, par. 2, letter d), TUF)

Table 3 attached to this Report shows the structure of the Board of Statutory Auditors, the number of meetings held in 2018, their average duration and the actual participation of each member in the meetings held during the year.

The Board of Statutory Auditors of Servizi Italia S.p.A., in office until the approval of the financial statements as at 31 December 2019 and appointed by the Shareholders' Meeting of 20 April 2017, is composed as follows:

BOARD OF AUDITORS	
Name	Position
Gianfranco Milanese	Chairman of the Board of Statutory Auditors*
Anna Maria Fellegara	Standing Auditor*
Simone Caprari	Standing Auditor*
Ferretti Chiara	Alternate Auditor*
Paolo Alberini	Alternate Auditor*

\* Belonging to the Majority List

All statutory auditors were drawn from the only list duly submitted within the terms of the law by the Majority Shareholder **Aurum S.p.A.**, owner, as of 22 March 2017, of 17,846,193 ordinary shares of Servizi Italia S.p.A., equal to 56.10% of the share capital.

The result of the vote on 20 April 2017 was:

List	No. of shares	%
Majority Shareholder List <b>Aurum S.p.A.</b>	22,818,959	71.736413
Against	-	-
Abstaining	-	-
Non-voting	-	-
<b>Total shares for which a vote was cast</b>	<b>22,818,959</b>	<b>100</b>

Further information on the *curricula* of the statutory auditors as of the Reference date is provided in the annex to this Report.

It should be noted that there have been no changes in the composition of the Board of Statutory Auditors represented above either during the year or up to the date of approval of this Report.

#### Diversity criteria and policies

As implementation of the provisions of art. 123-bis, paragraph 2, letter d-bis) of the TUF, the Board of Statutory Auditors has adopted its own diversity policy in relation to the composition of the Company's control body ("**Policy**") and it is responsible for the monitoring the results of its implementation, as well as for updating it.

The composition of the Board of Statutory Auditors must comply with the legal and regulatory provisions in force at the time, as well as the requirements indicated by the Company's by-laws and by the Corporate Governance Code of listed companies of Borsa Italiana S.p.A., to which the Company adheres. In addition, the Board of Statutory Auditors hopes that its members will possess the characteristics described in the Policy, so that the supervisory body can exercise its supervisory duties in the most effective manner, making decisions that can concretely make use of the contribution of a plurality of qualified points of view.

The Policy intends exclusively to guide the candidacies formulated by the Shareholders during the renewal of the entire Board of Statutory Auditors, or to integrate the related composition, ensuring adequate consideration of the benefits that can derive from a harmonious composition of the Board itself, aligned with the criteria of diversity described in the Policy.

Specifically, the Board of Statutory Auditors of Servizi Italia believes that its optimal composition must satisfy the following requirements, additional to those of integrity, professionalism and independence required by law and recommended by the Corporate Governance Code:

- (i) the statutory auditors should be by majority legal auditors registered in the specific register;
- (ii) the composition of the Board of Statutory Auditors must in any case ensure the balance between genders in compliance with the provisions of the law and the by-laws in force from time to time, in compliance with the gender diversity criterion envisaged by principle 8.P.2 of the Code Corporate Governance Code;
- (iii) to achieve a balance between continuity and renewal requirements in the exercise of supervisory functions, a balanced combination of different seniority would be desirable, as well as - in order to allow a balanced plurality of prospects and experiences - even a balanced one combination of different age groups;
- (iv) the Statutory Auditors should possess managerial and/or professional and/or academic and/or institutional profiles such as to create a set of competences and experiences that are different and complementary to each other, so as to facilitate an optimal performance of the supervisory functions required to the Board of Statutory Auditors. In particular:
  - a. professional profiles should have acquired skills and experience in positions of responsibility in the context of accredited professional studies or consultancy firms and have carried out their professional activity in economic, accounting, legal, financial, as well as in risk management matters;
  - b. academic and/or institutional profiles should possess competences and experiences that, due to their characteristics, can allow an optimal fulfilment of the supervisory functions delegated to the Board of Statutory Auditors;
- (v) the international projection of the Group's activities should be taken into consideration, ensuring the presence of at least one standing Statutory Auditor who has acquired adequate experience in the international context. This experience must be assessed on the basis of managerial, professional, academic or institutional activity carried out internationally;
- (vi) the Statutory Auditors must, as a whole, be competent in the sectors in which the Servizi Italia Group operates and indicated in the articles of association. To this end, if the Auditors do not have specific competence in these sectors, it is hoped that they could participate in an adequate induction program organized by the Company;
- (vii) the Chairman should be a person with authority to ensure adequate coordination of the work of the Board of Statutory Auditors with the activities carried out by the other parties involved in various ways in the governance of the internal control and risk management system, in order to maximize its efficiency and reduce duplication of activity. Furthermore, the Chairman has the task of creating a spirit of cohesion within the Board of Statutory Auditors to ensure the effective fulfilment of the supervisory functions delegated to this body, representing at the same time, like the other Statutory Auditors, a guarantee figure for all shareholders and for all stakeholders.



In order for the Servizi Italia Board of Statutory Auditors to carry out its duties in the most effective manner, in addition to the requirements in terms of the diversity indicated above, it is considered essential that all the Statutory Auditors guarantee sufficient time for the diligent performance of their duties, taking into account both the number and quality of the positions held in the administrative and control bodies of other companies (in compliance with the law), and the commitment required of them by the additional work and professional activities carried out.

It is also recalled that the Board of Directors resolved, following the proposal of the Appointments and Remuneration Committee, to adopt the gender diversity criterion referred to in principle 8.P.2. introduced in the latest edition of the Corporate Governance Code, through a specific amendment to art. 20 of the Articles of Association, which will be submitted for approval to the next Shareholders' Meeting, establishing the rule (general and no longer limited to the first three mandates subsequent to 12 August 2012) according to which *"At least one standing auditor and one alternate auditor must belong to the gender less represented in the Board of Statutory Auditors"*.

\* \* \*

At the first opportunity after their appointment, the Board of Statutory Auditors verified the existence of the independence requirements of its members, communicating the outcome of these checks to the Board of Directors, which informed the market by means of a press release. The criteria of independence taken into consideration are all those established by current legislation, as well as by Art. 3 of the Code of Conduct.

During the Financial year, the Board of Statutory Auditors fulfilled all the obligations provided for by current legislation. In particular, the Board of Statutory Auditors:

- verified the continued existence of the independence requirements of its members and forwarded the results of these checks to the Board of Directors; in carrying out these assessments, it also applied all the criteria set out in the Code of Conduct with reference to the independence of directors;
- carried out the assessments required by the Code of Conduct;
- monitored compliance with the provisions of the Barnier Directive and Legislative Decree No. 254/2016, as well as the adequacy of the organisational, administrative, reporting and control system prepared by the Company in order to allow a correct and complete representation in the consolidated non-financial statement of the company's activities, results and impacts with regard to the non-financial issues referred to in Art. 3, paragraph 1, of Legislative Decree No. 254/2016;
- submitted to the Shareholders' Meeting, convened *inter alia* for the approval of the financial statements for the year ended 31 December 2017, the proposal to supplement the amount paid to the independent auditors for their activities with reference to the annual and consolidated financial statements of Servizi Italia for the years 2017-2023.

The Chairman of the Board of Directors, during the Financial year, ensured that the Statutory Auditors could participate, after their appointment and during their term of office, in initiatives aimed at providing them with adequate knowledge of the business sector in which Servizi Italia operates, of company dynamics and their evolution, as well as of the regulatory framework in question. In particular, it is worth mentioning the opportunities for quarterly reporting provided to Directors and the Board of Statutory Auditors by the CEO and the Board meetings, in which the Board of Statutory Auditors participates, where topics relating to the performance of the Company's business lines, competitive position in Italian and foreign markets, main risk factors and the regulatory framework in question for the business sector in which Servizi Italia operates were discussed.

The remuneration of the statutory auditors is commensurate with the commitment required, the importance of the role held and the company's size and sectoral specifications.

The Company requires that any auditor who, on his/her own part or on that of third parties, has an interest in a specific transaction must promptly and thoroughly inform the other auditors and the chairman of the Board of Directors of the nature, terms, origins and range of his interests.

In carrying out its activities, the Board of Statutory Auditors was coordinated with the Internal Audit function, along with the Control and Risk Committee, Appointments and Remuneration Committee, Supervisory Body, the Financial Reporting Manager responsible for preparing the company's financial reports and the independent auditors. Coordination was achieved through the exchange of information and with the participation of the Chairman of the Board of Statutory Auditors or his delegate at the meetings.

## 14.0 RELATIONS WITH SHAREHOLDERS

From the moment of the listing of its shares, the Company has deemed it in its specific interest, and its duty towards the market, to establish a continuous dialogue with its shareholders, in full compliance with current legislation.

In order to better implement its relations with the market, the Company has set up its own website [www.servizitalia.com](http://www.servizitalia.com) in which, in specific sections that are easily identifiable, accessible and continually updated, news of importance to shareholders are provided, thereby enabling shareholders to consciously exercise their rights.

The Company has appointed Giovanni Manti (Organisation and Systems Director) to specifically manage shareholder relations (Investor Relations Manager), who is teamed with Enea Righi (CEO), Ilaria Eugeniani (C.F.O.) and Luigi Innocenti (Director of M&A) in coordinating and promoting investor relations, as well as meetings and contacts with shareholders and/or investors.

Servizi Italia S.p.A. has appointed as Specialist Intermonte SIM S.p.A., an entity authorised to carry out the task in question, not being a part of the same group to which Servizi Italia S.p.A. belongs, or headed by Servizi Italia S.p.A.

In disclosing financial data or fielding requests for clarification of published data or the business model, the Company, Intermonte SIM S.p.A. and Midcap Partners, during the Financial year, organised special meetings, events and conference calls with institutional investors and financial analysts.

In 2018, the Investor Relations team held several individual and group meetings with analysts and investors, as well as organising guided visits to production sites of sterilization plants and industrial laundries for shareholders and potential investors who requested them, rendering itself available to perform auditing activities at its production sites to investors, including foreign investors, who are sensitive to ethical and social finance.

In the Financial year, Servizi Italia also met potential investors and shareholders, participating in major events such as:

- STAR Conference in Milan, 27-28 March 2018, organised by Borsa Italiana - London Stock Exchange Group;
- Midcap Partners Conference in Paris, 16 May 2018, organised by Midcap Partners;
- STAR Conference in London, 23 October 2018, organised by Borsa Italiana - London Stock Exchange Group.

## 15.0 SHAREHOLDERS' MEETINGS (pursuant to Art. 123-bis, par. 2, letter c), UFC)

The Shareholders' Meeting represents all the members and its resolutions, taken in accordance with the law and these by-laws, oblige all the members.

The Company's Shareholders' Meeting, both ordinary and extraordinary, is convened, pursuant to law, by the Board of Directors, even in a place other than the registered offices, provided that it is in Italy or in another member state of the European Union, by means of a notice to be published, within the legal terms, on the Company's website as well as in the manner provided for by Consob regulations pursuant to Article 113-ter, paragraph 3, of the Consolidated Law on Finance.

The Ordinary Shareholders' Meeting is convened at least once a year within one hundred and twenty days of the end of the financial year. The Shareholders' Meeting may be convened within one hundred and eighty days of the end of the financial year if the legal conditions for the exercise of this right are met. The Shareholders' Meeting may be convened by the Board of Directors at the request of shareholders representing at least one twentieth of the share capital or, subject to prior notification to the Chairman of the Board of Directors, by the Board of Statutory Auditors or by at least two members of the same.

Shareholders who, even jointly, represent at least one-fortieth of the Company's share capital, may request, within the terms, in the manner and within the limits prescribed by the regulations in force on a case by case basis, the addition to the list of items to be discussed, indicating in the request the additional items proposed by them or submit new proposals for resolutions on items already on the agenda. All requests must be submitted in writing. The addition to the list of matters to be dealt with by the Shareholders' Meeting shall be notified, in the manner prescribed for the publication of the convocation notice, at least fifteen days prior to the date set for the meeting. Requests for additions to the list of items to be discussed are not permitted for items on which the shareholders' meeting resolves, in accordance with the law, on a proposal from the directors or on the basis of a project or a report prepared by them, other than those referred to in Article 125-ter, first paragraph, of the Consolidated Law on Finance.

Shareholders who request additions to the agenda must prepare a report on the items they propose to discuss. The report must be submitted to the administrative body by the deadline for submitting the request for additional suggestions. The Board of Directors will make available to the public the report, together with its own evaluations, at the same time as the notification for additional suggestions is published, making it available at the Company's registered office, on the Company's website and in accordance with the other procedures provided for by the relevant Consob regulations in force.

The notice of call must indicate the date, time and place of the meeting as well as the list of points to be discussed and other information required by current legislation and regulations. The same notice may indicate the day, time and place for any meetings subsequent to the first if the previous ones are not attended.

Pursuant to article 135-undecies of the Consolidated Law on Finance [TUF], the Company does not designate a person to whom shareholders may grant a proxy with voting instructions for participation in the Shareholders' Meeting.

Ordinary and extraordinary Shareholders' Meetings are validly constituted and pass resolutions with the majorities established by law.

The members of the Board of Directors and members of the Board of Statutory Auditors are appointed, respectively, in accordance with the procedures set out in articles 15 and 20 of the Articles of Association.

The persons entitled to attend the Shareholders' Meeting are those who have the right to vote and for whom the Company has received, in compliance with the legislation, including regulations, in force on a case by case basis, the communication issued by the appointed intermediaries in accordance with their accounting records.

Any person with the right to vote who has the right to attend the Shareholders' Meeting may be represented at the Meeting by others by means of a written proxy, in accordance with and within the limits of the provisions of the law. The proxy may also be conferred by electronic means or with an electronic document signed in electronic form pursuant to article 21, paragraph 2, of the Legislative Decree No. 82 of 7 March 2005, in compliance with the laws and regulations in force on a case by case basis. Unless otherwise provided by law, the proxy must be notified to the Company by sending via certified e-mail to the certified e-mail address indicated in the convocation notice, the proxy form prepared by the Company, which can be downloaded directly from the Company's website, together with the communication issued by the appointed intermediaries in accordance with their accounting records.

Note that as of the date of approval of this Report, no plans exist for multiple voting shares, nor has the Company so far introduced the institution of the increase in voting provided for in article 127-quinquies of the Consolidated Law on Finance.

During the Financial year, a shareholders' meeting was held on 20 April 2018, attended by eight directors and all members of the Board of Statutory Auditors.

The Board has always endeavoured to ensure that shareholders are provided with adequate information on the elements necessary for them to be able to take informed decisions within the competence of the shareholders' meeting.

The Company makes available in advance on its website, in specific sections and within the terms provided for by its Articles of Association and by current legislation, the documentation necessary for the shareholders concerned to be adequately informed of the items on the agenda and, therefore, to be able to make the required decisions at the Shareholders' Meeting.

The Company's Board of Directors has not deemed appropriate to adopt Regulations governing the conduct of Shareholders' Meetings, in view of the characteristics of the Company and its shareholders.

As of the date of this Report, the Ordinary Shareholders' Meeting has been called for 30 May 2019 (first call) and 31 May 2019 (second call).

Shareholders are regularly informed about the methods of exercising the functions of the Appointments and Remuneration Committee both through this Report and through the information contained in the Remuneration Report, prepared pursuant to art. 123-ter of the Consolidated Law on Finance.

With reference to Application Criterion 9.C.4 of the Corporate Governance Code, it should be noted that during the year there were no substantial changes in the composition of the Issuer's shareholding structure and that the capitalisation of the Company's shares - as noted by Borsa Italiana - went from 210.06 million euro on 29 December 2017 to 98.33 million euro on 28 December 2018.

## **16.0 FURTHER CORPORATE GOVERNANCE PRACTICES (pursuant to Art. 123-bis, par. 2, letter a), TUF)**

With reference to the recommendation contained in the commentary on Article 7 of the Code, although addressed to the issuing companies that are part of the FTSE-Mib index, the Company's Board of Directors, by resolution of 28 January 2016, resolved on a voluntary basis to set up a specific whistleblowing system, in order to implement the company's internal control and risk management system, equipping it with a specific and confidential information channel, which can also guarantee the anonymity of the whistleblower. Following the amendments to Art. 6 of Legislative Decree No. 231/01, the Company deemed it appropriate to integrate the whistleblowing procedure, previously adopted on a voluntary basis, into the Organisation and Management Model pursuant to Legislative Decree No. 231/01, making the Supervisory Board the body responsible for receiving and managing reports.

## 17.0 CHANGES FROM THE CLOSING OF THE PREVIOUS FINANCIAL YEAR

From the closing date of the financial year to the date of approval of this Report, there have been no changes in the Company's *governance* structure.

## 18.0 CONSIDERATIONS ON THE LETTER OF 21 DECEMBER 2018 FROM THE CHAIRMAN OF THE CORPORATE GOVERNANCE COMMITTEE

The recommendations contained in the letter of 21 December 2018 from the Chairman of the Corporate Governance Committee were brought to the attention of the Board of Directors and Committees in the sessions held on 29 April 2019.

These recommendations were received by the Company when the self-assessment process of the Board of Directors had already been completed. However, the Appointments and Remuneration Committee, anticipating some of the issues raised by the Chairman of the Corporate Governance Committee, had already played a coordinating role with regard to the board review activities, in the Financial year, preparing a self-assessment questionnaire on the functioning of the Board itself and its Committees. This questionnaire was prepared in such a way as to enhance the contribution of each Director and ensure the possibility of expressing an explicit assessment of the adequacy of the pre-board information. The results of the questionnaire were then assessed overall by both the Appointments and Remuneration Committee and subsequently by the Board of Directors, which, among other things, ascertained an overall positive opinion of the directors on the adequacy of the pre-board information. The results of the questionnaire were assessed also by the independent directors.

In addition, during the reporting year, the Board of Directors carried out an accurate and individual assessment of all requirements of the Code of Conduct for Independent Directors, and the Board of Statutory Auditors expressed a favourable opinion on the matter, agreeing with the method followed and considering the application of the assessment criteria and procedures adopted by the Board to be correct.

Moreover, in 2018, the Board of Directors and Appointments and Remuneration Committee assessed the adequacy of the Company's remuneration policies with a view to pursuing the objective of sustainability of the Company's activities in the medium to long term.

Lastly, it should be noted that the recommendations contained in the letter of 21 December 2018 from the Chairman of the Corporate Governance Committee were also submitted to the Board of Statutory Auditors in so far as they are concerned.

## **ANNEX A - POSITIONS HELD BY DIRECTORS AND STATUTORY AUDITORS AS OF THE REPORTING DATE**

The table below indicates the positions held by each member of the Board of Directors in other companies listed on regulated markets, including foreign markets, in financial, banking, insurance or large companies, as of the Reference date.

<b>Name</b>	<b>Company</b>	<b>Position held or <i>status as a member</i></b>
<b>Roberto Olivi</b>	Aurum S.p.A.	Director and Chairman of the Board of Directors
	Coopservice Soc.Coop.p.A.	Director, Chairman of the Board of Directors and ordinary member
	C.C.F.S. S.c.r.l.	Director, member of the Executive Committee
	Assist S.r.l.	Sole Director
	Par. Co. S.p.A.	Director
	Coopservice International S.p.A.	Director and Chairman of the Board of Directors
<b>Enea Righi</b>	-	-
<b>Ilaria Eugeniani</b>	-	-
<b>Antonio Aristide Mastrangelo</b>	Cogeta Palacehotels Gestioni S.p.A.	Auditor
	Sorgent.E Holding S.p.A.	CEO and Deputy Chairman of the Board of Directors
	Sorget.E S.r.l.	Director
	3IP SGR S.p.A.	Member of the Management control Committee
	TP Reflex Group S.p.A.	Statutory Auditor
	Save S.p.A.	Auditor
<b>Michele Magagna</b>	Coopservice Soc.Coop.p.a.	Special Attorney and Director General
	Coopservice International S.p.A.	Director
<b>Umberto Zuliani</b>	-	-
<b>Antonio Paglialonga</b>	Aurum S.p.A.	Director and Deputy Chairman of the Board of Directors
<b>Lino Zanichelli</b>	-	-
	Crédit Agricole Friuladria S.p.A.	Director and Chairman of the Board of Directors
<b>Chiara Mio</b>	MCZ Group	Director
	Nice S.p.A.	Director

		Director
	Danieli & C. S.p.A.	Director
	Eurotech S.p.A.	Director
	OVS S.p.A.	Director and Chairman of the Board of Directors
	Corà Domenico & Figli S.p.A.	Director and Chairman of the Board of Directors
<b>Paola Schwizer</b>	Credito Emiliano S.p.A.	Director
	Cellularline S.p.A.	Statutory Auditor
<b>Romina Guglielmetti</b>	Tod's S.p.A.	Director
	Compass Banca S.p.A.	Director
	Pininfarina S.p.A.	Director
	MB Facta S.p.A.	Director
	Enel S.p.A.	Statutory Auditor
<b>Emil Anceschi<sup>3</sup></b>	-	-
<b>Paola Galbiati<sup>4</sup></b>	-	-
<b>Vasco Salsi<sup>5</sup></b>	-	-

<sup>3</sup> Resigned on 17 January 2018

<sup>4</sup> Ceased to hold office on 20 April 2018

<sup>5</sup> Ceased to hold office on 20 April 2018

## **ANNEX B - CURRICULA OF DIRECTORS, STATUTORY AUDITORS AND STRATEGIC MANAGERS**

The following is a brief *curriculum vitae* for each Director, Statutory Auditor and Strategic Manager in office at the end of the Financial year, showing the level of expertise and experience gained in corporate management.

### ***Brief curriculum vitae of the Directors in office at the end of the relevant financial year***

#### **Roberto Olivi (Chairman)**

*Obtained his degree in Economics and Business from the University of Modena. Since 2015, has been Chairman of Servizi Italia S.p.A. Since 2010, has been Chairman of the Board of Directors of Coopservice S.Coop.p.a., a leading player nationwide in the planning, delivery and management of integrated services relating to the business of hygiene and sanitation, surveillance, ecology and transport. In Coopservice since 1991, has taken on various managerial roles over the years, from the business management of the supervisory division to the general management of the Company.*

#### **Enea Righi (Deputy Chairman and CEO)**

*Graduated in Law from the University of Bologna. Since 2015, has been CEO of Servizi Italia S.p.A. and, since 2010, Deputy Chairman of the Company. Since 2005, has been Commercial Director and member of the Board of Directors of Servizi Italia S.p.A. Currently holds other positions as a director in companies in which the Issuer has direct holdings. From 1986 to 2005, CEO of S.E.L.O.M. S.p.A.*

#### **Ilaria Eugeniani (Director)**

*Graduated in Economics and Business (quantitative major) from the University of Parma. Hired by Servizi Italia S.p.A. in 2002, she took on the task of coordinating the organisational structure relating to the administration function and subsequently took on the role of Administration, Finance and Control Director, coordinating the accounting and budget area and the finance area. Since February 2005, has been appointed member of the Board of Directors of the Company and subsequently Financial Reporting Officer responsible for preparing the company's financial reports. Currently holds other positions as director in companies in which the Issuer has direct holdings. From 1995 to 2001, worked as a collaborator in a business consulting firm.*

#### **Michele Magagna (Director)**

*Graduated in Economics and Business at the University of Bologna, between 1999 and 2007 held various positions within the company Manutencoop, up to holding the position of Head of the southern area for all services, and area coordinator for the entire hygiene line. Between 2007 and 2008, was Technical Director at Dussman Services S.r.l., then Commercial Director at Coopservice S.coop.p.A., where he has been General Manager since 2018.*

#### **Antonio Paglialonga (Director)**

*Graduated in Business Administration from the University of Modena. Currently Head of Administration of Coopservice S.Coop.p.A., as well as a member of the Board of Directors of the subsidiary Aurum S.p.A. Previously, he was Administrative Manager at Sadon Ceramiche S.r.l. and Auditor at the consulting firm Price Waterhouse Coopers.*

#### **Lino Zanichelli (Director)**

*Was the first President of the Local Health Unit of Bassa Reggiana and for over 30 years has held various roles within the Public Administration, including Municipal Councillor of Boretto and Councillor and then Regional Councillor for the Environment and Sustainable Development of the Emilia-Romagna Region. Held the position of Chairman of the Steering Committee of Arpa in Emilia-Romagna and Director of the non-profit Mutual Aid Society "Mutua Nuova Sanità" with headquarters in Reggio Emilia. Currently he is collaborator of Coopservice S.coop.p.A.*



#### **Umberto Zuliani (Director)**

*Graduated in Law from the University of Parma. After working in the legal department of Max Mara Fashion Group S.r.l., he then began his career as a freelance lawyer and auditor. Expert in fiscal, commercial and corporate matters, since 1997 has been advising clients and private companies, as well as public bodies and publicly owned companies. Since 2001, has been a partner and director of Attolini Spaggiari Zuliani & Associati law and tax firm.*

#### **Romina Guglielmetti (Independent Director)**

*Graduated in Law. An expert lawyer on corporate governance and corporate law in companies (listed and unlisted) and financial intermediaries, as well as on banking and financial market law, including AIM. She is also consultant to the Ministry of Equal Opportunities, member of the Managing Board of Nedcommunity and Professor at Luiss Carli University. Owner of Starcllex - Studio Legale Associato Guglielmetti since 2013, she previously collaborated with major law firms.*

#### **Paola Schwizer (Independent Director)**

*Graduated in Business Administration from Bocconi University in Milan. From 1994 to 1998, was a Researcher in Securities Market Economics at the Institute of Economics for Financial Intermediaries at Bocconi University. Held various positions within the University of Lecce and the University of Rome Tor Vergata. Currently a Full Professor of Economics of Financial Intermediaries at the University of Parma, Professor at the SDA Bocconi School of Management and President of Nedcommunity, the Italian association of independent directors, and member of the Board of Directors of ecoDa, the European Confederation of Directors' Associations. Also a member of the Board of Directors of Credito Emiliano S.p.A. and Inwit S.p.A. and a member of the Board of Directors of ARGIS, the Research Association for the Governance of Social Enterprises.*

#### **Chiara Mio (Independent Director)**

*Graduated in Business Economics from Ca' Foscari University in Venice, where is currently Full Professor in the Management Department, as well as a member of the Board of Directors of leading listed companies such as Danieli, Nice, OVS and Eurotech. Since October 2014, has been President of Crédit Agricole FriulAdria. Collaborates with various economic journals and is part of bodies promoting sustainability policies on a global scale. From 2006 to 2012, was city councillor of Pordenone with responsibility for Budget, Programming, Innovation and Development and, later, Knowledge for Innovation.*

#### **Antonio Aristide Mastrangelo (Independent Director)**

*Graduated in Economics and Commerce at Luigi Bocconi University in Milan, s registered with the Register of Statutory Auditors, as well as with the Order of Chartered Accountants of Milan. Formerly a lecturer at the University of Modena and Reggio Emilia and at Università Cattolica del Sacro Cuore of Piacenza; currently a consultant to industrial and financial companies on issues related to corporate, regulatory, tax and management law at his own firm of the same name. Holds positions as a director or statutory auditor in joint stock companies operating in the industrial and financial sector such as, inter alia, Save S.p.A. and Baglioni Hotel S.p.A*

## ***Brief curriculum vitae of the Statutory Auditors in office at the end of the Financial year***

### **Gianfranco Milanesi (Chairman of the Board of Statutory Auditors)**

*Graduated in Economics and Commerce, enrolled in the Order of Chartered Accountants of Bologna; from 1986 to 1997 held the position of auditor at Coopers & Lybrand, and subsequently practiced independently as a Chartered Accountant and Auditor. Member of the boards of statutory auditors and supervisory bodies of various corporations and cooperatives, also plays a role in administrative consulting and in the organisation of industrial accounting systems and management control.*

### **Anna Maria Fellegara (Standing Auditor)**

*Full Professor of Business Economics at Università Cattolica del Sacro Cuore, where is also Dean of the Faculty of Economics and Law. A lecturer in Financial Reporting, Social Reporting and Management Control; also a lecturer in Financial Statements, Consolidated Financial Statements and International Accounting Standards, and in the Legal Auditing of Companies. The author of numerous publications and a speaker at conferences on these issues. Chartered Accountant and Auditor registered in the Register of First-time Auditors (Ministerial Decree of 12 April 1995). A full member of AIDEA - Accademia Italiana di Economia Aziendale, Vice President of SIDREA Società Italiana di Ragioneria e Economia Aziendale, and a member of the European Accounting Association.*

### **Simone Caprari (Standing Auditor)**

*Graduated in Business Administration, since 2006 has been working as a Chartered Accountant and Auditor. Specialised in financial markets, provides consulting services in corporate and tax matters, preparation of financial statements, budgets and business plans, M&A transactions and financial advisory. Former President of the Young Accountants Union of Reggio Emilia and Regional Coordinator for Emilia Romagna.*

### ***Brief curriculum vitae of the Strategic Managers of Servizi Italia S.p.A.***

See above for the *curriculum vitae* of Ilaria Eugeniani, Director and Strategic Manager of the Issuer.

#### **Giovanni Manti (Organisation and Systems Manager)**

*Master's degree in Management Engineering (specialising in business management and organisation) from the University of Calabria - Cosenza. In July 2002, joined the Servizi Italia Group where he currently holds the position of Group Organisation and Systems Director, with responsibility for defining and implementing policies, models and organisational structures that are consistent/efficient with the Group's business needs and strategy, and with the listed Issuer's Corporate Governance. Currently manages and coordinates direct resources of the Group's Information Systems (C.I.O.) and Quality and Environment Management Systems, and is responsible for the Communication/C.S.R. and the Company's Investor Relator function (I.R.M.). From July 1999 to July 2002, worked at Coopservice S.Coop.p.A., as an assistant to the Quality Assurance Manager, dealing with mapping and the optimisation of organisational processes.*

#### **Simona Campanini (Human Resources Manager)**

*After obtaining her Professional Technical Diploma, from 1980 to the early 2000 was employed in the field of organisation and personnel management. From May 2000 to February 2004, was assistant to the Head of Human Resources and Personnel Management in the Hygiene and Healthcare Division at Coopservice S.Coop.p.A. Since March 2004, has been Director of Human Resources at Servizi Italia S.p.A. and since 2006 has also been a member of the Assosistema business delegation.*

#### **Danilo Canovi (Purchasing Manager)**

*After a work experience in the company Rosselli S.r.l. in Reggio Emilia, from 1986 he worked at Coopservice S.Coop.p.A., where, managing the Purchasing Department, he gained significant technical experience in the processes of purchase and technical maintenance. He was also a Director in other companies of the Coopservice Group. Since 2015 he has been the Purchasing Director of Servizi Italia S.p.A.*

**TABLE 1: STRUCTURE OF THE BOARD OF DIRECTORS AND COMMITTEES**

BOARD OF DIRECTORS													CONTROL AND RISK COMMITTEE		APPOINTMENTS AND REMUNERATION COMMITTEE	
Position	Components	Year of birth	Date of first appointment*	In office since	In office until	List **	Exec	Non Exec	Indep . Code	Indep TUF	No. other positions ***	(*)	(*)	(**)	(*)	(**)
Chairman	Roberto Olivi	1961	9 March 2010	22 April 2015	Approval of the financial statements at 31 Dec. 2020	M		X			6	100%				
Deputy Chairman - CEO - $\diamond$	Enea Righi	1956	29 March 2004	22 April 2015	Approval of the financial statements at 31 Dec. 2020	M	X				0	100%				
Director with delegated powers	Ilaria Eugeniani	1970	24 Jan. 2005	22 April 2015	Approval of the financial statements at 31 Dec. 2020	M	X				0	100%				
Director	Michele Magagna	1973	20 April 2018	20 April 2018	Approval of the financial statements at 31 Dec. 2020	M		X			2	75%^				
Director	Antonio Paglialonga	1972	22 April 2015	22 April 2015	Approval of the financial statements at 31 Dec. 2020	M		X			1	100%				
Director	Lino Zanichelli	1953	22 April 2015	22 April 2015	Approval of the financial statements at 31 Dec. 2020	M		X			0	100%				
Director	Umberto Zuliani	1970	20 April 2018	20 April 2018	Approval of the financial statements at 31 Dec. 2020	M		X			0	75%^				
Director	Antonio Aristide Mastrangelo	1943	11 Sept. 2017	11 Sept. 2017	Approval of the financial statements at 31 Dec. 2020	m		X	X	X	6	100%				
Indep. Dir. o	Paola Schwizer	1965	22 April 2015	22 April 2015	Approval of the financial statements at 31 Dec. 2020	M		X	X	X	2	92%	89%	M	100%	M
Indep. Dir.	Romina Guglielmetti	1973	22 April 2015	22 April 2015	Approval of the financial statements at 31 Dec. 2020	M		X	X	X	5	92%	100%	P	100%	M
Indep. Dir.	Chiara Mio	1964	20 April 2018	20 April 2018	Approval of the financial statements at 31 Dec. 2020	M		X	X	X	7	67%^	56%^	M	57%^	P

***DIRECTORS WHOSE POSITIONS WERE CEASED DURING THE REPORTING YEAR***																
Director	Emil Anceschi	1975	22 April 2015	22 April 2015	17 Jan. 2018	M		X			0	0%				
Indep. Dir. o	Paola Galbiati	1965	22 April 2015	22 April 2015	Approval of the financial statements at 31 Dec. 2017	M		X	X	X	0	25%	33%	M	43%	M
Director	Vasco Salsi	1963	22 April 2015	22 April 2015	Approval of the financial statements at 31 Dec. 2017	M		X			0	25%				

Indicate the <i>quorum</i> required for the submission of lists at the time of the last appointment: 2.5%			
Meetings held during the Financial year	BOD	CRC	ARC
Number of meetings held	12	9	6
Average Duration	70 minutes	90 minutes	50 minutes
Meetings held in 2019 until the Reference date			
Number of meetings held	4	2	1
Average Duration	70 minutes	145 minutes	30 minutes
Other meetings scheduled for 2019	3	3	2

#### NOTES

· Internal Control and Risk Management Director

◊ Primary person responsible for the management of the issuer (CEO)

○ *Lead Independent Director*

^ Appointed on 20 April 2018, attendance calculated with reference to the period 1<sup>st</sup> January – 31<sup>st</sup> December 2018.

\* The date of first appointment of each director is defined as the date on which the director was first appointed (in absolute terms) to the Issuer's Board of Directors.

\*\* This column shows M/m depending on whether the member was voted from a majority (M) or minority (m) list.

\*\*\* This column shows the number of offices as director or auditor held by the person concerned in other companies listed on regulated markets, including foreign markets, in financial, banking, insurance or large companies.

(\*) This column shows the attendance of the directors at the meetings of the Board of Directors and committees, respectively.

(\*\*) This column indicates the position of the Director in the Committee: "C": Chairman; "M": member.

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

BOARD OF AUDITORS									
Position	Components	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 ***	Other appointments ****
Chairman	Gianfranco Milanese	1960	22 April 2017	22 April 2017	Approval of the financial statements at 31 Dec. 2019	M	X	100%	19
Standing Auditor	Anna Maria Fellegara	1958	27 April 2011	22 April 2017	Approval of the financial statements at 31 Dec. 2019	M	X	100%	10
Standing Auditor	Simone Caprari	1975	22 April 2017	22 April 2017	Approval of the financial statements at 31 Dec. 2019	M	X	100%	15
Substitute Auditor	Chiara Ferretti	1975	22 April 2017	22 April 2017	Approval of the financial statements at 31 Dec. 2019	M	X	0%	-
Alternate Auditor	Paolo Alberini	1975	22 April 2017	22 April 2017	Approval of the financial statements at 31 Dec. 2019	M	X	0%	-

Meetings held during the Financial year	12
Average Duration	100 minutes
Meetings held in 2019 until the Reference date	4
Average Duration	135 minutes

**NOTES**

\* The date of first appointment of each director is defined as the date on which the director was first appointed (in absolute terms) to the Issuer's Board of Directors.

\*\* This column shows M/m depending on whether the member was voted from a majority (M) or minority (m) list.

\*\*\* This column shows the attendance of the Statutory Auditors at the meetings of the Board of Statutory Auditors.

\*\*\*\* This column indicates the number of offices as director or auditor held by the person concerned pursuant to art. 148-bis of the Consolidated Law on Finance 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 art. 144-quinquiesdecies of the CONSOB Issuers' Regulation