



## **FIERA MILANO**

### **GUIDANCE TO SHAREHOLDERS ON THE RENEWAL OF THE BOARD OF STATUTORY AUDITORS**

*This document was approved by the outgoing Board of Statutory Auditors during its meeting of 21 February 2024, pursuant to the provisions of the Rules of Conduct for the Board of Statutory Auditors of listed companies issued by CNDCEC on 21 December 2023*

*Dear Shareholders,*

*With the approval of the financial statements for the year 2023, the current Board of Statutory Auditors will expire and therefore, in compliance with Rules of Conduct Q.1.5. and Q.1,7. of the National Council of Chartered Accountants, it is appropriate to summarise the activities performed, as well as the time required for each of the activities carried out and the professional resources employed, in a specific document, in order to allow Shareholders and Candidate Statutory Auditors to assess the adequacy of the proposed remuneration.*

*This document consists of the following paragraphs:*

- 1) functions required of the Board of Statutory Auditors of listed companies and evolution of the activities of the Board of Statutory Auditors;*
- 2) considerations on the ideal qualitative-quantitative composition for the future Board of Statutory Auditors;*
- 3) commitment required of the Board of Statutory Auditors over the three-year period in terms of attendance at meetings and quantitative time commitment in 2023;*
- 4) considerations on the remuneration of the Board of Statutory Auditors;*
- 5) conclusions.*

## **1. Functions required of the Board of Statutory Auditors of listed companies and evolution of the activities of the Board of Statutory Auditors**

*The duties and powers of the Board of Statutory Auditors are governed by articles 149 to 151 of the Consolidated Law on Finance, in addition to the provisions of the Civil Code.*

*In particular, as regards the Consolidated Law on Finance:*

- (i) article 149(1)(c-bis) establishes that the Board of Statutory Auditors is required to supervise the procedures for the concrete implementation of the corporate governance rules provided for in the codes of conduct which the company, by means of public disclosures, declares that it complies with;*
- (ii) article 151(1) provides that statutory auditors may request information on the performance of company operations or on certain matters directly from the Boards of Directors and Statutory Auditors of subsidiaries; and*
- (iii) article 151(2) provides that each member of the Board of Statutory Auditors may individually exercise the powers to convene the Board of Directors and to request the cooperation of employees, except for the power to convene the shareholders' meeting, which must be exercised by at least two members of the Board of Statutory Auditors.*

*With the European reform of audits, the legislator intended to strengthen the quality of audits and, in particular, the mechanisms for verifying the independence of the auditor, conferring on the Board of Statutory Auditors, in its capacity as the Internal Control and Audit Committee, specific monitoring activities.*

*Pursuant to article 19 of Legislative Decree No. 39/2010, as amended, the Board of Statutory Auditors is also required to:*

- (i) inform the Board of Directors of the results of the statutory audit and submit its report to the same;*
- (ii) monitor the financial reporting process and make recommendations/proposals to ensure its integrity;*

- (iii) monitor the effectiveness of the audited entity's quality control and enterprise risk management and internal audit systems, in relation to its financial reporting;*
- (iv) monitor the statutory audit of the financial statements and the consolidated financial statements, also taking into account any findings and conclusions of the quality controls carried out by Consob pursuant to article 26(6) of Regulation (EU) 537/2014, where available;*
- (v) verify and monitor the independence of the independent auditors, in particular as regards the provision of non-audit services to the Company;*
- (vi) be responsible for the procedure to select the independent auditor and recommend the independent auditors to be appointed pursuant to article 16 of Regulation (EU) 537/2014.*

*The Board of Statutory Auditors approves the performance of non-audit services by the independent auditor and the entities in its network (article 5 of EU Regulation 537/2014).*

*Worthy of mention are also the provisions on non-financial information introduced by Legislative Decree 254/2016, according to which the Board of Statutory Auditors:*

- (i) supervises compliance by directors with the provisions of Legislative Decree 254/2016 concerning preparation of the non-financial statement (article 3(7) of Legislative Decree 254/2016);*
- (ii) informs the Shareholders' Meeting of the outcome of such supervision;*
- (iii) is heard by the Board of Directors in the event that, in exceptional circumstances, information likely to jeopardise the company's commercial position may be omitted from the non-financial statement.*

## **2. Ideal qualitative-quantitative composition for the future Board of Statutory Auditors**

*Taking into account the industry in which the Company and the Group operate, the complexity of the corporate organisation and the size and structure of the Group, it is believed that the performance of the tasks assigned to the Board of Statutory Auditors requires specific skills in the following areas:*

- *principles and operating rules of listed companies;*
- *characteristics and functioning of the trade fair sector;*
- *financial expertise and expertise in extraordinary operations;*
- *national and international accounting standards;*
- *accounting processes and preparation of annual and consolidated financial statements;*
- *impairment test process and assessments;*
- *ability to supervise the adequacy and effective functioning of the organisational structure, regarding risk management, internal audit and financial reporting processes;*
- *risk management;*
- *sustainability;*
- *statutory audit;*
- *ICT e Digital Transformation.*

*Skills and experience in listed companies, in particular in holding companies, are essential. It is important that the members of the Board of Statutory Auditors have different backgrounds and that they collectively cover the skills in question.*

*In addition, it should be borne in mind that the Board should continue, also over the next three years, to monitor the progressive improvement of the structural components of the Internal Control and Risk Management System and their integration into the more general organisational and corporate governance structures.*

*As a result of the annual self-assessment process, the current Board of Statutory Auditors found that it possesses the above-mentioned skills. The Board also positively assessed its composition in terms of gender diversity, skills and professionalism, as well as work experience.*

### **3. Commitment required of the Board of Statutory Auditors over the three-year period in terms of attendance at meetings and quantitative time commitment in 2023**

*The activities of the Board of Statutory Auditors will require a significant commitment, also in relation to obligations to the Supervisory Authority, in view of the size of the Group, its structure, its operational specificities, as well as the importance of the reference legislation.*

The following table summarizes the number of meetings the Board of Statutory Auditors attended in 2021 (since the date of appointment), 2022 and 2023:

	<b>2021</b>	<b>2022</b>	<b>2023</b>
	<i>no.</i>	<i>no.</i>	<i>no.</i>
<b>Board of Statutory Auditors</b>	15*	21	20
<b>Board of Directors</b>	9	10	12
<b>Control, Risk and Sustainability Committee</b>	10	7	15
<b>Sustainability Committee</b>	0	0	3
<b>Appointments and Remuneration Committee</b>	5	7	9
<b>Shareholders' Meetings</b>	1	1	1
<b>total</b>	<b>40</b>	<b>46</b>	<b>60</b>

- (from the date of appointment, i.e. from 28/04/2021)

### Quantitative commitment 2023

Considering only the hours of attendance at meetings and excluding the time dedicated to audits, the total number of hours of the Board of Statutory Auditors' commitment for the 2023 financial year can be estimated to be approximately 363, including the hours of attendance at shareholders' meetings during the year.

The meeting hours were in total approx. 60 for Board of Statutory Auditors' meetings (3 hours on average each), approx. 22.5 for CRSC meetings (1.5 hours on average each), approx. 13.5 for Appointments and Remuneration Committee meetings (1.5 hours on average each) and approx. 25 for Board of Directors' meetings (1.5 hours on average each and the Shareholders' Meeting):

	<b>Board of Statutory Auditors' meeting hours</b>	<b>CRSC meeting hours</b>	<b>Appointments and Remuneration Committee meeting hours</b>	<b>Board of Directors' and Shareholders' meeting hours</b>
<b>Chairperson</b>	60	22.5	13.5	25
<b>Statutory Auditor</b>	60	22.5	13.5	25
<b>Statutory Auditor</b>	60	22.5	13.5	25
<b>Total</b>	<b>180</b>	<b>67.5</b>	<b>40.5</b>	<b>75</b>

*In addition to the duration of the meetings, there is of course the time spent by the statutory auditors in preparing for the meetings, which - although not quantifiable in detail - represents a significant commitment.*

*Indeed, the appointed members of the Board of Statutory Auditors should consider that the position will take up a significant part of their time, as a result of attendance at their own Board meetings, as well as those of the Board of Directors and its Committees. Moreover, based on the experience of the outgoing Board of Statutory Auditors, precise and constant attendance at these meetings is essential for the adequacy of the overall supervisory activity under its responsibility. This commitment does not consist only of attendance at meetings, but also includes the significant amount of time to be dedicated to prior examination of the documentation.*

*The Board of Statutory Auditors, in carrying out its supervisory function, has not made use of the company's employees.*

#### **4. Considerations on the remuneration of the Board of Statutory Auditors**

*The gross annual remuneration of each Standing Statutory Auditor deliberated by the Company's Shareholders' Meeting on 28 April 2021 was determined as follows: (i) up to and including 31 December 2021, 50,000 euros for the Chairperson of the Board of Statutory Auditors and 35,000 euros to each Standing Statutory Auditor; (ii) from 1 January 2022, 55,000 euros for the Chairperson of the Board of Statutory Auditors and 40,000 euros for each Standing Statutory Auditor.*

*As better specified below and in the light of the considerations set out in the following paragraphs, the Board considers that the current remuneration is not fully adequate with respect to the complexity of the appointment and to the commitment that the new Board is expected to make in carrying out its supervisory activities over the next three years, also including attendance at Board of Directors' meetings and those of its Committees.*

*In this regard, also worthy of mention is the recent legislation and consequent guidance, which place significant attention on the fact that the remuneration of members of the Board of Statutory Auditors is not fully adequate compared to the increasing commitment required by current legislation.*

*The Board points out, moreover, that the Company has not requested an assessment of the adequacy of the remuneration of the Board itself from a specialised company.*

*In this perspective, as suggested by the reference provisions, a comparison was also made between the remuneration of the members of the Board of Statutory Auditors and that of directors who are members of board committees and, in particular, of the Control and Risk Committee (CRC).*

*For the 2023 financial year, the total fixed remuneration of the Chairpersons of the 3 Board Committees, currently envisaged at Fiera Milano (Control and Risk Committee, Appointments and Remuneration Committee and Sustainability Committee) amounts (as an independent director and as a member of the Committee) to 70,000 euros, while for standing members the same is equal to 65,000 euros, in addition to the fees for attending Board of Directors' meetings (equal to 450 euros per Board meeting).*

*This figure is to be compared with the remuneration paid to the Chairperson of the Board of Statutory Auditors of 55,000 euros and to Standing Statutory Auditors of 40,000 euros, with the objective of remunerating not only the activities related to the office of member of the Board of Statutory Auditors, but also attendance at Board of Directors' and Committee meetings.*

*The remuneration that the Shareholders' Meeting will deliberate for the Board of Statutory Auditors should be effectively commensurate with the increasing and effective commitment required of the same, also in terms of the necessary constant updating, as well as with the tasks and responsibilities of Statutory Auditors. This also because it constitutes a clear and*

*unambiguous recommendation of the Corporate Governance Code (January 2020 edition), the Rules of Conduct of the Board of Statutory Auditors of listed companies (December 2023 edition) and of authoritative representatives of the Supervisory Authority. With regard to the above-mentioned Rules of Conduct, in their updated version, we finally refer to the provision contained in point Q.1.5 of the same, which also suggests taking into account, in the statement of the Guidelines of the outgoing Board to Shareholders regarding the remuneration of the Board of Statutory Auditors to be appointed, of the content of the recent law of 21 April 2023 (fair remuneration) which, de facto, refers the commensuration of remuneration to the professional fees referred to in the decree of the Ministry of Justice No. 140 of 20 July 2012. The latter, applied to the Company, would result in a higher remuneration than the current one and substantially aligned with the remuneration of Directors who are members of Board Committees.*

## **5. Conclusions**

*In conclusion, from the point of view of the professional skills of the members of the Board of Statutory Auditors, it is considered desirable and appropriate that the new Board should also be characterised by skills and experience in the relevant subject areas referred to in § 3, with an appropriate knowledge of the operating principles and rules of listed companies and it can be concluded, in terms of the qualitative and quantitative composition ideal for the future Board of Statutory Auditors of Fiera Milano, that the analysis of the assessments expressed both on the current structure and on the future one confirms a shared opinion in the Board towards maintaining the current mix of skills and professionalism, even in the event of a change in the composition of the Board itself.*

*Taking into account the comparative analysis carried out between the remuneration of the members of the Board and Directors who are members of Board Committees, the provisions of article 5 of the Corporate Governance Code in Recommendations 25 and 30, the calls for attention to the adequate remuneration of the current statutory auditors included in the letters of the Chairperson of the Corporate Governance Committee dated 3 December 2021 and 22 December 2020, the constant expansion of the tasks and commitments required of the Board of Statutory Auditors in the light of the regulatory changes of recent years, with regard to the adequacy of remuneration, it would be desirable for the Shareholders' Meeting to take this into account in the resolution on the remuneration to be paid to the members of the new Board of Statutory Auditors,*



*providing for its substantial alignment with the total remuneration due to Independent Directors, members of Board Committees.*

*Recommendation no. 30 of the Corporate Governance Code reads as follows: “The remuneration of members of the Board of Statutory Auditors provides for remuneration aligned with the skills, professionalism and commitment required by the importance of the role held and the dimensional and sectorial characteristics of the company and its situation” and, to this end, the outgoing Board of Statutory Auditors believes that it has provided, with this report, the information useful for determining adequate remuneration that takes into account the commitment required of the Board of Statutory Auditors.*

*The outgoing Board of Statutory Auditors therefore hopes that the “guidelines” just brought to the attention of the Shareholders' Meeting can be considered a concrete aid in the process of selecting candidates to hold the office of Statutory Auditor and Chairperson of the new Board of Statutory Auditors, as well as for the purpose of defining adequate remuneration for carrying out the appointment.*

Milan, 28 February 2024

Board of Statutory Auditors

The Chairperson                      Monica Mannino

Standing Statutory Auditor    Daniele Monarca

Standing Statutory Auditor    Piero Antonio Capitini