



giglio

GROUP S.p.A.

GIGLIO GROUP S.p.A.

REPORT

ON CORPORATE GOVERNANCE AND OWNERSHIP STRUCTURE

pursuant to Art. 123-*bis* of Consolidated Act
(traditional model of administration and control)

Issuer: Giglio Group S.p.A.

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

Fiscal year to which the Report refers: Fiscal year closed at 31 December 2019

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GLOSSARY

Borsa Italiana: Borsa Italiana S.p.A.

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

Civil Code: the Italian Civil Code.

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

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

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

Fiscal Year: the fiscal year to which the Report refers: Fiscal year closed at 31 December 2019.

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

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

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

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

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

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

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

1. ISSUER PROFILE

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

The Issuer complies with the definition of SME set forth in Art. 1, par. 1, letter w-quater 1) of the Consolidated Act and in Art. 2-ter of the Issuers Regulation. More specifically, at the reporting date, the capitalisation value amounts to about € 40 million¹, and the turnover value amounts to € 40 million.

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

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

2. INFORMATION ON OWNERSHIP STRUCTURE (PURSUANT TO ART. 123-BIS, PAR. 1, OF CONSOLIDATED ACT) ON 31 DECEMBER 2019

This section has been prepared in accordance with and for the purposes set forth in Art.123-bis, par. 1, of the Consolidated Act. It should be noted that: (i) the information required by said Art. 123-bis, par. 1, letter 1) of the Consolidated Act are reported in the Remuneration Report published pursuant to Art. 123-ter of the Consolidated Act, (ii) the information required by Art. 123-bis, par. 1, letter 1) of the Consolidated Act are reported in the chapter of the Report related to the Board of Directors (Section 4.1); finally (iii) the other information required by Art. 123-bis of the Consolidated Act but not mentioned in section 2 shall be construed as non applicable to the Company.

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

The share capital of Giglio Group is equal to € 3,661,337, fully subscribed and paid, and is subdivided into 18,306,685 ordinary shares of no expressed nominal value (hereinafter referred to as the "Shares"), traded on the Electronic Share Market (MTA) - STAR segment organised and managed by Borsa Italiana ever since 20 March 2018. These information are represented also in Table 1 appended

¹ On the basis of 27 March 2020 market data.

to this Report. To the date of this Report, no special shares were issued, such as shares without voting rights or with limited voting rights.

It is noted that, on 31 October, the Shareholders' Meeting resolved on the introduction of the system of shares with increased voting rights, which will allow for two votes per each share. The increased voting rights will be applicable to shares held by the same shareholder for at least 24 months, for which an application to be inserted in the specific list must be submitted. As of now, no shareholder has reached said entitlement.

On 7 March 2016, Giglio Group's Board of Directors resolved to issue the non-convertible debenture bond named "GIGLIO GROUP S.P.A. - 5.4% 2016-2022", equal to € 3,500,000.00, expiring on 30 September 2020 and with a gross nominal interest rate of 5.4% per year, as per regulation approved on 7 March 2016 and subsequently amended on 12 February 2019.

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

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

On 30 April 2019, the Extraordinary Shareholders' Meeting resolved on the amendment of the Stock Option Plan 2018-2021, due to the new industrial plan approved on 15 March 2019, which provided for the Group's complete focus on the e-commerce sector.

The Stock Option Plan 2018–2021 has been made available on the Website www.giglio.org, in the "Corporate Governance/Shareholders' Meeting" section.

Moreover, on 2 April 2019, the company issued a non-convertible debenture bond (called "EBB Export Program") of € 5 million in principal, made up of 50 bearer bonds with a denomination per unit of € 100,000.00 each. The interest rate for the operation is set at the fixed nominal gross annual rate of 4.57%. The legal duration for the obligations is set at 8 years and six months.

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

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

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

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

Declarant	Direct Shareholder	% of Shares Issued	% of voting share capital
Alessandro Giglio	Meridiana Holding S.r.l.	52.68	52.68
NIPPON TELEGRAPH AND TELEPHONE CORPORATION	Docomo Digital Italy S.p.A.	8.68	8.68

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

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

It is noted that, on 31 October, the Shareholders' Meeting resolved on the introduction of the system of shares with increased voting rights, as explained in the letter (a) above.

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

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

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

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

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

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

(h) **Change of Control Clauses (pursuant to Art. 123-bis, par. 1, letter h) of the Consolidated Act) and statutory dispositions concerning takeover bids (pursuant to Art. 104, par. 1-ter, and 104-bis, par. 1 of the Consolidated Act)**

At the reporting date, no relevant agreements signed by Giglio Group or one of its subsidiaries providing for change of control clauses appear to be in place.

With regard to the statutory provisions concerning takeover bids (pursuant to Art. 104, par. 1-ter, and 104-bis, par. 1 of the Consolidated Act), it is noted that the Company's By-laws do not include any derogation for the passivity rule dispositions set forth in Art. 104, par. 1 and 1-bis of the Consolidated Act, nor does it provide for the application of the breakthrough provisions set forth in Art. 104-bis, par. 2 and 3 of the Consolidated Act.

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

On 29 October 2018, the Shareholders' Meeting resolved to vest the Board of Directors, pursuant to Art. 2443 of the Italian Civil Code, for a period of five years starting from the date of the resolution, with the power to increase the share capital upon payment, without option rights pursuant to Art. 2441, par. 8 and - as far as applicable - par. 5 of the Italian Civil Code, in separate issues pursuant to Art. 2439, par. 2 of the Italian Civil Code, for a maximum amount of € 138,000.00 in nominal value, through the issue, also in more tranches, of a maximum of no. 690,000.00 ordinary shares without any nominal value, with the same characteristics of the ordinary shares already issued by the issue date, with regular dividend, to be offered in subscription to the beneficiaries of the "Stock Option Plan 2018-2021".

Within the same meeting, the Shareholders also resolved to vest the Board of Directors, for a period of five years starting from the date of the meeting's resolution, with the power to increase the share capital upon payment, without option rights pursuant to Art. 2441, par. 4, second sentence of the Italian Civil Code, in separate issues pursuant to Art. 2439, par. 2 of the Italian Civil Code, within the limits of 10% of the existing share capital, through the issue, also in more tranches, of ordinary shares without any nominal value, with the same characteristics of the ordinary shares already issued by the issue date, with regular dividend, to be offered in subscription to entities identified by the Board of Directors - including qualified industrial and/or financial investors - provided that the issue price of the shares corresponds to the market value of those already issued and that this is confirmed by a specific report from a statutory auditor or an auditing company.

It is noted that, in partial execution of the aforementioned proxy granted by the Shareholders' Meeting, on 14 November, the Issuer has executed a share capital increase of € 4 million, of which € 301,887 at nominal value and € 3,698,111 at share premium. Upon completion of the transaction, the overall share capital of the Company amounted to € 3,661,337, divided into no. 18,306,685 ordinary shares without nominal value.

On 30 April 2019, the Ordinary Shareholders' Meeting resolved to authorise the Board of Directors, pursuant to Art. 2357 of the Italian Civil Code, to purchase own shares. On the basis of the resolution, the purchase may be made, on one or more occasions, within 18 months from the date of the Meeting's resolution and in the limits of available reserves and distributable profits resulting from the last approved financial statement. The unit price of each share shall not be less nor higher than 20% of the reference price registered for the share in the stock exchange market in the session prior to every transaction, and, in any case, at a unit price not higher than the price of the last independent transaction and the price of the current higher independent purchase in the trading venue where the purchase is carried out. Lastly, the maximum number of purchased shares shall not have a total nominal value, including shares eventually owned at the date of this report by the Company and its subsidiaries, exceeding the fifth part of the whole share capital, taking into account also the shares owned by the subsidiaries;

Moreover, the Ordinary Shareholders' Meeting resolved to authorise the Board of Directors, pursuant to Art. 2357, par. 1 of the Italian Civil Code, to dispose of all and/or part of the own shares in portfolio, without time limitations, eventually even if the total of approved purchases has not been made, where permitted by applicable Community and national laws.

It is noted that, at the reporting date, the Company did not acquire any own share.

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

[Giglio Group believes that Meridiana Holding S.r.l. ("**Meridiana Holding**"), majority shareholder at 52.68%, does not exercise management and coordination activities due to the following reasons:

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

Based on the above assumptions, on 13 October 2017 the Board of Directors of the Issuer confirmed the absence of exercise of management and coordination activities on behalf of Meridiana Holding.

.....
The information required by Art. 123-bis, par. 1, letter i) of the Consolidated Act (agreements in place between the Company and its directors which call for severance pay in the event of resignation, dismissal or termination of employment as a result of a public takeover bid) are provided in the Remuneration Report, prepared and published pursuant to Art. 123-ter of the Consolidated Act.

The information required by Art. 123-bis, par. 1, letter l) of the Consolidated Act (rules applicable for the appointment and replacement of directors and for amendments to the by-laws, if different to the legislative and regulatory provisions applicable by default), are provided in the section "Board of Directors" of this Report.

3. COMPLIANCE

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

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

4. BOARD OF DIRECTORS

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

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

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

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

Shareholders cannot present or contribute to present, not even through a third party, more than one slate. Furthermore, those shareholders who: (i) belong to the same group (or, pursuant to Art. 93 of the Consolidated Act, are in a relationship of control with one another or are subject to joint control), or (ii) are party to a relevant shareholders' agreement, pursuant to Art. 122 of the Consolidated Act, regarding the shares of the Company, or (iii) are party to a shareholders' agreement and, as provided by the law, control, are controlled by or are subject to the joint control of one of the shareholders, cannot present or contribute to present more than one slate nor can they vote for different slates. Support for the filing of a slate and votes cast in violation of this prohibition shall not be attributed to any slate.

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

Each slate shall include, identifying it expressly, a number of candidates with the independence requirements pursuant to Art. 148, par. 3 of the Consolidated Act at least equal to the minimum set forth in the By-laws. The slates presenting a number of candidates of three or above shall be composed of candidates belonging to both genders, so that the under-represented gender comprises at least one-third of the candidates (rounded up to the nearest whole number).

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

Pursuant to Art. 147-*ter*, par. 4 of the Consolidated Act, at least one of the members of the Board of Directors, or two if the Board is comprised of more than seven members, must meet the independence requisites required by Art. 148, par. 3 of the Consolidated Act, as well as the other requirements provided for by the codes of conduct prepared by regulated market management companies or

business associations, if applicable by the Company's By-laws. The independent director who, after its appointment, shall lose its independent requirements, shall promptly notify the Board of Directors and, in any case, shall be debarred from holding the office, unless the requirement are still held by the minimum number of directors who, pursuant to the By-laws, must possess said requirement.

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

From the slate that obtained the largest number of votes, a number of directors is drawn equal to the total components of the Board, as previously set forth in the Meeting, minus one; within this numeric limit, the candidates are elected in the numerical order in which they appear on the slate;

From the slate that obtained the smallest number of votes and that is not connect in any way, not even indirectly, with the shareholders who presented or voted for the Majority List mentioned in point (a), one director is drawn, according to the percentage of votes received. For this purpose, the votes obtained by each slate shall be subsequently divided by one and by two. The numbers obtained in this way will be attributed to the candidates of such slates, in the order in which they rank in the slate. The quotients thus assigned to the candidates of the various slates are grouped together in one decreasing ranking list. The candidates who obtain the highest numbers will become Directors. In the event that more than one candidate has obtained the same number of votes, the candidate of the slate that has not yet elected a director or that has elected the fewest directors will be appointed director. In the event that no director has been elected yet from any of these slates or that the same number of directors has been elected from each slate, the candidate of the slate that has obtained the most votes will be appointed director. Should two slates receive the same number of votes, a second vote of the entire Shareholders' Meeting shall decide with the candidate being elected by means of a simple majority of the votes.

In relation to that above, consideration is not taken of the slates which have not obtained at least half of the votes required for the presentation of the slates.

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

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

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

If only one slate is presented, the above procedure is not applied and the Shareholders' Meeting shall appoint all the directors resolving by statutory majority, according to the relative progressive order and up to the number of directors determined by the Shareholders' Meeting, with the election of at least the minimum number of independent directors pursuant to Article 148, paragraph 3, of the Consolidated Act, at least in the minimum number required by the By-Laws and in compliance with applicable pro tempore law and regulations on gender equality.

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

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

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

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

Should the majority of directors no longer be present, the entire Board shall retire from office with effect as from its reconstitution. In this case, the Shareholders' Meeting for the appointment of the entire Board must be called urgently by the directors remaining in office.

Succession Plans

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

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

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

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

Slate number 1) was composed of the following candidates:

- Alessandro Giglio, born in Genoa on 30 July 1965;
- Yue Zhao, born in Tianjin (China) on 8 October 1982;
- Massimo Mancini, born in Treviso on 29 June 1973;
- Anna Maria Lezzi, born in Rome on 16 June 1961;
- Giorgio Mosci, born in Genoa on 15 May 1958, independent director;
- Graziella Capellini, born in Piacenza on 25 August 1962, independent director;
- Stefano Fae', born in Conegliano on 23 March 1975, independent director.

Slate number 2) was composed of the following candidates:

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

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

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

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

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

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

As a consequence, on 23 January 2019, the Board of Directors co-opted as its new director, upon proposal of the Appointments and Remuneration Committee and with resolution approved by the Board of Statutory Auditors, Mr Carlo Micchi, considering him to be the most suitable individual to meet the Company's needs. The appointment of Mr Carlo Micchi has been confirmed by the Shareholders' Meeting of 30 April. His *curriculum vitae* is available on the Website <http://www.giglio.org>, on the "Corporate Governance" section.

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

Subsequently, on 14 May 2019, the Board of Directors appointed Mr Carlo Micchi as Financial Reporting Officer of the Group, in substitution of Mr Massimo Mancini. Moreover, on 27 June 2019, Carlo Micchi has been appointed Chief Financial Officer by the Board of Directors of the Company.

On 25 January 2019, Ms Graziella Capellini resigned from her office of director of Giglio Group, effective immediately. Her decision was determined by the many professional commitments that prevented her to devote sufficient time to her offices within the Company. As specified in the press release, she was not awarded and additional remuneration, for any reason and in any form, nor other benefits, and no non-competition agreement was signed between her and the Company.

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

To replace Ms Capellini, on 4 February 2019, the Board of Directors, supported by the Director and Chairman of the Appointments and Remuneration Committee, Giorgio Mosci², as well as via resolution approved by the Board of Statutory Auditors, co-opted Ms Silvia Olivotto as Director, born in Varallo (VC) on 4 September 1950, Tax Number LVTSLV50P44L669I; her appointment has been confirmed by the Shareholders' Meeting of 30 April. For this purpose, it is noted that, pursuant to Art. 15 of the By-laws and to the applicable law, in order to guarantee an adequate equality between the genders, it was not possible to proceed with the replacement drawing from the majority slate to which the resigning Director belonged.

Within the same meeting, the Board of Directors also assessed, on the basis of the information provided by Ms Olivotto and of other available information, the existence of independence

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

requirements laid down in Art. 148 of the Consolidated Act and Art. 3 of the Corporate Governance Code. Moreover, the Board of Statutory Auditors carried out all necessary and appropriate verification regarding the correct application of assessment criteria and procedures adopted by the Board of Directors in order to assess Ms Silvia Olivotto's independence.

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

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

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

Name and Surname	Office	Place and Date of Birth	Title	Internal Control, Risk and Related-Parties Committee	Appointment and Remuneration Committee
Alessandro Giglio	Chairman of the Board of Directors and CEO	30 July 1965	Executive		
Massimo Mancini	Vice Chairman	29 June 1973	Executive		
Anna Maria Lezzi	Director	16 June 1961	Executive		
Yue Zhao	Director	08 October 1982	Non-Executive		
Giorgio Mosci	Director	17 May 1958	Non-Executive and Independents	Member	Chairwoman
Silvia Olivotto	Director	04 September 1950	Non-Executive and Independents	Chairman	Member
Carlo Micchi	Director	21 February 1956	Executive		

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

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

Alessandro Giglio. Alessandro Giglio obtained a specialist degree in Performing Arts and Multimedia Studies at the National Academy for Dramatic Arts, followed by a Masters in management at LUISS. In the course of his career he has held various posts, including national deputy chairman of UNAT-AGIS, member of the Technical Committee at the Ministry of Tourism and General Manager for Europe at MGE. He has spent the past 15 years planning and organising large-

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

scale events for theatre and television, while also conceiving business initiatives which led him to found Giglio Group in 2003. He is also a consultant for several television networks in expanding markets for issues concerned with scheduling and programming strategies. He currently holds the post of Arbitrator on the Board of Directors of Confindustria Radio Televisione and is also Chairman of the Board of Directors and Chief Executive Officer of Giglio Group.

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

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

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

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

Silvia Olivotto. Independent director of the Company, she is a chartered accountant and auditor with great experience in the auditing sector, as well as in the office of standing statutory auditor. She acted as CFO for Ernst & Young S.p.A. from 2002 to 2006, before becoming Atlantia S.p.A.'s auditor until April 2018. She is also Chairwoman of the Board of Statutory Auditors of Garmin Italia S.p.A., statutory auditor of Leica Geosystems S.p.A. and Sas Institute S.r.l., as well as sole auditor of Expedia Italy S.r.l. operating in the e-commerce sector.

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

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

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

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

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

As far as the gender equality policy pursuant to Art. 123-bis, par. 2, letter d-bis) of the Consolidated Act is concerned, it is noted that on 5 March 2019, the Board of Directors of the Company resolved on the postponement of the adoption of said policy, addressing the issue at the next renewal of corporate offices.

The Company considers the promotion of equality of treatment and opportunities between genders as a key factor in the corporate structure and, for this purpose, shall assess the opportunity, before the renewal of corporate offices, to adopt specific measure aimed at further enhancing said factors.

The following table shows administrative and management office held by the members of the Company's Board of Directors on 31 December 2019, both in listed and non-listed companies:

1. Alessandro Giglio

Company	VAT Number	Office
E.A.O. EUROPEAN ARTISTIC ORGANISATION DI GIGLIO ALESSANDRO & C. LIMITED PARTNERSHIP	03152220103	Managing Partner
MERIDIANA HOLDING S.R.L.	02196450999	Governing Director
GIGLIO GROUP S.P.A.	07396371002	CEO and Chairman of the Board of Directors
CLASSTVMODA HOLDING S.R.L.	09826660962	Chairman of the Board of Directors
CLOUDFOOD S.R.L.	10290840965	Chairman of the Board of Directors
IREN GROUP S.P.A.	07129470014	Director
IBOX S.R.L.	02285370975	Chairman of the Board of Directors
MAXFACTORY S.R.L.	12309161003	Governing Director
GIGLIO (SHANGAI) TECHNOLOGY LIMITED COMPANY	CN110175110544	Director

2. Massimo Mancini

Company	VAT Number	Office
GIGLIO GROUP S.P.A.	07396371002	- Vice-Chairman of the Board of Directors (until 21.3.2020) - General Manager - Director
CLOUDFOOD S.R.L.	10290840965	Director
IBOX SA	02360450973	Director
IBOX S.R.L.	02285370975	Director

3. Carlo Micchi

Company	VAT Number	Office
GIGLIO GROUP S.P.A.	07396371002	Director (Until 24.3.2020)
PENTA MARCHE IMMOBILIARE S.R.L. IN LIQUIDATION	01473320438	Liquidator
CENTROMETAL S.R.L.	03069530040	Independent Auditor
DESIGN CITY S.R.L.	06146530966	Governing Director
SUISSEGAS ITALIA S.P.A.	03126040124	Governing Director
ITALMARE S.P.A. IN LIQUIDATION	07465970635	Liquidator
R.S.O. S.P.A. IN LIQUIDATION	07466340150	Liquidator
NOVA ARS MUSICA ARTE CULTURA SOCIETA' A RESPONSABILITA' LIMITATA NOVA ARS MUSICA ARTE CULTURA S.R.L. IN LIQUIDATION	08828701006	Liquidator
HOLDING CIVITAVECCHIA SERVIZI S.R.L. IN LIQUIDATION	10202781000	Liquidator
CITTA' PULITA S.R.L. IN LIQUIDATION	10711721000	Liquidator

INFOCONNECT S.R.L. IN LIQUIDATION	11374981006	Liquidator
RC COSTRUZIONI S.P.A.	12090961009	Statutory Auditor
MLA & PARTNER S.R.L.	12282041008	Governing Director
ENERGRID S.R.L. IN LIQUIDATION	08600990017	Liquidator
ATLANTICA DIGITAL S.P.A.	14650841001	Statutory Auditor
ENERGIA E TERRITORIO S.R.L. IN LIQUIDATION	08309130014	Liquidator
GM - LIMITED PARTNERSHIP OF CARLO MICCHI	04412010276	Managing Partner

4. Anna Maria Lezzi

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

5. Yue Zhao

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

6. Giorgio Mosci

Company	VAT Number	Office
GIGLIO GROUP S.P.A.	07396371002	Independent Director
E-MOBILITY S.R.L.	121912550013	Chairman of the Board of Directors
SVILUPPO ORTI SAULI SRL	01709630998	Director
RESILIENZA S.R.L.	02345700997	Chairman of the Board of Directors
ALPIDORICA - S.P.A.	01426140065	Director
SOPRA STERIA GROUP S.P.A.	10850910158	Statutory Auditor
BOMBARDIER TRANSPORTATION (HOLDINGS) ITALY S.P.A.	05524150967	Statutory Auditor
COGENERATION ROSIGNANO S.P.A.	09669820962	Statutory Auditor
BOMBARDIER TRANSPORTATION ITALY S.P.A.	00839490158	Statutory Auditor
REPLY S.P.A.	97579210010	Chairman of the Board of Statutory Auditors
HAIER A/C (ITALY) TRADING S.P.A.	03702260260	Chairman of the Board of Statutory Auditors

7. Silvia Olivotto

Company	VAT Number	Office
GIGLIO GROUP S.P.A.	07396371002	Independent Director
GRIEF ITALY S.R.L.	03677820163	Statutory Auditor
LEICA GEOSYSTEMS SPA A SOCIO UNICO	12090330155	Statutory Auditor

HEXAGON GEOSYSTEM SERVICES S.P.A.	09430450966	Statutory Auditor
SMITH & NEPHEW S.R.L.	09331210154	Statutory Auditor
KARDEX ITALIA S.P.A.	03903300154	Alternate Auditor
SAS INSTITUTE S.R.L.	08517850155	Statutory Auditor
GARMIN ITALIA SRL	08783950150	Chairman of the Board of Statutory Auditors
RESINDION S.R.L.	09484810156	Statutory Auditor
EXPEDIA ITALY S.R.L.	04036910968	Independent Statutory Auditor
NOOTER/ERIKSEN S.R.L.	02222190023	Alternate Auditor
VENERE NET S.R.L.	05649781001	Independent Statutory Auditor
ASSICURAZIONI GENERALI -S.P.A.	00079760328	Alternate Auditor

As far as Art. 1, par. 3 of the Corporate Governance Code is concerned, considering the size of the Company, the Board of Directors did not deem it necessary to adopt present criteria regarding the maximum number of governing and control offices that directors can be appointed as in other companies. The Board shall assess the definition of said criteria before the renewal of corporate offices, for the purpose of ensuring the efficient execution of all directors' functions within the Company.

For the purpose of maintaining an adequate knowledge of the activity sector in which the Company operates, Directors shall receive, whenever appropriate, information and updates of the sector in which the Issuer operates, pursuant the principles of good economic governance and the applicable laws, also through meetings with the Company's advisors, which shall be held on the fringe of the meetings they are called to participate to.

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

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

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

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

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

(vii) The reduction of the share capital in the case of losses, provided for in Art. 2446, last par. of the Civil Code.

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

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

During this Fiscal Year, the Board of Directors held 20 meetings of about 97minutes each, which were duly attended by the Board Members; the overall participation was about 87%. As far as the presence of each Director is concerned, see the table inserted at the end of this Report. The Chairman of the Board of Statutory has always took part in the board meetings; for more information on the presence of each auditor, see the Table inserted at the end of this Report.

For the current Fiscal Year, a number of no less than 6 meetings is provided, 2 of which already took place as at 6 February 2020 and 10 March 2020.

Individuals external to the Board of Directors can participate in the Board's meetings too, but only upon invitation. More specifically, during the Fiscal Year, external consultants, the directors of the Issuer and the directors of Giglio Group were invited on the occasions where their presence was deemed useful to provided suitable in-depth information regarding the subjects on the agenda. The presence of the managers was not always necessary due to the presence within the Board of Directors of the General Manager, of the CFO an of the Financial Reporting Officer.

Directors and Statutory Auditors received the documents and all relevant information to be able to express themselves on an informed basis about the matters being examined. The Company strived to supply the documentation promptly and pursuant to the activity of the Company itself. The organization of the works of the Board shall be assigned to the Chairman, who takes care that the items on the agenda have enough time to be discussed over constructively.

The Company believes that two days is an adequate time for the advanced notice; during the Fiscal Year, this period was not always respected, recognising some delays in the dispatch of the documentation. The lack of timeliness in some circumstances is mostly ascribable to the fact that the time frame is dictated by a very intense and fast corporate activity due to the business needs or other commercial and industrial opportunities.

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

- (i) The strategic, industrial and financial plans of the Issuer, as well as the periodic monitoring of their implementation;

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

For the purpose of implementing Art. 1 and the relative implementation criteria of the Corporate Governance Code, the Board of Directors, in the meeting of 13 March 2020, following the results of the self-assessment procedure, assessed the dimension, composition and operating procedures of the Board itself, of the Internal Control, Risk and Related-Parties Committee and of the Appointments and Remuneration Committee, also regarding the component represented by independent executives.

For the purpose of self-assessment, the Board of Directors, following a methodology close to the sector's best practices and relying on the company Mazars Italia S.p.A. as its external advisor, carried out a curricular review of the professional experiences and of the past and present offices held by the members of the governance bodies. Moreover, it requested to all directors in office to fill out a questionnaire aimed at assessing the dimensions and composition of the Board of Directors itself, as well as the functionality of the information flows inside and outside of the governing body.

Moreover, on 13 March 2020, the Board of Directors, also on the base of the report of the Executive director responsible for supervising the operation of the internal control and risk management system and of the report of the Internal Control, Risk and Related-Parties Committee, assessed the suitability of the organisational, administrative and accounting structure of the Issuer. The assessment has been partially executed also on its subsidiaries and on the subsidiaries with strategic importance.

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

The Board of Directors examined and approved in advance significant strategic, economic, capital and financial transactions of the Issuer and its Subsidiaries. For this purpose, it is noted that, at the reporting date, no general criteria for the identification of significantly relevant operations for the Issuers have been provided, as the Board of Directors' competence regards all the operations that go beyond the content of the proxies granted to the executive directors.

The Shareholders' Meeting did not authorise in general and preventively derogations to the ban on competition provided by Art. 2390 of the Civil Code.

Taking into account Giglio Group's structure, the shareholders' characteristics and the composition of the sates of candidates proposed by Shareholders according to the rules set forth in the By-laws, the Board of Directors in charge did not issue guidelines on what professional profiles would be expedient in its members.]

4.4 DELEGATED BODIES

Chief Executive Officers

On 11 May 2018, the Board of Directors vested Mr Alessandro Giglio, already Chairman of the Board of Directors, with the office of CEO of the Company. The following list includes the powers vested within Mr Alessandro Giglio, specifying jurisdiction and subject limits:

- (a) Convene the Board of Directors' meetings and ensure that the members of the Board and the Board of Statutory Auditors are provided, with reasonable advance notice, with the

- documentation and information necessary to enable them to express an informed opinion about the matters submitted to their examination and approval;
- (b) Coordinate the activities of the Board and conduct the proceedings of Board meetings;
 - (c) Within the context of his/her functional competences, implement the resolutions passed by the Board of Directors and ensure their correct implementation;
 - (d) Define corporate strategies, submitting them to the Board of Directors for their approval, as well as the relative implementation methods;
 - (e) Sign correspondence and all documents related to the areas that are the subject of this delegation of powers;
 - (f) Coordinate the relationship with the other subsidiaries, adopting determinations related to their management and planning policies, in order to give effect to the coordination process within the group;
 - (g) In respect with any guideline adopted by the Board of Directors, exercise its right to vote (even by proxy) in the meetings of its subsidiaries, affiliates and associates;
 - (h) Draw up the budget forecast and the operational and strategic plans related to the activities of the Group, to be submitted for approval to the Board of Directors.
 - (i) Give directions for the creation of the half-year and annual reports, as well as for the interim reports of the Company;
 - (j) Represent the Company in dealing with any person, body or office, company or administration, public or private, including the administration of the Italian State or of foreign states, the railway administration, the Regions, the customs offices, the municipal and provincial offices, the chambers of commerce and the financial offices, with regard to the Company's activities and, more specifically, to the fulfilment, implementation and application of the provisions of law, subscribing claims and appeals;
 - (k) Represent the Company in everyone of its active or passive trial, in every state and degree of judgement, in front of any judicial authority both in Italy and abroad, both ordinary and administrative, such as the Court of Cassation, the Court of Accounts, the Council of State, the Constitutional Court, the Court of Appeal, the Court House, the office of the Judge of Peace, and for any administrative, tributary, civil and criminal case; appoint and remove lawyers and attorneys for lawsuits, as well as arbiters, amicable arbitrators and experts in the limits described in the following point (v); accept and subscribe clauses leading to competence and jurisdiction derogations; challenge decrees, orders, decisions or judgements of any court; file lawsuits, requests, declaration and complaints; notice protests and require precepts; proceed to enforcement or precautionary measures; represent the Company in any bankruptcy procedure and promote, where appropriate, its declaration; attend to the creditors' meetings; contribute to the appointment of monitoring delegations, accepting and exercising their office; declare the credits of the principal Company affirming their truth and reality; vote in favour or against any demand of credit compound or bankruptcy; accept or reject arrangement proposals;
 - (l) Join as injured party in criminal cases, in the name and in the interest of the Company, filing lawsuits and complaints;
 - (m) Settle any dispute or pending suit that the Company has with third parties, as long as the unit value of every suit or dispute does not exceed € 1,000,000.00;
 - (n) Receive from postal, telegraphic, customs, railway offices and offices of air and maritime companies and, in general, of every public or private office, letters, packages, ordinary, registered and insured, collect postal and telegraphic money orders and cheques of any kind

- and for any sum; request and receive sums, securities, goods and documents, signing the relevant receipts, releases and exonerations from liability with any public and/or private administration, including any body, entity, office or savings institutions;
- (o) Demand or collect any sum owed to the Company for any purpose and by anyone (State, public or private entities, companies and physical or juridical persons), as well as issuing valid receipts and discharges.
 - (p) Accept the establishment of mortgages, unsecured guarantees and/or sureties from third parties in favour of the Company for a sum no higher than € 100,000.00 for each transaction; agree to cancellations and registrations of mortgages by debtors or third parties in favour of the Company to curtail or settle an obligation;
 - (q) Open and close bank current accounts and a current account in the name of the Company at the post office current account department, sign cheques payable from such current accounts within granted limits, transfer or protest against a cheque;
 - (r) Undertake all financial transactions for the ordinary administration of the Company and its Subsidiaries (including issuing guarantees and letters of patronage in their favour) within the limits of powers conferred, and for a sum no higher than € 5,000,000.00 for each transaction; request credit lines for deposits and guarantees, always within the limits of the Company's funding at each time, contract new guarantees on said lines, as well as integrating the ones already existing, for a sum no higher than € 5,000,000.00 for each transaction;
 - (s) Request, contract, change and terminate bank contracts such as funding, loans, credit lines, sureties and guarantees covering corporate obligations, for a sum no higher than € 5,000,000.00 for each transaction;
 - (t) Conclude deals with leasing, factoring and insurance companies;
 - (u) Receive, construct and release deposits, as well as release bank or insurance sureties and/or guarantees as security, allow restrictions of any kind; assign credits with or without recourse, for a sum no higher than € 3,000,000.00 for each transaction.
 - (v) Assign professional appointments, including professional appointments related to procedural arbitration activities for a sum no higher than € 1,000,000.00 for each appointment;
 - (w) Conclude, amend and terminate collaboration and consultancy contract, for a sum no higher than € 500,000.00 for each contract;
 - (x) Hire, promote or transfer employees, determining their tasks and salary pursuant to applicable laws and regulations, with the power to adopt against them all administrative and disciplinary provisions, dismissal included;
 - (y) Settle and reconcile both with the Minister of Labour and the Provincial Employment Office;
 - (z) Represent the Company in all its dealings with workers and employers trade unions, signing with them agreements in the name and on behalf of the Company; to attempt conciliation, make settlements and sign the minutes relating to settlements;
 - (aa) Represent the Company with mutual and social security bodies and sign on behalf of the Company the periodic declaration to the social security and assistance organisations related to the payment of the contributions due for employed and non-employed staff.
 - (bb) Supply on behalf of the Company extracts of payrolls and attestations regarding the employees both administrations and public bodies and for privates, ensure compliance with the obligations of the Company as tax substitute, with the power to sign, for the purpose of said obligations, declarations, attestations and any other act and certificate; supply banks who lend to the

- Company's employees declarations attesting the commitment to withhold from the pay of said employees and transfer to the banks the amounts of the instalments and/or of the residual debt;
- (cc) Assign severance indemnity advances and loans to employees for sums no higher than the sum allocated to the severance indemnity of the employee;
 - (dd) Negotiate and sign, terminate, recess from or cancel contracts for a sum no higher than € 2,000,000.00 for each contract, such as, by way of non-limiting example, contracts regarding the purchase, sale, distribution or licensing of advertising space, audiovisual products, dubbing services, authorial and editorial tasks, technological services, products, TV production and more generally of all services related to the Company's and its Subsidiaries' ordinary activities, including contracts and agreements with public administrations and bodies, as well as to take steps for their implementation;
 - (ee) Sign, terminate, recess from or cancel contracts of any type related to registered and unregistered movable properties or amend contracts of any type, including but without any limitation, purchase, supply, transport, location, procurement of services agreements, as long as the unit value of each contract does not exceed € 300,000.00;
 - (ff) Sign, terminate, recess from or cancel location, leasing, rental contracts, as well as free loans for goods and real estate assets, as long as the unit value of each contract does not exceed € 300,000.00;
 - (gg) Draw up and sign letters of intent, term sheets and other non-binding commitments on behalf of the Company;
 - (hh) Purchase, subscribe, transfer or exchange shares, units, bonds, or any other type of financial instrument and equity investments in other companies for a sum no higher than € 2,000,000.00 for each transaction;
 - (ii) Purchase, sell and exchange goods and raw materials pertinent to the corporate object, as well as equipment, plants, registered and non-registered movables in general, setting the prices and the terms and conditions of payment until a maximum of € 2,000,000.00 for each transaction;
 - (jj) Sign, amend, renew and terminate contracts and insurance policies of any nature (including the ones against damages, for civil liability, etc.), setting the relative ceilings; pay premiums as well as collect compensation and premium refunds;
 - (kk) Deposit and renew brands, deposit patents, register, renew or cancel Internet domains as well as granting and use in any form industrial property rights;
 - (ll) Sign contracts for outsourced services also of an IT nature, as long as the unit value does not exceed € 500,000.00;
 - (mm) Appoint proxies, agents, representatives and commission agents, determining their powers, within the limits of the powers granted;
 - (nn) With regard to the Company's participation in public or private calls for tenders:
 - Submit requests to partake in calls for tenders;
 - Sign acts and declarations related to the submission of the offer;
 - Sign in the name and on behalf of the Company all relevant declarations and attestations, pursuant to Legislative Decree 50/2016 and by EU, governmental, regional and provincial legislations regarding tenders and supplies;
 - Sign in the name and on behalf of the Company, as well as delegate to third parties the power to sign in the name and on behalf of the Company, public or private tender, concession and public supply contracts, or mandate acts for associations' shareholdings or temporary groups of undertakings, as well as accepting the mandate of association and grouping;

- (oo) Request the issue of sureties in the name and on behalf of the Company, binding it for what requested by public and private bodies for a sum no higher than € 1,000,000.00 for each transaction;
- (pp) Delegate, through the assignment of specific proxies, all of each of the aforementioned powers to the person/s deemed more suitable for skills and professional ability.

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

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

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

- (m) Receive from postal, telegraphic offices, letters, packages, ordinary, registered and insured, collect postal and telegraphic money orders and cheques of any kind and for any sum;
- (n) Request and collect documents, goods and money from shipping and transport companies, customs, public and private railway offices, public and private warehouses and other storage spaces, public offices in general, signing the relevant receipt and releases. Undertake any other deed or transactions with them;
- (o) Represent the Company in dealing with any person, body or office, company or administration, public or private, including the administration of the Italian State or of foreign states, the railway administration, the Regions, the customs offices, the municipal and provincial offices, the chambers of commerce and the financial offices, with regard to the Company's activities and, more specifically, to the fulfilment, implementation and application of the provisions of law, subscribing claims and appeals; represent the Company in everyone of its active or passive trial, in every state and degree of judgement, in front of any judicial authority both in Italy and abroad, both ordinary and administrative, such as the Court of Cassation, the Court of Accounts, the Council of State, the Constitutional Court, the Court of Appeal, the Court House, the office of the Judge of Peace, and for any administrative, tributary, civil and criminal case; appoint and remove lawyers and attorneys for lawsuits, as well as arbiters, amicable arbitrators and experts in the limits described in the following point (s);
- (p) Accept and subscribe clauses leading to competence and jurisdiction derogations; challenge decrees, orders, decisions or judgements of any court; file lawsuits, requests, declaration and complaints; notice protests and require precepts; proceed to enforcement or precautionary measures; represent the Company in any bankruptcy procedure and promote, where appropriate, its declaration; attend to the creditors' meetings; contribute to the appointment of monitoring delegations, accepting and exercising their office; declare the credits of the principal Company affirming their truth and reality; vote in favour or against any demand of credit compound or bankruptcy; accept or reject arrangement proposals;
- (q) Accept, sign and enter agreements with the financial administration of the state and local bodies;
- (r) Settle any dispute or pending suit that the Company has with third parties, as long as the unit value of every suit or dispute does not exceed € 500,000.00;
- (s) Assign professional appointments, including professional appointments related to procedural arbitration activities for a sum no higher than € 500,000.00 for each appointment;
- (t) Conclude, amend and terminate collaboration and consultancy contract, for a sum no higher than € 500,000.00 for each contract;
- (u) Sign contracts for outsourced services also of an IT nature, as long as the unit value does not exceed € 500,000.00;
- (v) Hire or dismiss employees, after informing the CEO, excluding executive directors, determining their tasks and salary; apply disciplinary measures, sanctions and suspensions;
- (w) Appoint and, if necessary, remove agents, business hunters, claims representatives for the sale, with or without deposits, of goods;
- (x) Set territorial fees and limitations;
- (y) Draw up, for the part under its responsibility, the consolidated financial statement and the interim reports to be submitted to the Board of Directors for approval, in line with the directions given by the CEO;
- (z) Settle and reconcile both with the Minister of Labour and the Provincial Employment Office;

- (aa) Represent the Company in all its dealings with workers and employers trade unions, signing with them agreements in the name and on behalf of the Company; to attempt conciliation, make settlements and sign the minutes relating to settlements; represent the Company with mutual and social security bodies and sign on behalf of the Company the periodic declaration to the social security and assistance organisations related to the payment of the contributions due for employed and non-employed staff.
- (bb) Supply on behalf of the Company extracts of payrolls and attestations regarding the employees both administrations and public bodies and for privates, ensure compliance with the obligations of the Company as tax substitute, with the power to sign, for the purpose of said obligations, declarations, attestations and any other act and certificate; supply banks who lend to the Company's employees declarations attesting the commitment to withhold from the pay of said employees and transfer to the banks the amounts of the instalments and/or of the residual debt;
- (cc) Assign severance indemnity advances and loans to employees for sums no higher than the sum allocated to the severance indemnity of the employee;
- (dd) Carry out all fulfilments and tasks provided for by Legislative Decree no. 196/2003 as amended and by all other applicable laws and regulations regarding personal data protection and processing;
- (ee) In respect with any guideline adopted by the Board of Directors, exercise its right to vote (even by proxy) in the meetings of its subsidiaries, affiliates and associates;
- (ff) Delegate, through the assignment of specific proxies, all of each of the aforementioned powers to the person/s deemed more suitable for skills and professional ability;
- (gg) Manage, direct, organize and control all the aspect inherent to the safety and health risks at the workplace, in all productive units and in all other workplaces of the Company, attributing to this purpose to the General Manager the title of "Employer" pursuant to Legislative Decree no. 81/2008 as amended and integrated, with power to implement, as such, any act, fulfilment and activity necessary to comply with the aforementioned legislation and with all applicable laws and legislation regarding health, safety and hygiene at work, as well as prevention and protection of workers' psychophysical integrity and of the environment, with full financial autonomy and autonomous spending powers for the implementation of this office. More specifically, as a way of non-limiting example, the General Manager is vested with the following powers:
 - Understand, also through consultancy bodies external from the Company, any supplementary law and legislation, amending and integrating, issued and being issued, in the field of safety and health protection of workers and the prevention of accidents at the workplace, and comply with the obligations provided by the aforementioned laws and legislations;
 - Assess the risks and draw the relative Risk Assessment Document, as well as appointing the person in charge of the Prevention and Protection Service;
 - Delegate, by conferring specific proxies, the functions and powers attributed with this proxy and delegable pursuant to Legislative Decree no.81/2008 to the person/s deemed more suitable for skills and professional ability in order to guarantee constant and continued compliance, with due diligence, to the obligations of health and safety at the workplace, conferring also spending management, organisation and control powers requested by the nature of the delegated functions, authorising also, where deemed necessary, the sub-delegation from its own delegates to other individual of specific functions;
 - Revoke the aforementioned proxies and/or authorizations;

- Guarantee the financial security for all extraordinary interventions exceeding the management and financial autonomy of delegated subjects in accordance with the previous points and necessary and useful to comply with laws and regulations, as well as supervising the skills of its own delegates and the correct fulfilment of the functions transferred to them, also by adopting and effectively implementing the verification and control method set forth in Art. 30 of Legislative Decree no.81/2008 and Legislative Decree no. 231/2001;
 - Represent the Company with public administrations, entities and public and private offices in order to undertake all acts and transactions required to obtain concessions, permits and other authorisations related to the exercises of the Company's industrial activity, more specifically those related to workers' health and safety;
- (hh) Decide and carry out organisational choices and expenses in the exercise of the function set forth in point (gg), with full financial autonomy, autonomous spending powers and discretion, assuming in its person or in the persons of its delegates and sub-delegates, each one within the limits of its functions and powers, any criminal liability that might arise from any violation of applicable obligations related to workers' health and safety and to the protection of the environment, as well as to the protection of personal data, conferred with this resolution;
- (ii) In the exercise of the functions set forth in point (gg), revoke proxies, authorizations and, in general, any other appointment eventually made until today by the Company within its organisation, having as object functions and powers regarding workers' health and safety, the protection of the environment and the protection of personal data;
- (qq) Commit the Company, towards the individual that shall eventually be delegated and by their sub-delegates, within the limits allowed by the law, to agree to indemnify each one of them from any cost and expense they shall incur in after assuming in their persons the responsibility for workers' health and safety, the protection of the environment and the protection of personal data, without prejudice to intentional fault and/or gross negligence.

Chairman of the Board of Directors

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

In light of his competences and in consideration of the structure and of the interests of the Company, Mr Alessandro Giglio was also appointed the office of CEO of the Company.

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

Report to the Board of Directors

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

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

The delegated bodies reported to the Board of Directors on the activities carried out during the year by the powers appointed to them every three months.

4.5 OTHER EXECUTIVE DIRECTORS

Anna Maria Lezzi, who, on 17 July 2018, was appointed by proxy with the following powers, of which the Board of Directors took note on 27 September 2018:

- (a) Keep and sign the Company's correspondence;
- (b) Sign in the name and on behalf of the Company any kind of customs declaration required for the import/export operations, invoice or dispatch note, applications for granting and extending bank clearances, as well as invoices, credit and debit notes issued by the Company;
- (c) Demand or collect any sum owed to the Company for any purpose, as well as issuing valid receipts and discharges.
- (d) Open and close bank current accounts at banks, private bankers, credit institutions and Italian and foreign banking institutions, and carry out operations up to € 500,000.00. Request the opening of account credit lines, current account overdrafts, discounts and loans on bills and to request credits in general, also in the form of securities lending of any kind up to € 500,000.00.
- (e) Sign payment orders and issue and sign cheques in the name of the Company, also from current account overdrafts, within the limits of the credit facilities granted and no higher than € 500,000.00. Endorse any kind of cheques and collect the sums on the bank accounts of the Company, request and collect payments and deliveries of money, shares, securities of all kinds, goods and documents, issuing their receipt;
- (f) Rent, use and terminate safety boxes or safes;
- (g) Open and close postal account and carry out operations on them;
- (h) Receive from postal, telegraphic offices, letters, packages, ordinary, registered and insured, collect postal and telegraphic money orders and cheques of any kind and for any sum;
- (i) Request and collect documents, goods and money from shipping and transport companies, customs, public and private railway offices, public and private warehouses and other storage spaces, public offices in general, signing the relevant receipt and releases. Undertake any other deed or transactions with them;
- (j) Represent the Company in Italy and abroad with any entity, public or private, and in all its relations with the public administration.
- (k) More specifically, with the Ministries and their peripheral offices, Revenue Agency offices, Civil Engineering offices, Technical Revenue offices, Municipal Technical offices, Register offices, Value Added Tax office, Public Car Register, Government Debt offices, Deposits and Loans Fund offices, National Bank offices, Provincial and Municipal Treasuries, Companies Register, Chambers of Commerce, the offices of any Contracting Authority and, in general, with any public or private office, holding the powers to sign all declarations, certificates and communication required by applicable fiscal laws.
- (l) Furthermore, with the Telegraph, Telephone and Postal Service offices, with transport companies, public and private, by sea, land and air, insurance companies' offices, customs and social security offices;
- (m) Sign and present claims, appeals and other deeds; sign and present all the declarations for social

security and fiscal entities;

- (n) Intervene in the name and on behalf of the Company to call for tenders issued by any office, service of public/private administration, also governmental, regional, provincial or municipal, with powers to present tenders, sign and present all documents requested and eventually agree, with the contractor, terms and conditions for the implementation of the tendered contracts;
- (o) Represent the Company with all social security and assistance organisation for mandatory work insurances, as well as with trade union and administrative organisations and trade associations, providing for the requirements laid down by applicable laws, with the powers to sign declarations, certificated and communications related to labour relations;
- (p) Carry out all fulfilments and tasks provided for by Legislative Decree no. 626 of 19 September 1994 as amended and by all other applicable laws and regulations regarding workers' health and safety at the workplace;
- (q) Carry out all fulfilments and tasks provided for by Legislative Decree no. 675 of 31 December 1996 as amended and by all other applicable laws and regulations regarding personal data protection and processing;
- (r) In respect with any guideline adopted by the Board of Directors, represent the Company in the Shareholders' Meetings of its Subsidiaries and Affiliates, with power of proxy;
- (s) Assign, amend and revoke, both to employees of the Company and to third parties, powers, also with continuous character, as long as within the powers granted by this proxy.

Carlo Micchi, director until 24 March 2020, who, on 17 July 2018, was appointed by proxy with the following powers, of which the Board of Directors took note on 27 June 2019:

- (a) Within the context of his/her functional competences, implement the resolutions passed by the Board of Directors and ensure their correct implementation;
- (b) Sign correspondence and all documents related to the areas that are the subject of this delegation of powers;
- (c) Coordinate the relationship with the other subsidiaries, adopting determinations related to the performance of their function;
- (d) In respect with any guideline adopted by the Board of Directors, exercise its right to vote (even by proxy) in the meetings of its subsidiaries, affiliates and associates;
- (e) Collaborate to draw up the budget forecast and the operational and strategic plans related to the activities of the Group, to be submitted for approval to the Board of Directors.
- (f) Give directions for the creation of the half-year and annual reports, as well as for the interim reports of the Company; draft and sign the interim, annual and half-year financial reporting, as well as any pertaining declaration.
- (g) Represent the Company in dealing with any person, body or office, company or administration, public or private, including the administration of the Italian State or of foreign states, the railway administration, the Regions, the customs offices, the municipal and provincial offices, the chambers of commerce and the financial offices, with regard to the Company's activities and, more specifically, to the fulfilment, implementation and application of the provisions of law, subscribing claims and appeals;
- (h) Receive from postal, telegraphic, customs, railway offices and offices of air and maritime companies and, in general, of every public or private office, letters, packages, ordinary, registered and insured, collect postal and telegraphic money orders and cheques of any kind and for any sum; request and receive sums, securities, goods and documents, signing the relevant receipts, releases

and exonerations from liability with any public and/or private administration, including any body, entity, office or savings institutions;

- (i) Demand or collect any sum owed to the Company for any purpose and by anyone (State, public or private entities, companies and physical or juridical persons), as well as issuing valid receipts and discharges.
- (j) Accept the establishment of mortgages, unsecured guarantees and/or sureties from third parties in favour of the Company for a sum no higher than € 100,000.00 for each transaction; agree to cancellations and registrations of mortgages by debtors or third parties in favour of the Company to curtail or settle an obligation;
- (k) Open and close bank current accounts and a current account in the name of the Company at the post office current account department, sign cheques payable from such current accounts within granted limits, transfer or protest against a cheque;
- (l) Undertake all financial transactions for the ordinary administration of the Company and its Subsidiaries (including issuing guarantees and letters of patronage in their favour) within the limits of powers conferred, and for a sum no higher than € 500,000 for each transaction; request credit lines for deposits and guarantees, always within the limits of the Company's funding at each time, contract new guarantees on said lines, as well as integrating the ones already existing, for a sum no higher than € 500,000 for each transaction;
- (m) Request, contract, change and terminate bank contracts such as funding, loans, credit lines, sureties and guarantees covering corporate obligations, for a sum no higher than € 500,000 for each transaction;
- (n) Conclude deals with leasing, factoring and insurance companies;
- (o) Receive, construct and release deposits, as well as release bank or insurance sureties and/or guarantees as security, allow restrictions of any kind; assign credits with or without recourse, for a sum no higher than € 500,000 for each transaction.
- (p) Supply on behalf of the Company extracts of payrolls and attestations regarding the employees both administrations and public bodies and for privates, supply banks who lend to the Company's employees declarations attesting the commitment to withhold from the pay of said employees and transfer to the banks the amounts of the instalments and/or of the residual debt;
- (q) Sign, amend, renew and terminate contracts and insurance policies of any nature (including the ones against damages, for civil liability, etc.), setting the relative ceilings; pay premiums as well as collect compensation and premium refunds;
- (r) Deposit and renew brands, deposit patents, register, renew or cancel Internet domains as well as granting and use in any form industrial property rights;
- (s) Sign contracts for outsourced services also of an IT nature, as long as the unit value does not exceed € 500,000.00;
- (t) Submit requests to partake in calls for tenders with regard to the Company's participation in public or private calls for tenders:
- (u) Sign acts and declarations related to the submission of the offer;
- (v) Sign in the name and on behalf of the Company all relevant declarations and attestations, pursuant to Legislative Decree 50/2016 and by EU, governmental, regional and provincial legislations regarding tenders and supplies;
- (w) Request the issue of sureties in the name and on behalf of the Company, binding it for what requested by public and private bodies for a sum no higher than € 500,000 for each transaction;

- (x) Delegate, through the assignment of specific proxies, all of each of the aforementioned powers to the person/s deemed more suitable for skills and professional ability.

4.6 INDEPENDENT DIRECTORS

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

- (a) Directly or indirectly, also through subsidiaries, trustees or third parties, controls the Issuer or is in a position to significantly, also through their participation in shareholders' agreements through which one or more entities can control or have a significant influence on the Issuer;
- (b) Is or has been, over the past three financial years, a top level representative of the Issuer, of any of its strategically important subsidiaries or of a company subject to joint control with the Issuer, or in a company or body that, even together with others through a shareholding agreement, controls the Issuer or is able to exercise over the same a considerable influence;
- (c) Directly or indirectly (e.g. through subsidiaries or companies in which holds an office of significance, or as a partner in a professional firm or a consulting company) has, or has had over the previous year, any significant business, financial or professional relationship:
 - With the Issuer, any of its Subsidiaries or with any other significant representative;
 - With any party that, even together with others through a shareholders' agreement, controls the Issuer or, if a company or entity, with any other significant representative;
 - Or is, or has been in the preceding three fiscal years, an employee of the aforementioned subjects;
- (d) Receives, or has received in the preceding three fiscal years, from the Issuer or a subsidiary or holding company a significant remuneration (over and above the "fixed" remuneration for a non-executive director of the issuer and to remuneration of the membership in the committees that are recommended by the Corporate Governance Code) also in the form of participation in incentive plans linked to the company's performance, including stock option plans;
- (e) Was a director of the Issuer for more than nine years in the last twelve years;
- (f) Holds a position as an executive director in another company in which an executive director of the Company holds an administrative position;
- (g) Is a shareholder or director of a company or entity belonging to the same network as the company appointed to perform the audit of the Issuer;
- (h) Is a close relative of a person who is in one of the situations described at the preceding sub-indents;

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

It is noted that, for most part of the duration of the Fiscal Year, Mr Giorgio Mosci and Ms Silvia Olivotto held the office of independent directors for the Company, having qualified as such upon appointment from the Shareholders' Meeting, pursuant to Art. 148 of the Consolidated Act and to Art. 3 of the Corporate Governance Code, as on the Board meeting of 10 March 2020.

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

Last but not least, on 10 March 2020, the Board of Directors assessed the existence of the independent requirements of the non-executive directors, applying the assessment criteria set forth in the Corporate Governance Code.

Over the course of the fiscal year, independent directors Giorgio Mosci, Graziella Capellini (until her resignation on 25 January 2019) and Silvia Olivotto participated in the Internal Control, Risk and Related-Parties Committee's and in the Appointments and Remuneration Committee's meetings, of which they are the sole members. Therefore, they did not deem it necessary to organise further meetings for the purpose of ensuring the confrontation of the independent directors in the absence of other directors.

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

4.7 ***LEAD INDEPENDENT DIRECTOR***

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

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

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

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

4.8 GENERAL MANAGER

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

5. HANDLING OF CORPORATE INFORMATION

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

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

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

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

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

For the purpose of conforming its corporate governance model to the recommendations included in the Corporate Governance Code, the Board of Directors, on 11 May 2018, established the Appointments and Remuneration Committee.

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

As at the date of this Report, the Appointments and Remuneration Committee is composed of two directors in the persons of Mr Giorgio Mosci, as its Chairman, and Ms Silvia Olivotto, both non-executive, independent directors. Giorgio Mosci and Silvia Olivotto possess and adequate knowledge and experience in financial and remuneration policies. The members of the Committee do not receive any additional payment other than the remuneration received for their office of directors, as resolved upon by the Board of Directors on 11 May 2018 and updated on 14 May 2019.

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

During the Fiscal Year, the Appointments and Remuneration Committee was composed by independent directors only.

It is noted that, on 11 May 2018, the Board of Directors of the Issuer had appointed as member of the Committee the independent director Graziella Capellini. Graziella Capellini, however, resigned from her administrative office on 25 January 2019. On 4 February 2019, the Board of Directors co-opted Silvia Olivotto as independent director, appointed her on the same date as the Committee's member.

From 11 May 2018, the Committee is chaired by Giorgio Mosci.

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

The Committee's meetings shall be chaired by the the Chairman or, in the event of its absence or unavailability, by the most senior member present. The Chairman of the Appointments and Remuneration Committee shall program and coordinate the activities of the Committee, represent it, chair and conduct its meeting, as well as inform the Board of Directors of the resolutions adopted and of the activities carried on by the Committee at the first relevant meeting.

The Committee's meetings are attended by the Chairman/woman of the Board of Statutory Auditors or by a standing statutory auditor delegated in its place; furthermore, upon invitation from the Committee's Chairman/woman, other parties can participate too, in order to provide information and competency assessments with reference to the individual items on the agenda.

Any document regarding the agenda of each Committee's meeting shall be communicated by the Secretary via e-mail to the addresses provided by the members of the Committee, as well as via any other mean agreed upon at least three days before the meeting's date, save in exceptional cases.

The Committee shall be validly summoned in the presence of at least the majority of its components in office, and shall take its resolutions by an absolute majority of those presents. In the event of a tied vote, the vote of the Committee's Chairman/woman shall prevail.

The Secretary shall keep the minutes of every meeting. The minutes shall be signed by the Chairman/woman of the meeting and by the Secretary, and shall be made available to the Board of Directors, to the Board of Statutory Auditors and to the Internal Auditor through the Corporate Secretary.

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

The Committee shall report to the Board of Directors at least once every year on its activities, and in any case not after the term for the approval of the financial report. Furthermore, following each meeting, the Committee shall update the Board of Directors of the number of meetings held; this shall be done in the first meeting possible via a communication.

During the Fiscal Year, the Committee for Appointments and Remuneration held 8 meetings of about 45 minutes each.

All the members of the Committee constantly took part in the meetings and the Board of Statutory Auditors was always represented.

Upon invitation of the Committee, external members also took part in its meetings in order to discuss specific items on the agenda, for which their participation was deemed appropriate.

For the current Fiscal Year, a number of no less than 6 meetings is provided, 3 of which already took place. The meetings of the Committee were duly minuted and the Chairman of the Committee gave the information on the first possible Board meeting.

Competence of the Appointments and Remuneration Committee

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

As far as the appointment of directors, the Committee shall:

- (a) Submit to the Board of Directors candidates for directors' offices if, during the Fiscal Year, one or more directors cease to hold office (Art. 2386, par. 1 of the Italian Civil Code), ensuring respect for the provisions on the minimum number of independent directors and on the positions reserved to the less-represented gender;
- (b) Submit to the Board of Directors, upon proposal of the CEO, in agreement with the Chairman, the candidates for the corporate offices: (i) of the direct subsidiaries; and (ii) of the indirect subsidiaries included in the consolidation scope, whose turnover is individually equal or superior to € 5 million. The proposal formulated by the Committee is mandatory;
- (c) Elaborate and propose/formulate:
 - Annual self-assessment procedures for the Board of Directors and its Internal committees;
 - Opinions on the maximum number of directors or statutory auditors held in other companies listed in regulated stock exchanges (also foreign), in financial, banking, insurance or other large companies, that can be considered compatible with an effective conduct of the role of

director of the Company or its subsidiaries, taking into account the attendance by the directors to the committees set up within the Board;

- Assessment criteria of the professionalism and independence requirements of administrative directors of the Company and its subsidiaries;
- Opinions to support the evaluation of the Board of Directors regarding specific problematic circumstances in the presence of a general and pre-emptive authorisation to derogate the ban on competition provided for in Art. 2390 of the Italian Civil Code.
- Opinions to the Board of Directors in relation to the size and composition of the Board and recommendations regarding the professional and managerial figures whose presence on the Board is deemed advisable;
- Opinions to the Board of Directors with regard to the succession plan of directors and managers with strategic responsibilities approved by the Company.

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

- Selection and co-option of a new member of the Board of Directors, Carlo Micchi;
- Support to the Company in the conclusion of the consultancy agreement with Carlo Micchi, CFO and Financial Reporting Officer;
- Drafting of the annual self-assessment procedure.

It is noted that, following the resignation of director Graziella Cappellini, the Appointments and Remuneration Committee was composed only of director Giorgio Mosci (Chairman), who, as such, supported the Company in the selection phase of a new member of the Board (subsequently identified in Silvia Olivotto) and in the co-option phase.

As far as the remuneration of directors and managers with strategic responsibilities are concerned, the Appointments and Remuneration Committee shall:

- (a) Draft the remuneration policy for directors and managers with strategic responsibilities, to be submitted for approval to the Shareholders' Meeting upon approval of the Board of Directors, reviewing it at least once a year;
- (b) Submit to the Board of Directors' approval the remuneration report to be submitted to the Shareholders' Meeting called for the approval of the financial statements, pursuant to the Law; for this purpose, in this occasion, it shall refer on the exercise modalities of its functions to the Meeting, via the Chairman of the Committee or via any other delegated member;
- (c) Assess the content of the vote regarding the remuneration expressed by the Shareholders' Meeting in the previous fiscal year and express its opinion to the Board of Directors;
- (d) Formulate proposals or express opinions regarding the remuneration of the Intra-Board Committees established by the Board of Directors;
- (e) Express opinions, also on the base of the CEO's indications, regarding:
 - General criteria for the remuneration of managers with strategic responsibilities;
 - General guidelines for the remuneration of other managers of the Company and its subsidiaries;
 - Annual and long-term incentive plans, also stock-option plans;
- (f) Express opinions, also on the basis of the CEO's proposals, regarding the definition of performance objectives and the reviewing of corporate results; propose the definition of claw-back clauses connected to the implementation of incentive plans and to the determination of variable remuneration for directors with proxies;

- (g) Propose the definition, as far as directors with proxies are concerned, i) of the indemnity to be granted in the event of termination of office and ii) of the non-competition agreements in line with the principles set forth in the policy;
- (h) Monitor the application of the decisions adopted by the Board of Directors; assess periodically the adequacy, the overall coherence and the actual application of the policies adopted, relying for this purpose on the information provided by the CEO, formulating related proposals to the Board of 10
- (i) actions related to remuneration:
 - Distribution of the remuneration among the members of the Board of Directors on the basis of the total remuneration approved by the Meeting;
 - Assessment of the remuneration of Mr Carlo Micchi as advisor to the Company;
 - Supporting the Company pursuant to the general remuneration policy adopted by the Company itself;
 - Adjustment of the "Stock-Option Plan 2018-2021 - Long-term Incentive Plan" and of the "Stock-option Plan 2018-2021's Regulation" following the transfer of the Media Area of the Group, which followed in turn the amendment to the Industrial Plan.

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

In the performance of its functions, the Appointments and Remuneration Committee has the power to access the necessary information and company functions, as well as, under the conditions established by the Board, to make us of external consultants who are not in a position to compromise their autonomous judgement.

Taking into account the activities performed by the Appointments and Remuneration Committee, on 25 July 2019, the Board of Directors resolved to provide to the Committee an annual budget of € 10,000, to this day not yet spent.

8. REMUNERATION OF DIRECTORS

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

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

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

The Shareholders' Meeting of 11 May 2018 determined, with regard to the three-year term of the Board of Directors, as overall annual remuneration for the Board's members, an amount of € 315,000. The Shareholders' Meeting of 30 April 2019 resolved to increase said amount to € 335,000, due to the

intense activity carried out by the Board of Directors and, more specifically, by the Internal Control, Risk and Related Parties Committee in 2018, as well as because of the strategic lines included in the new Industrial Plan 2019-2021 and of the transaction concerning the transfer of the Media Area, which entails that, for the remaining years of the term, the activities of the Board of Directors and of the Internal Control, Risk and Related-Parties Committee shall remain quite intense. The Board of Directors, after hearing the opinion of the Appointments and Remuneration Committee and of the Board of Statutory Auditors, resolved, on 14 May 2019, to remunerate each director with the amount described in the Remuneration Report, within the limits set by the aforementioned Meeting.

For more information, see the Remuneration Report, which shall be made available on the website of the Company in the Corporate Governance - Shareholders' Meetings section (23 April 2019).

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

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

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

9. INTERNAL CONTROL, RISK AND RELATED-PARTIES COMMITTEE

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

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

As at the date of this report, the Internal Control, Risk and Related-Parties Committee is composed of two independent non-executive directors: Silvia Olivotto, as Chairwoman, and Giorgio Mosci. Mr Giorgio Mosci and Ms Silvia Olivotto possess adequate knowledge and experience in financial, accounting and/or risk management policies and received a gross annual remuneration for their activities, as resolved by the Board of Directors on 11 May 2018 and as updated on 14 May 2019.

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

It is noted that, on 11 May 2018, the Board of Directors of the Issuer had appointed as member of the Committee the independent director Graziella Capellini, as its Chairwoman. Graziella Capellini, however, resigned from her administrative office on 25 January 2019. On 4 February 2019, the Board of Directors co-opted Silvia Olivotto as independent director, appointed her on the same date as the Committee's Chairwoman.

The Internal Control, Risk and Related-Parties Committee uses its own internal regulation, which governs its composition and appointment, its operating procedures, its tasks, its powers and its means. Pursuant to the Committee's Regulation, its meetings shall be chaired by the the Chairman/woman or, in the event of its absence or unavailability, by the most senior member present. The Chairman/woman shall program and coordinate the activities of the Committee, represent it, chair and conduct its meeting, as well as inform the Board of Directors of the resolutions adopted and of the activities carried on by the Committee at the first relevant meeting.

The Committee shall meet with the necessary frequency in order to carry out its functions, and in any case at least every three months.

The Committee's meetings are attended by the Chairman/woman of the Board of Statutory Auditors or by a standing statutory auditor delegated in its place; furthermore, upon invitation from the Committee's Chairman/woman, other parties can participate too, in order to provide information and competency assessments with reference to the individual items on the agenda.

Any document regarding the agenda of each Committee's meeting shall be communicated by the Secretary via e-mail to the addresses provided by the members of the Committee, as well as via any other mean agreed upon at least three days before the meeting's date, save in exceptional cases.

The Committee shall be validly summoned in the presence of at least the majority of its components in office, and shall take its resolutions by an absolute majority of those presents. In the event of a tied vote, the vote of the Committee's Chairman/woman shall prevail.

The Secretary shall keep the minutes of every meeting. The minutes shall be signed by the Chairman/woman of the meeting and by the Secretary, and shall be made available to the Board of Directors, to the Board of Statutory Auditors and to the Internal Auditor through the Corporate Secretary.

The Committee shall report to the Board of Directors at least once every year on its activities, and in any case not after the term for the approval of the financial report. Furthermore, following each meeting, the Committee shall update the Board of Directors of the number of meetings held; this shall be done in the first meeting possible via a communication.

During this Fiscal Year, the Internal Control, Risk and Related-Parties Committee held 16 meetings of about 80 minutes each.

During the Fiscal Year, all the members of the Committee constantly took part in the meetings and the Board of Statutory Auditors was always represented.

Upon invitation of the Committee, external members also took part in its meetings in order to discuss specific items on the agenda, for which their participation was deemed appropriate.

For the current year, at least 3 meetings of the Committee are expected, other than the 5 meetings which already took place up until 30 March 2020. The meetings of the Committee were duly minuted and the Chairman of the Committee gave the information on the first possible Board meeting.

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

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

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

- (a) Give its preliminary assessment and formulates proposal about:
 - (i) The definition of the guidelines of the internal control and risk management system, in order to ensure that the risks for the Company and its subsidiaries are correctly identified and adequately measured, managed and monitored, also assisting the Board of Directors in determining the degree of compatibility of these risks with a management of the Company which is consistent with the identified strategic objectives;
 - (ii) The assessment by the Board of Directors of the main corporate risks, identified by taking into account the specific characteristics of the activities carried out by the Company and its subsidiaries;
 - (iii) The approval, at least once a year, of the Audit Plan drafted by the Internal Auditor;
 - (iv) The description, within the Report on corporate governance, of the main characteristics of the risk management and internal control system and of the procedures for coordination between the interested parties, expressing as well its evaluation of its overall adequacy; and
 - (v) The assessment of the results presented by the Auditing Company in the suggestions letter, if any, and in the report on key matters arising from the statutory audit.
- (b) Give its opinion about the proposals concerning the appointment, the termination and, in accordance with company policies, the definition of a fixed and variable remuneration's structure for the Internal Auditor; assess the existence of the requirements of good standing, professionalism, competence and experience, as well as the adequacy of the resources appointed to the Internal Auditor for the performance of his/her duties; in the event that this function were assigned to an external entity, assess the existence of the requirements of professionalism, independence and organisation, as well as assessing whether the outsourcing choice is adequately motivated or not;
- (c) Express opinions to the Board of Directors on specific aspects relating to the identification of the principal risks for the company;
- (d) Assess and give its opinion on the adoption and amendment of transparency rules and of the substantial and procedural correctness of the related parties' transactions, as well as of those transactions in which a directors or an auditor carry an interest, directly or on behalf of thirds, carrying out the other tasks appointed to it by the Board of Directors, also with regards to the assessment and issue of a non-binding, motivated opinion about specific types of transactions, with the exemption of those concerning the remuneration, pursuant to the procedure of the transactions with related parties approved by the Board of Directors. For the purpose of issuing its opinion, the Committee shall be able to request the assistance of independent experts of its own appointment through the acquisition of specific appraisals, legal reports and fairness opinions;
- (e) Deliver an opinion on the main lines of the internal regulation, to be presented for approval to the Board of Directors, their relevant amendments or adjustments, as well as, upon request of the director responsible for the internal control and risk management risk system, on specific aspects concerning its implementation; and
- (f) Report at least once every six months to the Board of Directors, on the approval of the half--year and of the annual report, on the activities performed and on the adequacy of the internal control and risk management system.

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

- (a) Evaluate together with the Executive Officer for Financial Reporting and the Board of Statutory Auditors, the correct utilization of the accounting principles and their consistency for the purpose of the preparation of the consolidated balance sheet, upon approval of the Board of Directors;
- (b) Assess and evaluate the Reports drafted by the CFO/Executive Officer for Financial Reporting, delivering to the Board of Directors its opinion regarding the adequacy of the powers and means appointed to the executive officer itself and the actual respect of the administrative and accounting procedures, so as to allow the Board of Directors to carry out its supervisory tasks set forth by the law on the subject;
- (c) Support, upon the Board of Directors' request, with suitable preliminary activities, the valuations and decisions of the Board of Directors with regard to the risk management of prejudicial facts of which the Board of Directors has become aware;
- (d) Oversee the independence, adequacy, effectiveness and efficiency of the Internal Auditor, supervising its activities with regard to the tasks that the Board and, on its behalf, the Chairman, holds on the subject, in order to ensure that these tasks are carried out with the necessary independence requirements, as well as with the due objectivity, competence and professional diligence, pursuant to the provisions set forth in Giglio Group S.p.A. Codes of Ethics and to international Standards. More specifically, the Committee shall:
 - (i) Assess the results of the audit activities carried out by the Internal Auditor;
 - (ii) Assess the periodical reports drafted by the Internal Auditor and containing adequate information on the activities carried out, on the modalities of the risk management, on the respect of the plans set forth for their mitigation, as well as on the suitability of the internal control and risk management system; it shall also assess the prompt reports drafted by the Internal Auditor on particularly significant events;
 - (iii) Assess the information received by the Internal Auditor and promptly express to the Board of Directors its evaluations in the event of:
 - Serious deficiencies in the irregularities and fraud prevention system or irregularities or frauds perpetrated by members of the direction or by employees with relevant roles in the design and management of the internal control and risk management system;
 - Circumstances that may jeopardise the independence of the Internal Auditor and of auditing activities in general;
 - (iv) Request to the Internal Auditor to carry out assessment of specific operational areas, promptly notifying the Chairman of the Board of Statutory Auditors and the director responsible for the internal control and risk management system;
- (e) Assess and evaluate:
 - (i) The communications and the information received by the Board of Statutory Auditors and by its members, as well as by the director responsible for the internal control and risk management system;
 - (ii) The internal control and risk management system, also with regard to the outcomes of the preliminary activities carried out by the Internal Auditor against reporting, also anonymous;
 - (iii) The half-yearly reports issued by the Supervisory Board, also as Guarantor of the Code of Ethics, as well as the information promptly release by the Board, upon notification to the

Chairman of the Board of Directors and to the CEO, regarding any particularly significant or material event that occurred while carrying out the tasks assigned to it;

- (iv) The disclosures on the internal control and risk management system, also in the context of periodical meetings with the various structures of the Company;
 - (v) The inquiries and the assessment carried out by third parties regarding the internal control and risk management system.
- (f) Supervise the activity of the Legal and Corporate Affairs Office of the Company in the event of criminal investigations ongoing in Italy and/or abroad for crimes perpetrated important personnel of the Company in its own interest.

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

As shown in the procedure for the conduct of related party transactions approved by the Board of Directors on 31 May 2017 as amended, pursuant to the Consob Regulation's resolution no.17221 of 12 March 2010, an important role of the Committee is the preparation of measures and systems aimed at ensuring transparency and fairness to the transactions with related parties in the approval of these transactions.

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

- Assess and evaluate the periodical financial reports;
- Evaluate the correct use of the accounting standards for the drafting of the periodical financial reports;
- Evaluate the internal control and risk management system of the Company;
- Assess and evaluate the reports made available by the Supervisory Board;
- Assess the audit plans and the reports made available by the Internal Auditor;
- Control the correct adjustment of the Company to the legislation concerning the Transactions with Related Parties;
- Control and deliver its opinion on the negotiation and renegotiation activities of the bonds and of the standing loans;
- Control and deliver its opinion on the actions of the Company for the purpose of collecting the VAT receivables owed to the Group;
- Control the adequacy of the succession procedure and the procedure concerning standing loans;
- Deliver its opinion on the participation of the majority shareholder into a share capital increase;
- Control and deliver its opinion on the risks of the Company with regards to the transfer of the Media Area.

The Board of Statutory Auditors was represented in all meeting of the Committee, as set forth in the regulation of the Committee.

Taking into account the activities performed by the Internal Control, Risk and Related-Parties Committee, on 25 July 2019, the Board of Directors resolved to provide to the Committee an annual budget of € 10,000, which has yet to be spent.

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

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

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

The Company has adopted an internal control and risk management system that integrates the risk management and the internal control systems, given the impossibility to consider these two systems in a separate way as far as the financial reporting process is concerned. This system aims at ensuring the reliability, accuracy, dependability and timeliness of the financial reporting.

The internal control system is an integral part of the financial reporting process, and is included in the wider context of the internal control and risk management system. In general, the internal control system put in place by the Company is aimed at ensuring the safeguarding of corporate assets, the regulatory compliance, the efficiency and effectiveness of the corporate operations, as well as the reliability, accuracy and timeliness of the financial reporting itself.

The internal control system has the objective of identifying and assessing the events capable of compromising, should they occur, the reliability, accuracy, dependability and timeliness of the financial reporting, as well as the capacity of the process of preparation of the financial statements as a whole to produce a financial reporting pursuant to the accounting standards of reference.

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

The accounting-administrative procedures for the preparation of the financial statements and of any other financial report are developed under the responsibility of the Financial Reporting Officer who, together with the Chairman of the Board of Directors, shall assess its adequacy and effective application during the creation of the financial report, the consolidated financial statements and the half-year financial report of the Company.

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

The Internal Control, Risk and Related-Parties Committee includes, amongst its structural elements, the internal control system related to the process of Financial Reporting's creation. The latter is aimed at ensuring the reliability, accuracy, dependability and timeliness of the financial reporting itself.

As an answer to the adjustment opportunity of some corporate procedures highlighted upon the listing, the Company had provided for a detailed action plan, foreseeing the update of the procedures et forth in Law 262 of 2005 and the adoption of a new management, accounting and administrative reporting

system. The Company has carried said action plan forward, adopting and integrating a mechanism of management reporting and updating the main procedures set forth in Law 262 of 2005.

Over the course of the financial year, the Company started a transformation process related to the assessment and transfer of the Media Area on the one hand, and to the focus on the e-commerce area on the other hand, also through the acquisition of an operator who is already present on the market. Said process has been taken into account, also for the purpose of adapting the action plan created upon the listing.

Currently, the action plan is being finalised by completing the update of the procedures on all subsidiaries and extending said procedures also to the asserts recently acquired.

The assessment of the adequacy of the administrative-accounting procedures has been carried out on the basis of the methodological rules used by international practices; moreover, integrative control procedures have been carried out for the creation of the consolidated financial statements at 31 December 2019.

Pursuant to the best practices of the sector, in order for the administrative and accounting procedures to be considered an adequate tool for addressing and controlling the financial reporting process and any other financial notification, the Company used an assessment framework for the adequacy and efficacy of the internal control system in the different corporate processes.

The aforementioned system of administrative and accounting procedures, together with the assessment framework, have been developed by the Issuer for the purpose of assessing the "adequate and actual application of the administrative and accounting procedures for the creation" of the financial statements pursuant to Art. 154-bis of the CFA. For the execution of his tasks, the Financial Reporting Officer relied on the support of the manager responsible for the internal process in order to ensure the actual implementation, monitoring and update of the internal control and risk management system in relation to the financial reporting process.

In the light of the above, the internal control and risk management system, in relation to the financial reporting process, has been realised in three main phases:

- Risks identification and assessment;
- Controls identification and documentation;
- Controls assessment and verification of the actual application of administrative-accounting procedures.

The methodology adopted for the development of the assessments ensures the traceability of the functionality itself. With regard to the identification and assessments of the risks for the financial reporting, the Issuer has carried out its own analyses and audit activities on the companies within the Group, according to an intervention plan guided by the significance of the turnover and assets levels. Moreover, a rotation of the analyses and assessment activities was planned, including in it all the companies within the Group, regardless of their quantitative contribution to the creation of the consolidated financial statements.

The risks, identified and assessed pursuant to international risk assessment practices, concern both the operational processes that feed the accounting entries in general, with a view both to prevent the accuracy and completeness errors and to prevent frauds. The assessment of the "pertinence" of the risks is qualitative, and was carried out with regard to the materiality and nature of the entries.

With regard to the identification and documentation of controls, the reference frameworks were developed in correspondence of the processes identified in the previous phase, with a risk-based

representation of the internal controls and by analysing the existing documentation and the information obtained through interviews with the individuals responsible for the controls.

With regard to the assessment of controls and the actual application of the administrative-accounting procedures, the first and second tier controls have been taken into account for those processes feeding the main entries. The adequacy and efficacy assessments of the controls for mitigating the risks are of a qualitative type and are focused on the operating processes related to the material entries; moreover, taking into account the organisational transformation scope of the Issuer and the simultaneous remodulation of the corporate information systems, ad hoc assessments for the integrative control procedures were carried out in order to verify the statements of the consolidated financial statements at 31 December 2019.

Moreover, over the course of 2019, the Company updated its administrative-accounting procedure pursuant to the Law 262 of 2005, as well as to the recommendation of the Committee upon the approval of the Annual Report on the Internal Control and Risk Management System.

Roles and Functions Involved

The Board of Directors shall define the guidelines of the Internal Control and Risk Management System, so that the main risks concerning the Company or its subsidiaries shall be correctly identified, monitored and managed. For this purpose, the Board shall verify once a year the adequacy of the Internal Control and Risk Management System.

The Board shall rely on the support of the Internal Control, Risk and Related-Parties Committee, which shall issue its opinions on the main activities of the Internal Control and Risk Management System, as well as approve the Annual Audit Plan, contributing to the identification and mapping of risks.

The director in charge of monitoring the functions of the entire system, i.e. the CEO, shall be the individual in charge of governing the Internal Control and Risk Management System.

The internal control and risk management system for the financial reporting is governed by the Financial Reporting Officer, who, appointed by the Board of Directors, is responsible for implementing the update of the Administrative and Accounting Control Model, as well as for assessing its application, issuing thereon a certification regarding the annual and half-yearly financial report, as well as the consolidated financial statements. Moreover, the Financial Reporting Officer is responsible for the creation of adequate administrative and accounting procedures for the creation of the financial statement and the consolidated financial statement.

The Financial Reporting Officer, while carrying out his activities:

- Interacts with the Internal Auditor, who carries out independent assessment regarding the functionality of the control system;
- Relies on the heads of functions involved who, each with regard to his/her own area of expertise, ensure the completeness and reliability of the information flows towards the Financial Reporting Officer for the purpose of creating the financial reporting;
- Establishes a mutual exchange of information with the Internal Control, Risk and Related Parties Committee and the Board of Directors concerning the use of accounting standards and their homogeneity for the purpose of drafting the consolidated financial statements, as well as the adequacy of the internal control and risk management system; moreover, it periodically reports to the Board of Statutory Auditors, to the Supervisory Body and to the Board of Directors with regard to the adequacy and reliability of the administrative-accounting system.

The Internal Auditor shall collaborate with the Financial Reporting Officer and the Board of Directors for the identification and monitoring of the risks. Moreover, it is noted that the Board of Directors shall approve once a year the Annual Audit Plan, after hearing the Board of Statutory Auditors and the Internal Control, Risk and Related-Parties Committee. The Audit Plan has been approved on 25 July 2019 by the Board of Directors, upon positive opinion of the Internal Control, Risk and Related Parties Committee.

The Internal Control and Risk Management Committee assesses every six months the internal control and risk management system, reporting to the Board of Directors about its activities. The Committee relies on the help of the Internal Auditor and of the Supervisory Body in the assessment of the system, pursuant to Legislative Decree no. 231/2001, as well as of the Data Protection Officer, of the Financial Reporting Officer, of the Board of Statutory Auditors, by the Auditing Company and by the Director responsible for the system itself. The Board of Directors, endorsed the report of the Committee once a year, acknowledging its contents and, if appropriate, adopting its recommendations. The Internal Control and Risk Management System was deemed substantially adequate for the structure and the size of the Company. The Internal Control, Risk and Related-Parties Committee, both in the half-yearly and in the annual report, advised the Company to carry out some significant activities aimed at improving the system by making it more adequate as far as the current laws and regulations are concerned, as well as for the purpose of concluding the adaptation plan prepared upon the listing and the update of the procedures on all subsidiaries.

Over the course of the annual assessment, the Board of Directors has adopted the observations of the Committee.

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

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

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

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

The function of internal auditor has been appointed, for the three-year period 2017-2019, to the company Mazars Italia S.p.A., which shall carry out the following activities: (i) entrust the responsibility of the internal auditor's functions to Mr Stefano Gnocchi; and (ii) assist the Financial Reporting Officer and the Company in the execution of the audit plan.

Moreover, the assistance to the Financial Reporting Officer includes: (i) the definition of an intervention schedule; (ii) the selection of the control sample to be tested for every company within the scope of the intervention; the execution of the scheduled assessment activities; (iii) the drafting of the final memorandum and their submission to the Financial Reporting Officer; (iv) the creation of action plans for the resolution of any eventual non-conformity recorded.

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

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

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

- (a) To periodically assess the Internal Control and Risk Management System;

- (b) To develop the audit plan on a three-year and annual basis, which entails the execution of the following activities: (i) carrying out the assessments according to the schedule set forth in the audit plan; (ii) developing worksheet to support the auditing activities and conclusions; (iii) carrying out assessments upon request of the administrative and control bodies; and (iv) supporting the director responsible of the internal audit in his/her assessments.
- (c) To assess the functionality and the coherence of the internal control system and of the risk management system;
- (d) To develop periodical reports on the activities carried out and on the results obtained, as well as to submit said reports to the relevant corporate bodies; and
- (e) To assess the reliability of the information and accounting system.

Taking into account the type of activities carried out by the Internal Auditor, the Company did not deem it necessary to provide said Auditor, who shall be remunerated as consultant, with any predetermined spending ability.

On the basis of the Internal Audit Plan approved by the Board of Directors on 25 July 2019, the assessment activities scheduled for the analysis period have been carried out and any eventual criticality has been identified, as well as the relevant corrective actions, in accordance with the defined risk profiles and the corporate objectives.

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At the reporting date, the Internal Auditor assessed the following areas:

- Internal Dealing;
- Market Abuse;
- Insider List Register;
- Regulation 679/2016 (GDPR);
- Conformity of administrative-accounting processes pursuant to Law no. 262 of 2005 and risks connected to operating business processes;
- Risks related to the business growth and risk related to the estimates/forecasts of earnings or expected growth;
- Risks related to the customers concentration and to the agreements' dependency;
- Risks related to the implementation of development strategies and future programmes;
- Risks related to the financial exposure and to the monitoring of the economic and financial balance in the short and long-term;
- Risks related to the tax exposure of the Group and to the monitoring tools adopted;
- Management Control's reporting processes;
- Risks related to the workforce.

Following the results exhibited by the Internal Auditor, the Company's management developed an action plan to address the following points:

- Compliance with GDPR Privacy obligations (Regulation 679/2016);
- Finalisation of the formalisation of internal procedures.
- Adjustment of the administrative/accounting and management reporting systems and their procedures to the new application platform;

The Internal Auditor carried out the follow-up activities provided for in the Audit Plan, aimed at monitoring the corrective actions put into force by the Company. The Internal Auditor analysed the developments that intervened on the aforementioned points, finding:

- A partial compliance of the internal procedures with GDPR Privacy obligations (Regulation 679/2016);
- The finalisation of the internal procedures subject to audit;
- The adjustment of the administrative/accounting and management reporting systems and their procedures to the new application platform, pursuant to the work plan agreed upon.

Periodical and specific information flows were produced for the various organisational levels on the activities carried out and their results. Upon completion of the assessment activity, the recommendations of the Internal Auditor have been shared with the management, which swiftly strived to programme the corrective actions. The Internal Auditor monitored the whole management risk system, as well as the corrective actions identified.

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

[The Board of Directors, in accordance with the methods and terms prescribed by Art. 2.2.3, par. 3, letter j) of the Borsa Regulation, on 19 May 2017, approved the "Organization, Management and Control Model" pursuant to Art. 6 of Legislative Decree no. 231/2001, as amended (hereinafter referred to as the "**Model**"). The Model was drafted in accordance with the guidelines set forth by Confindustria while complying with the relevant case law and best practices. By adopting and efficiently implementing the Model, the Company shall be free from any administrative liability arising from crimes committed by top managers and by individuals supervised and managed by the same, put in place in the interest or for the benefit of the Company.

The Model includes the mapping of the corporate procedures with potential crime risk and provides for a series of rules of conduct, procedures and control activities, as well as a system of powers and proxies aimed at preventing the criminal activities described in Legislative Decree 231/2001 in the mapped processes. Furthermore, the Company adopted a disciplinary system applicable in the event of the violation of the Model.

For the purpose of assessing the adequacy and efficacy of the Model, pursuant to the provisions set forth in Art. 6, par. 1, letter b) of the Legislative Decree 231/2001, a Supervisory Body has been established, composed of two external members, Mr Mario Ippolito as representative of the consulting company Professional Governance Overview S.r.l. (PGO) and Mr Stefano Gnocchi, as representative of the consulting company Mazart Italia S.p.A., as well as by Mr Giorgio Mosci, independent director of the company, who were appointed in this office until the approval of the financial statement of 31 December 2020.

The Supervisory Body shall:

- (i) Survey the efficacy of the Model to ensure that behavioural patterns implemented inside the company comply with the provisions of the same;
- (ii) Verify the adequacy and effectiveness of the Model in preventing the criminal violations referred to in the Decree;

- (iii) Evaluate any proposal of update and/or revision of the Model before their adoption; use its best endeavours to make the Board of Directors to keep constantly updated the Model in order to adapt it to corporate and legislative changes;
- (iv) Carry out verification and spot checks provided for in the Model for all members of the Supervisory Board.

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

- (a) Periodically verify the mapping of areas at risk annexed to the Model in order to propose to the Company to realise the necessary amendments upon its update;
- (b) Periodically verify, on the basis of an annual programme communicated to the Board of Directors, the effectiveness of the Model and the adequate application of its procedures and controls;
- (c) Based on this assessment process, prepare an annual report to be submitted to the Board of Directors highlighting the activities performed, the results of the assessments, any additional correction suggested and their development;
- (d) Coordinate with other functions (also with meetings held for the purpose) for the purpose of:
 - (i) An exchange of information aimed at keeping updated the areas at risk of crimes;
 - (ii) Constantly monitoring the risk profile of the activities performed by the Company and their evolution;
 - (iii) monitoring the various aspects regarding the implementation of the Model;
 - (iv) making sure that the corrective actions necessary to make the Model effective and adequate are undertaken promptly; gathering, elaborating and storing all relevant information received with regard to the Model;
 - (v) promoting initiative for the training of the Model's addressees and for its communication and dissemination.

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

The Model was updated throughout the years in order to take note of the updates introduced by the legislator each time.

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

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

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

During the Fiscal Year, the Supervisory Board held 7 meetings. As at the date of this Report, the Board of Directors did not consider it necessary to grant the functions of the Supervisory board to the Board of Statutory Auditors.

10.4 INDEPENDENT AUDIT FIRM

On 1 December 2017, the Shareholders' Meeting, upon reasoned proposal of the Board of Statutory Auditors, entrusted the independent audit firm Ernst & Young S.p.A., with registered office in Via Po 32, Rome, with the office of performing the activity of legally auditing the financial statement's accounts, auditing the financial statement, verifying the accounting records and all relevant fulfilments as provided by law for Fiscal Years 2017-2025.

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

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

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

10.5 FINANCIAL REPORTING OFFICER

On 3 September 2018, the Board of Directors of the Company appointed Massimo Mancini as Financial Reporting Officer, pursuant to Art. 154-*bis* of the Consolidated Act.

For the purpose of streamlining and distributing the corporate offices, on 14 May 2019, the Board of Directors of the Company appointed director Carlo Micchi, pursuant to Art. 154-*bis* of the Consolidated Act, with the favourable opinion of the Board of Statutory Directors, in substitution of Director and General Manager Mr Massimo Mancini, as Financial Reporting Officer, in fulfilment of the requirements of professionalism as provided by Art. 26 of the By-laws and of the requirements of good standing set forth in Art. 148, par. 4 of the Consolidated Act.

The Board of Directors vested the Financial Reporting Officer with all the power and means necessary for the exercise of the tasks attributed by the current law and By-laws, including the direct access to all functions, offices and information required for the creation and assessment of the accounting, financial and economic data, without the need of any prior authorisation.

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

As at the date of the Report, the Issuer has not yet assessed the adoption of specific coordination procedures between the individuals involved in the internal control and risk management system, believing that its bodies and function are sufficiently and efficiently integrated between them and no duplications of tasks exist. Moreover, it is reported that the Company has adopted, upon initiative of the Board of Statutory Auditors, the practice to carry out once a year a plenary meeting involving all the control bodies. The occasion is useful as it allows for a simultaneous confrontation between all the bodies involved and a sharing of each function's experience, for the purpose of improving: (i) the information flows; (ii) the efficacy of the Internal Control and Risk Management System.

11. DIRECTORS' INTERESTS AND RELATED-PARTIES TRANSACTIONS

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

In compliance with what suggested by Consob Communication DEM/10078683 of 24 September 2010, the Procedure shall be subject to annual reassessment and, finally, it has been object of verification and update by the Board of Directors on 14 May 2019.

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

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

The Procedure provides for, among other things:

- The definition and identification of intra-group transaction, of transactions with other related parties, of atypical and unusual transactions and of transactions to be concluded at standard conditions, pursuant to Consob applicable provisions;
- The stipulation of resolution principles regarding intra-group and related-parties transaction providing for, among other things, the reservation of exclusive responsibility to the Board of Directors for resolutions regarding quantitative limits for any proxy to one or more directors

of the decision and implementation of the aforementioned transactions, to be reported to the Board in the first possible meeting;

- The provision that the Board shall adopt all relevant resolutions, after an examination and on the basis of adequate information concerning the nature of the transaction, regarding the manners in which the transaction will be executed, the prerequisites - also economic ones - for its implementation, the assessment process adopted, the justification of the transaction, the underlying interests and any risk to the Company;
- The provision of an information procedure, pursuant to Art. 150 of the Consolidated Act, for the quarterly communication to the Board of Statutory Auditors on behalf of the Board of Directors of intra-group and related-parties transactions.

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

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

12. APPOINTMENT OF THE BOARD OF STATUTORY AUDITORS

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

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

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

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

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

candidates. The call of the Meeting shall indicate the percentage required for the purpose of presenting a slate.

Shareholders cannot present or contribute to present, not even through a third party, more than one slate. Furthermore, those shareholders who: (i) belong to the same group (or, pursuant to Art. 93 of the Consolidated Act, are in a relationship of control with one another or are subject to joint control), or (ii) are party to a relevant shareholders' agreement, pursuant to Art. 122 of the Consolidated Act, regarding the shares of the Company, or (iii) are party to a shareholders' agreement and, as provided by the law, control, are controlled by or are subject to the joint control of one of the shareholders, cannot present or contribute to present more than one slate nor can they vote for different slates. Support for the filing of a slate and votes cast in violation of this prohibition shall not be attributed to any slate.

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

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

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

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

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

- a) From the slate that has obtained the highest number of votes, based on the progressive order with which they are shown on the slate, two statutory auditors and an alternate auditor are elected, subject to the applicable gender equality laws and regulations;

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

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

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

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

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

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

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

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

On the replacement of a standing auditor, where more than one slate has been presented, the alternate auditor from the same slate shall be appointed, which must however comply with legislative and regulatory provisions on gender equality. In the replacement however of a standing auditor of the minority slate, the next candidate shall be appointed, according to the original presentation order and without taking into account the original standing or alternate auditor candidates, belonging to the same slate of the auditor resigning, or where this is not possible, the first candidate of the minority slate which obtained the second highest number of votes is elected, which must comply however with legislative and regulatory provisions on gender equality. In all other cases, including the lack of candidates on the slate, the Shareholders' Meeting appoints the standing or alternative auditors in order to supplement the Board of Statutory Auditors by majority vote.

Where the Shareholders' Meeting is required to appoint standing and/or alternative auditors to supplement the Board of Statutory Auditors the following procedures apply: where auditors elected from the majority slate are to be replaced, the appointment is made with the favourable votes of a relative majority without being tied to a slate, which must however comply with legislative and

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

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

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

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

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

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

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

Slate number 1) was composed of the following candidates:

- Monica Mannino, born in Palermo on 18 October 1969, statutory auditor;

- Marco Andrea Centore, born in Casorate Primo (PV) on 28 June 1982, statutory auditor;
- Corrado Luigi Totucci, born in Milan on 20 June 1965, statutory auditor;
- Gianfranco Bertolini, born in Genoa on 27 February 1961, substitute auditor.
- Slate number 2) was composed of the following candidates:
- Cristian Tundo, born in San Pietro Vernotico (BR) on 25 October 1972, statutory auditor;
- Stefano Mattioli, born in Parma on 6 May 1967, substitute auditor.

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

The candidates of slate number 1) were elected with the favourable vote of 8,820,302 shares and the candidates of slate number 2) were elected with the favourable vote of 1,588,948 shares. With reference to the slate proposed, no votes against were expressed. The capital attending the Meeting and with a right to vote was 64.89% of the whole share capital.

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

Name and Surname	Office	Term: From	% Participation to the Board's Meetings
Cristian Tundo	Chairman	11 May 2018	100%
Monica Mannino	Statutory Auditor	11 May 2018	100%
Marco Andrea Centore	Statutory Auditor	11 May 2018	94%
Cristina Quarleri	Alternate Auditor	11 May 2018	0%
Stefano Mattioli	Alternate Auditor	11 May 2018	0%

A third of the Board of Statutory Auditors is composed of the less-represented gender.

Below, a brief summary of the personal and professional characteristics of each auditor pursuant to Art. 144-*decies* of the Issuers' Regulation.

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

Monica Mannino. Born in Palermo, Monica now lives in Milan, where she is a partner at Bignami Associati. She graduated with a first-class degree in Business Management from Bocconi University in Milan in 1994. She works in business, corporate and tax consultancy for Italian and international joint stock companies, with a particular focus on: corporate governance, drafting of financial statements and consolidated financial statements, Italian and international tax issues, appraisals and technical consultancy. In 2016, she took the ASSOGESTIONI Induction course for independent administrators and auditors for listed companies. She obtained a Masters diploma in Corporate

Governance at Sole 24 Ore, a Masters in Fiscal Offences and a postgraduate diploma in Corporate Governance. She is a Statutory Auditor and, since 2004, a Technical Consultant to the Public Prosecutor's Office in Milan, where she has completed numerous appointments. She is a member of the Governance Committee for listed companies and the Equal Opportunities Committee of the Order of Chartered Accountants of Milan. From 1996 to the present, she has taken the role of Chair or acting member of the Board of Auditors of listed and non-listed firms, operating in various sectors, both Italian-owned and belonging to foreign multinationals.

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

Cristina Quarleri. Economics and Commerce graduate at Bocconi University (Milan) in 1989, she became chartered accountant in 1994 and auditor in 1995. Partner of KPMG S.p.A. ever since 2001, where she gained experience with Italian and international clients, Ms Quarleri is also a member of the coordinators of the Committee for the relations with the Professional Associations of Assirevi, and served as member of Milan's Association of certified accountants from 2008 to 2016, as well as statutory auditor for the same Association.

Stefano Mattioli. Economics and Commerce graduate at Parma University in 1991, he became chartered accountant in 1995 and auditor in 1999. Starting from 1999, he became partner and founder of the Studio Alinovi, Guiotto, Ferrari and Mattioli. He mainly focuses on administrative, fiscal and tax consultancies for medium- and large-scale industrial companies. He gained experience in the Boards of Statutory Auditors of AGCO Italia S.p.A. (Chairman), Cabot Nori Italia S.p.A. and Emilcap S.r.l., N.S.M. S.p.A.

In light of the Meeting's resolution of 11 May 2018, which appointed the new Board of Statutory Auditors in substitution to the one that ceased with the approval of the financial statements at 31 December 2017, during the course of the year, Mr Gianfranco Pallaria and Mr Vittorio Bonanni ceased to act as alternate auditors for the Company due to the natural termination of their term

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

As far as the gender equality policy pursuant to Art. 123-bis, par. 2, letter d-bis) of the Consolidated Act is concerned, it is noted that on 5 March 2019, the Board of Directors of the Company resolved on the postponement of the adoption of said policy, given that it is not necessary to renew the corporate bodies during the course of the fiscal year..

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

1. Cristian Tundo

Company	VAT Number	Office
APELL S.P.A.	00335560694	Alternate Auditor
EVERIS ITALIA S.P.A.	05858381006	Statutory Auditor

F.LLI GALLONI - S.P.A.	00145840344	Alternate Auditor
F.LLI GUAZZI S.P.A.	00217890342	Chairman of the Board of Statutory Auditors
CHR HANSEN ITALIA S.P.A.	08600611001	Statutory Auditor
SMEG SERVIZI - S.P.A.	01362610352	Alternate Auditor
"SMEG S.P.A."	07947760158	Alternate Auditor
MARCO ANTONETTO - STABIL. CHIMICO - FARMACEUTICI S.P.A O BREVIEMENTE MARCO ANTONETTO S.P.A	00525530010	Alternate Auditor
SITI B&T GROUP S.P.A.	02071130369	Statutory Auditor
AGCO ITALIA S.P.A.	02105131201	Statutory Auditor
DUC - S.P.A.	0521039421	Alternate Auditor

2. Marco Andrea Centore

Company	VAT Number	Office
CAMELTECH S.P.A.	01681580062	Statutory Auditor
TIMOSSI COMMERCIALE S.P.A.	00263520108	Statutory Auditor
C.A.I. CREAZIONI AMBIENTALI INNOVATIVE S.P.A.	01199030105	Statutory Auditor
FUTURA S.N.C. DI PIANO AGOSTINO E CIURCINA VITTORIO	03411800109	Insolvency Officer
"SIX ITALIA - SOCIETA' PER AZIONI"	01778430155	Statutory Auditor
LA LANTANA SOCIETA' SEMPLICE	94026120108	Partner
OMNI MARE S.R.L.	04627810965	Insolvency Officer
IMMOBILIARE AEDIFICO 2005 S.R.L.	01558660997	Director
EXACTO SOCIETA' PER AZIONI	01843300995	Alternate Auditor
CONTRACT 2011 SRL	02064200997	Governing Director
IMMOBILIARE TERRA DI LEVANTE S.R.L.	02076140991	Director
TREE SOCIETA' A RESPONSABILITA' LIMITATA under liquidation	02140780996	Insolvency Officer
TIMOSSI INVESTIMENTI SOCIETA' PER AZIONI	10908800153	Statutory Auditor
GIGLIO GROUP S.P.A.	07396371002	Statutory Auditor
LA VALLETTA SOCIETA' SEMPLICE	00587280181	Managing Partner
S.T.C. - CENTRO SERVIZI SOCIETA' DI CONSULENZA E REVISIONE S.R.L. O PER BREVITA' S.T.C. DI REVISIONE A.R.L.	00823620182	Director
RECONTA - REVISIONI ED ELABORAZIONI CONTABILI S.A.S. DI DOTT. SALVATORE MARIA CENTORE E C.O PER BREVITA' "RECONTA S.A.S."	01357360187	Limited Partner
AZIENDE DOLCIARIE RIUNITE SOCIETA' PER AZIONI PER BREVITA' A.D.R. - S.P.A.	00628470098	Statutory Auditor

ITALSPED S.R.L. IN LIQUIDATION	00157410309	Liquidator
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3. Monica Mannino

ERAMET ALLOYS ITALIA S.R.L.	01535470387	Chairman of the Board of Statutory Auditors
TINEXTA S.P.A.	10654631000	Statutory Auditor
DIASORIN S.P.A.	13144290155	Chairman of the Board of Statutory Auditors
D-FLIGHT S.P.A.	14996981008	Alternate Auditor
ISTITUTO STOMATOLOGICO ITALIANO SOCIETA' COOPERATIVA SOCIALE - ONLUS	01315930154	Chairman of the Board of Statutory Auditors
GENEA S.R.L.	11108650158	Director
VITA SOCIETA' EDITORIALE S.P.A. IN BREVE VITA S.P.A. IN LIQUIDATION	11273390150	Alternate Auditor
CRISSCROSS COMMUNICATIONS (ITALY) S.R.L.	12884300158	Alternate Auditor
MILANO RISTORAZIONE S.P.A.	13226890153	Statutory Auditor
WILLIS ITALIA S.P.A.	03902220486	Alternate Auditor
GIGLIO GROUP S.P.A.	07396371002	Statutory Auditor
CONNECT S.P.A.	10368360961	Statutory Auditor

4. Stefano Mattioli

Company	VAT Number	Office
GIGLIO GROUP S.P.A.	07396371002	Alternate Auditor
N.S.M. - S.P.A.	0311120042	Statutory Auditor
EVERIS ITALIA S.P.A.	05858381006	Alternate Auditor
LADYBIRD HOUSE SRL	03025740360	Statutory Auditor
BLU S.R.L.	01403080334	Statutory Auditor
CONSORZIO AGRARIO DI PARMA - SOCIETA' COOPERATIVA A RESPONSABILITA' LIMITATA	00163810344	Chairman of the Board of Statutory Auditors
S.T.B. SOLUZIONI TECNOLOGICHE BANCARIE - SOCIETA' A RESPONSABILITA' LIMITATA O IN FORMA ABBREVIATA S.T.B. S.R.L.	01825560343	Director
BORGO FELINO SERVIZI S.R.L.	02193700347	Director
OMIGRADE S.R.L.	02507680342	Director
EMILCAP SOCIETA' CONSORTILE A.R.L.	01287820334	Statutory Auditor
OMIGRADE SERVIZI S.R.L.	02981090158	Director
AGFM INVESTMENTS S.R.L.	02828820346	Director
LA PAVONI S.P.A.	00790800155	Alternate Auditor

LAW ON CHAIN SRL	02887930341	Director Managing Director
CABOT NORIT ITALIA S.P.A.	00889900155	Chairman of the Board of Statutory Auditors
MARCO ANTONETTO - STABIL. CHIMICO - FARMACEUTICI S.P.A. O BREVEMENTE MARCO ANTONETTO S.P.A.	00525530010	Alternate Auditor

5. Cristina Quarleri

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

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

During the Fiscal Year, 18 meeting of the Board of Statutory Auditors were held, of about 180 minutes each. For the current Fiscal Year, a number of no less than 12 meetings is provided, 2 of which already took place on 19 February 2020 and 10 March 2020. As far as the participation of each Auditor is concerned, see the table inserted at the end of this Report.

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

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

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

For the purpose of maintaining an adequate knowledge of the activity sector in which the Company operates, Auditors shall receive periodically and whenever appropriate, information and updates of the sector in which the Issuer operates, pursuant the principles of good economic governance and the applicable laws, also through materials provided for by the Company. The Chairman of the Board of Directors, also through the internal functions of the Company, shall make sure that the auditors can participate in initiatives aimed at providing them an adequate knowledge of the sector of the

Company's activity, of the dynamics of the Company and of their evolution, as well as of the reference legal and self-regulated framework.

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

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

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

14. INVESTOR RELATIONS

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

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

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

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

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

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

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

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

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

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

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

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

During the Meeting, the Board of Directors reported on planned and undertaken activities and did its best to ensure that the Shareholders received adequate information to allow them to take informed decisions at the Shareholders' Meeting. More specifically, on the Meeting of 30 April 2019, three directors took part, together with the Chairman of the Board of Directors, while four directors, together with the Chairman, took part in the Meeting of 31 October 2019.

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

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

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

17. CHANGES AFTER THE REPORTING DATE

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

18. CONSIDERATIONS ON THE LETTER OF 19 DECEMBER 2019 OF THE CHAIRMAN OF THE CORPORATE GOVERNANCE COMMITTEE

The Board of Directors of 10 March 2020 examined the content of the letter of the Chairman of the Corporate Governance Committee of 19 December 2019 and the recommendations included therein.

The Board of Directors acknowledge that the governance system of the company is partially in line with the contents of all the recommendations formulated by the Corporate Governance Committee. Nevertheless, the Board assessed the opportunity:

- With regard to the first recommendation, to integrate more extensively the concept of long-term sustainability;
- With regard to the second recommendation, to improve the timeliness and quality of the pre-Board information;
- With regard to the third recommendation, for the renewal of the corporate bodies, to take into account specific measures for fixing the qualitative criteria and the number of offices;
- With regard to the fourth recommendation, to reserve the right to implement further assessments on the adequacy of the remuneration of the non-executive directors and of the auditors.

SUMMARY TABLES

TABLE 1: INFORMATION ON OWNERSHIP STRUCTURE
STRUCTURE OF SHARE CAPITAL

	Number of Shares	% of share capital	Listed (markets) / Non-listed	Rights and Obligations
Ordinary Shares	18,306,685	100%	Listed (MTA)	From Civil Code and Regulations
Shares with Limited Voting Rights	-	-	-	-
Shares Without Voting Rights	-	-	-	-

MAJOR SHAREHOLDERS

Declarant	Direct Shareholder	% of Shares Issued	% of voting share capital
Alessandro Giglio	Meridiana Holding S.r.l.	52.68	52.68
NIPPON TELEGRAPH AND TELEPHONE CORPORATION	Docomo Digital Italy S.p.A.	8.68	8.68

TABLE 2: STRUCTURE OF BOARD OF DIRECTORS AND COMMITTEES

BOARD OF DIRECTORS													INTERNAL CONTROL, RISK AND RELATED-PARTIES COMMITTEE		APPOINTMENTS AND REMUNERATION COMMITTEE		
Office	Members	Date of Birth	Term: From	Term: To	Date of First Appointment	State (M/m)*	Executive	Non-executive	Independent as per Code	Independent as per Consolidated Act	** (n)	Number of Other Positions Held ***	****	**	****	**	
Chairman and Chief Executive Officer	Alessandro Giglio•	1965	11.5.2018	Approval 2020 Annual Financial Statement	13.2.2012	M	x				18/20	8					
Vice-Chairman	Massimo Mancini	1973			9.10.2017	M	x					20/20	3				
Director	Anna Maria Lezzi	1961			30.7.2008	M	x					19/20	0				
Director	Yue Zhao	1982			14.4.2009	M		x				12/20	1				

Director	Giorgio Mosci	1958			22.4.2015	M		x	x	x	18/20	10	x	16/16	x	8/8
Director	Silvia Olivotto	1950	4.2.2019		4.2.2019	-		x	x	x	16/18	9	x	15/16	x	7/8
Director	Carlo Micchi	1956	23.1.2019		23.1.2019	-	x				17/19	5			x	
OUTGOING DIRECTORS DURING THE FISCAL YEAR																
Director	Graziella Capellini	1962	Ord. Meet. of 11 May 2018	25.1.2019	9.10.2017	M		x	x	x	1/1	--	x	1/16	x	1/16
Quorum needed to present a slate of candidates at the last appointment: 2.5%																
Number of meetings that took place during the fiscal year									BOD: 20			ICRMC: 16			ARC: 8	
<p>NOTES</p> <p>s symbol indicates the director in charge of the Internal Control and Risk Management System</p> <p>s symbol indicates the main responsible for the Issuer's management (CEO).</p> <p>s symbols indicated the <i>Lead Independent Director</i> (LID).</p> <p>The M/m in this column depends on whether the Board member was appointed from a slate voted by a majority (M) or a minority (m).</p> <p>This column reports the attendance rate for the directors at the BoD and Committee meetings, respectively (number of times present / number of meetings held during the actual term of office of the person concerned).</p> <p>This column reports the number of positions held by the person concerned as director or statutory auditor in other companies listed on regulated markets, including foreign markets, as well as in financial companies, banks, insurance companies, or other large companies.</p> <p>This column indicates with an "x" the belonging of the director within the Committee.</p>																

TABLE 3: STRUCTURE OF THE BOARD OF STATUTORY AUDITORS

BOARD OF STATUTORY AUDITORS									
Office	Members	Date of Birth	Term: From	Term: To	Date of First Appointment	Slate (M/m)*	Independence as per Code	** (%)	Number of Other Positions Held***
Chairman	Cristian Tundo	1972	11.5.2018	Approval 2020 Annual Financial Statement	22.4.2015	m	x	18/18	5
Statutory Auditor	Monica Mannino	1969			9.10.2017	M	x	17/18	8
Statutory Auditor	Marco Andrea Centore	1982			9.10.2017	M	x	18/18	11
Alternate Auditor	Cristina Quarleri	1965			11.5.2018	M	x	n/a	2
Alternate Auditor	Stefano Mattioli	1967			11.5.2018	m	x	n/a	10
		Quorum needed to present a slate of candidates at the last appointment: 2.5%							
		Number of meetings that took place during the fiscal year: 13							
		<p>NOTES</p> <p>* The M/m in this column depends on whether the Board member was appointed from a slate voted by a majority (M) or a minority (m).</p> <p>This column reports the attendance rate for the auditors at the Board of Statutory Auditors meetings (number of times present / number of meetings held during the actual term of office of the person concerned).</p> <p>*** This column reports the number of positions held by the person concerned as director or statutory auditor pursuant to Art. 148-bis of the Consolidated Act.</p>							