

GIGLIO GROUP S.P.A.

ORDINARY AND EXTRAORDINARY SHAREHOLDERS' MEETING

(12 NOVEMBER 2020 IN A SINGLE CALL)

**BOARD OF DIRECTORS' REPORT ON THE ITEM OF THE AGENDA OF THE ORDINARY
MEETING**

Dear Shareholders,

in compliance with Art. 125-*ter* of the Legislative Decree no. 58 of 24 February 1998, as amended and integrated (the "**CFA**"), Giglio Group S.p.A.'s Board of Directors provides you with the explanatory report regarding the item on the agenda of the Shareholders' Meeting called for 12 November 2020 at 10.30 in the registered office in Milan, Piazza Armando Diaz 6, 20123, in a single call, to discuss and resolve upon the following:

Agenda

Ordinary Meeting

1. Appointment of two directors pursuant to Art. 2386 of the Italian Civil Code Resolutions pertaining thereto and resulting therefrom.

Extraordinary Meeting

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Item no. 1 on the Ordinary Meeting's Agenda

Appointment of two directors pursuant to Art. 2386 of the Italian Civil Code Resolutions pertaining thereto and resulting therefrom.

Dear Shareholders,

It is noted that, as announced via press releases published on 15 May and 23 July 2020 on the Company's Website at www.giglio.org, "Investor Relations" section, following the resignation of Director Yue Zhao, occurred on 15 May 2020 and the resignation of Director Giorgio Mosci, occurred on 23 July 2020, the Board of Directors, pursuant to Art. 2386, par. 1 of the Italian Civil Code and Art. 20 of the Company's By-laws, approved by the Board of Statutory Auditors, co-opted Francesco Gesualdi on 15 May 2020 and Marco Riccardo Belloni on 23 July 2020.

On these dates, the Board of Directors took care to ascertain that the co-opted directors meet statutory requirements and to verify the absence of incompatibility or unelectability causes for the same directors. Moreover, as far as Francesco Gesualdi is concerned, the Board of Directors assessed, at his co-optation, on the basis of the information provided by the former or available to the Company, the effective existence of independence requisites pursuant to Art. 147-ter, par. 4 of the CFA and Art. 148, par. 3 of the CFA, as well as to Art. 3 of the Corporate Governance Code. Moreover, the Board of Statutory Auditors carried out the necessary assessments for the correct application of the criteria and the procedures adopted by the Board of Directors for the assessment of Francesco Gesualdi's independence.

Hence, the composition of the current Board of Directors is as follows: Alessandro Giglio (Chairman and CEO), Anna Maria Lezzi (Board Member), Marco Belloni (CEO) Silvia Olivotto (Independent Member), Francesco Gesualdi (Independent Member). Pursuant to Art. 2386 of Italian Civil Code, the co-opted directors shall remain in office until the next Shareholders' Meeting. Therefore, the Meeting called for 12 November 2020 shall appoint two directors to integrate the Board of Directors until a number of five Directors is reached, as set forth in the Meeting of 23 April 2020. Board members appointed by the Meeting shall remain in office until the termination of the term of the other members of the Board of Directors given by the Meeting of 11 May 2018 for three terms, i.e. until the approval of the Financial Statement at 31 December 2020.

As provided by the law and the Company's By-laws, the Meeting must appoint the Directors in order to ensure the presence of a total minimum number of independent directors, as requested by applicable laws and regulations and in order to ensure gender balance.

It is noted that, pursuant to the provisions of Art. 15.11 of the By-laws, the appointment of Directors shall take place without the application of the slate voting system, provided only in case of total renewal of the Board, but by resolution approved by the majority.

In light of the above, the Board of Directors proposes to confirm the office of co-opted directors Francesco Gesualdi and Marco Riccardo Belloni. As far as the remuneration of the directors is concerned, in line with the modalities already adopted for the determination of the remunerations of the directors appointed by the Meeting of 11 May 2018, it is proposed to refer the matter of the determination of the remunerations of each director to the Board of Directors, upon favourable opinion of the Appointments and Remuneration Committee and of the Board of Statutory Auditors, each within the limits of its jurisdiction, within the context of the annual overall remuneration of the Board of Directors as established by the Shareholders' Meeting on 23 April 2020.

Annexed to this report are:

1. the declarations made by Marco Riccardo Belloni and Francesco Gesualdi regarding their availability to accept the office of directors, the certification of absence of incompatibility or unelectability causes and the existence of the requirements prescribed by the regulations in force for the office;
2. the declaration made by Francesco Gesualdi regarding his possession of independence requisites pursuant to Art. 147-ter, par. 4 of the CFA and Art. 148, par. 3 of the CFA, as well as Art. 3 of the Corporate Governance Code;
3. the curricula vitae of Marco Riccardo Belloni and Francesco Gesualdi, containing comprehensive information regarding their personal and professional characteristics, with the indication of administrative and supervisory offices held in other companies.

In the light of the above, we thus submit for your approval the following draft resolution

"Giglio Group S.p.A. Shareholders' Meeting,

- taking note of the provisions set forth in Art. 20 and Art. 15.11 of the By-laws;
- taking note of the Board of Directors' proposal,

resolves

1. to appoint and confirm as Director of Giglio Group S.p.A. Marco Riccardo Belloni, born in Milan on 12/05/1983, tax number BLLMCR83E12F205F, who shall remain in charge until the approval of 2020 financial statements;
2. to appoint and confirm as Director of Giglio Group S.p.A. Francesco Gesualdi, born in Rome on 11/02/1957, tax number GSLFNC57B11H501B, who shall remain in charge until the approval of 2020 financial statements;
3. to refer the matter of the determination of the remunerations of each director – within the context of the annual overall remuneration of the Board of Directors as established by the Shareholders' Meeting – to the Board of Directors, upon favourable opinion of the Appointments and Remuneration Committee and of the Board of Statutory Auditors, each within the limits of its jurisdiction".

Milan, 12 October 2020

For the Board of Directors

The Chairman of the Board of Directors

Mr Alessandro Giglio