



**UNIEURO S.P.A.**

*REGISTERED OFFICE IN FORLÍ, VIA SCHIAPARELLI N. 31*

*SHARE CAPITAL EURO 4,000,000.00, FULLY PAID-UP*

*REGISTRATION NUMBER WITH THE COMPANIES' REGISTER OF FORLÍ-CESENA, AND TAX CODE NO. 00876320409*

***BOARD OF DIRECTORS' EXPLANATORY REPORT ON THE PROPOSAL UNDER ITEM NO. 4 OF THE AGENDA OF THE SHAREHOLDERS' MEETING OF UNIEURO S.P.A., CONVENED ON JUNE 18, 2019, IN SINGLE CALL.***



**Appointment of the Board of Directors. 1. Determination of the number of the members of the Board of Directors. 2. Determination of the Board of Directors' term. 3. Appointment of the members of the Board of Directors. 4. Appointment of the Chairman of the Board of Directors. 5. Determination of the directors' remuneration.**

Dear Shareholders,

upon approval of the financial statements of Unieuro S.p.A. ("**Unieuro**" or the "**Company**") as at 28 February 2019, the mandate of the Board of Directors, conferred by the Shareholders' Meeting by resolution of 12 December 2016, comes to an end. You are therefore called to appoint the new Board of Directors and, specifically: (i) the determination of the number of members, (ii) the determination of the term of office, (iii) the appointment of the members as well as (iv) of the Chairman of this body and, also, (v) determine the annual compensation of the members.

### **1. Determination of the number of the members of the Board of Directors**

According to the art. 12.1 of the Articles of Association, the Shareholders' Meeting, before the election of the Board of Directors, is required to determine the number of members of the Board of Directors, which must be an odd number of members not smaller than 7 (seven) and not greater than 15 (fifteen).

The Board of Directors in office at the date of this report is composed of seven members.

### **2. Determination of the Board of Directors' term**

According to art. 12.2 of the Articles of Association, the Directors are appointed for a period not exceeding three financial years and their appointment expire on the date of the Shareholders' Meeting called for the approval of the financial statements relating to the last financial year of their office. The Directors may be re-elected.

The expiring Board of Directors of the Company refrains from formulating specific proposals in this regard and therefore invites the Shareholders' Meeting to determine the duration of the office of the Board of Directors, within the limit of three financial years provided for by the Articles of Association, based on the proposals that may be put forward by the persons entitled.

### **3. Appointment of the members of the Board of Directors.**

The appointment of the Board of Directors shall be appointed in accordance with the provisions of Legislative Decree 24 February 1998, n. 58, as subsequently amended and supplemented (the "**TUF**") and by the related implementing regulations, as well as by the Articles of Association to which reference should be made for what is not herein specifically stipulated.

The Directors are appointed by the Shareholders' Meeting on the basis of lists presented by the Shareholders, in which the candidates must be listed by a progressive number no greater than the number of members to be elected.

Pursuant to CONSOB's Deliberation n. 15 dated 15 March 2019, the Board of Directors in office as well as the shareholders who alone and, or in concert between them represent the percentage of at least 4.5% of the share capital of Unieuro, have the right to present the above lists. The ownership of this minimum shareholding is determined with regard to the shares that are registered in the name of the Shareholder/s,



on the day on which the lists are filed with the Company and must be certified in accordance with current legislation; this certification can reach the Company even after the list has been filed, provided it is within the deadline set for the publication of the lists by the Company itself, by means of a communication issued by an authorized intermediary pursuant to current legislation.

Each shareholder, shareholders who have entered into a shareholders' agreement pertaining to the relevant Company pursuant to article 122 of the TUF, the parent company, subsidiary companies and companies under common control and other parties among which an affiliation relationship exists, even indirectly, within the meaning of applicable legislation, may not submit or participate in the submission of more than one list, even through an intermediary or trust company, nor vote for different lists. Each candidate may appear on only one list under penalty of ineligibility.

All candidates must meet the integrity requirements prescribed for the statutory auditors of companies listed by Article 148, paragraph 4, of the TUF, as per Article 147-quinquies, paragraph 1, of the TUF.

Each list must include and identify at least two candidates who meet the independence requirements established in accordance with the applicable *pro tempore* legislation.

Each list that contains 3 (three) or more candidates shall also include candidates of both genders, such that the least represented gender accounts for at least one-third (rounded up) of candidates. In the event of non-fulfilment of the obligations laid down in this paragraph, the list will be deemed as not submitted.

The lists of candidates must be delivered, with the certification proving the ownership of a sufficient number of shares to guarantee the right to present the list, by May 24, 2019, in the following ways: (a) by hand delivery at the headquarters of the Company in Forlì (FC), via VG Schiaparelli, 31, 47122; (b) by registered mail to the same address *sub* (a), or (c) via certified e-mail to the address [amministrazione@pec.unieuro.com](mailto:amministrazione@pec.unieuro.com), to the attention of Mr. Filippo Fonzi, Legal Director of the Company. In any case, on the filing, information must be provided that allows the identification of the subject who transmits the list. The lists shall then be made available to the public, by the Company, at least twenty-one days before the date of the Shareholders' Meeting (i.e., by May 28, 2019), in the manner prescribed by current legislation.

The lists must be accompanied by:

- a. information about the shareholders who submitted the list and an indication of the percentage of equity held;
- b. a statement from shareholders other than those who hold, even jointly, a controlling stake or relative majority interest, certifying the absence of direct or indirect relationships with such shareholders under applicable legislation and regulations (in this regard, please, also refer to Consob Communication No. DEM / 9017893 of 26 February 2009);
- c. the *curriculum vitae* of candidates and a statement from each candidate that there are no grounds for ineligibility or incompatibility and that he or she meets the requirements for office;
- d. information about the candidates with an indication of management and supervisory positions held in other companies, as well as a declaration by the candidates that they meet the requirements, including the requirements in terms of integrity, professionalism, independence and concurrent office provided by applicable legislation and regulations and the articles of association, including corporate governance code of conduct, which may be adopted by the Company;



- e. a declaration whereby each candidate accepts his or her nomination;
- f. any other declaration, information and/or document provided by applicable legislation and regulations.

Lists presented without observance of all the above provisions are considered as not submitted.

The election of the Directors will proceed in accordance with the provisions of art. 14 of the Articles of Association, as follows:

- (i) the candidates of the two lists that obtained the highest number of votes will be elected according to the following criteria: a) the candidates from the two lists that have obtained the highest number of votes shall be elected on the basis of the following criteria: a) from the list that has obtained the highest number of votes ("**majority list**") all of the candidates, except one, are taken according to the progressive order as listed; b) the remaining director will be taken from the list that obtained the second-highest number of votes at the Shareholders' Meeting (the "**minority list**"), which may not be connected in any way, even indirectly, with those who submitted or voted for the list obtaining the highest number of votes;
- (ii) in the event of a tie between two or more lists, the mechanism contemplated by Section 14 par. 3) of the Articles of Association shall apply. In the case where resorting to such a mechanism turns out as an unsuccessful, candidates shall be elected by simple majority;
- (iii) if, at the end of the voting, the number of directors meeting the mandatory prerequisites of independence is not sufficient, the director who fails to fulfil such requirements elected as the last in the progressive order from the list obtaining the highest number of votes shall be excluded and shall be replaced by the next candidate fulfilling the prerequisites of independence taken from that same list as the excluded candidate;
- (iv) if, as a result of the above, the gender balance is not achieved as provided for by the applicable legislation and regulations, the candidate from the most represented gender elected last in order from the list with the highest number of votes will be excluded and replaced by the first unelected candidate in numerical order on the same list and from the least represented gender;
- (v) in the case of presentation of a single list, the board of directors is taken in full by the same in compliance with the applicable legislation. If, on the other hand, no list is presented, the Shareholders' Meeting resolves by majority vote in accordance with the provisions of the law;
- (vi) if fewer candidates are elected based on the lists submitted, than there are directors to be elected, the remainder will be elected by the shareholders' meeting, which will ensure that the minimum number of independent directors are elected and that the gender balance required under applicable legislation and regulations is achieved;



- (vii) if no lists are submitted or if the directors are not appointed for any reason in accordance with the procedures established herein, the shareholders' meeting shall deliberate in accordance with the statutory majority, in compliance with any minimum allotment ratio between genders (male and female) provided by law and regulations.

The current Board of Directors does not intend to present its own list for the appointment of the new board of directors.

In accordance with the recommendations referred to in Article 1.C.1, lett. h) of the Corporate Governance Code for listed companies, the outgoing Board of Directors, subject to the favorable opinion of the Appointments and Remuneration Committee and taking into account the results of the self-assessment carried out by the Board itself, has drawn up its own orientation on the size and composition of the new Board of Directors to be submitted to the Shareholders.

In particular, under the quantitative profile, the Board of Directors considers that the number of members must be adequate for the size and complexity of the Company's organizational structure. Therefore, the Board believes that the number of its members can be extended (from the current seven) to nine members, thus guaranteeing a further plurality of professional, experience, managerial and gender skills, as well as seniority in office and also allowing for a greater distribution of tasks and duties within the members of the Board Directors.

The composition must take into account the current and future needs of Unieuro, as well as the need to maintain an adequate presence of Independent Directors, with a diversity that takes into account the statutory and regulatory provisions applicable to the future mandate. Therefore, the Board suggests that a set of different and complementary competences and experiences be present in the Board. To this end, the Board recommends that candidates for the role of Director should preferably possess one or more of the following professional characteristics: (a) expertise in the Company's industry; (b) expertise in the commercial and retail industries; (c) expertise in strategic finance; (d) vision and strategic planning; and (e) expertise in the real estate sector.

The Board of Directors also recalls the need to ensure the presence of an adequate number of independent members.

The Board suggests that the current composition of the Board of Directors be maintained in terms of the relationship between Executive Directors, Non-Executive Directors and Independent Directors.

Furthermore, the Board suggests that there be a balanced combination of different seniority and age groups, to balance the need for continuity and renovation, and to take advantage of the different points of view and experiences that may stem from longer and short terms in office, as well as from a variety of age of each members.

Finally, it is considered appropriate to confirm the tasks and dimensions of the existing Committees.

In order to ensure the participation and adequate preparation of the meetings of the Board and the Committees, all candidates, in accepting their candidacy, should carefully evaluate the availability of time also in relation to other pre-existing tasks, in order to contribute to the work of the Board of Directors and of the Committees with continuity of action, dedicating the time effectively necessary to the diligent performance of the relevant tasks assigned to them and the consequent responsibilities.



The Board recommends that, in line with the provisions of the Articles of Association of Unieuro and with the recommendations of the Corporate Governance Code, at least one third of the members of the Board of Directors be composed of Directors belonging to the less represented gender.

In light of the above, we therefore invite you to appoint the Company's Board of Directors, expressing your vote in favor of one of the lists of candidates for the position of members of the Board of Directors that will be presented and published in compliance with the provisions above remember.

#### **4. Appointment of the Chairman of the Board of Directors**

According to the art. 17.1 of the Articles of Association, the Board of Directors, should the Shareholders' Meeting stay silent on this point, shall elects the Chairman of the Board, among its members.

The Board therefore invites the Shareholders' Meeting to appoint the Chairman of the Board of Directors, choosing amongst those who will be elected, as a result of the votes pursuant to the previous point 4.3, based on the proposals that may be formulated by the Shareholders also during the meeting.

#### **5. Determination of directors' remuneration**

Lastly, we remind you that, pursuant to art. 19 of the Articles of Association, the fees due to the members of the Board of Directors are determined by the Shareholders' Meeting. The directors are reimbursed for the expenses incurred in furtherance of their office. The remuneration of the directors vested with special duties (including the Chairman and the deputy chairman of the board of directors) is established by the Board of Directors, after consulting the Board of Statutory Auditors. The Shareholders' Meeting may determine a total amount for the remuneration of all the directors, including those holding specific positions.

In light of the foregoing, you are required to determine the remuneration to be paid to the Company's Board of Directors and its Chairman. It should be remembered that the shareholders' meeting of February 6, 2017 resolved to allocate a total annual fixed gross remuneration for the entire Board of Directors equal to Euro 580,000.00 divided as follows: (i) Euro 60,000.00 for each non-executive director, (ii ) € 150,000.00 for the Chairman of the Board of Directors; (iii) 10,000.00 euros for the members of the Remuneration and Appointments Committee, the Related Parties Committee, and of the Control and Risks Committee, (iv) 15,000.00 euros for the Chairman of the committees, in addition to the reimbursement of outlays, other perks and insurance policies as provided for by company policies.

The expiring Board of Directors refrains from formulating specific proposals in this regard and therefore invites you to determine the remuneration of the members of the new Board of Directors based on the proposals that may be put forward by the Shareholders, even during the relevant meeting.

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THE CHIEF EXECUTIVE OFFICER  
GIANCARLO NICOSANTI MONTERASTELLI

