



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 2020
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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>.

Corporate Governance Code: the Corporate Governance Code for listed companies approved on July 2020 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.

Consob: the National Commission for Corporations and the Securities Market.

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 2020.

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

1. ISSUER PROFILE

The Issuer has adopted the 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 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, the capitalisation value amounts to about € 46¹ million, and the turnover value amounts to € 40 million.

The information concerning the Issuers' adoption of the Corporate Governance Code is contained in Par. 3 of this Report.

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, are made available to the public on the authorised storage mechanism at www.emarketstorage.it – and on the Company's website at <http://www.giglio.org> “Corporate Governance” – Shareholders' Meetings

2. INFORMATION ON OWNERSHIP STRUCTURE (PURSUANT TO ART. 123-BIS, PAR. 1, OF CONSOLIDATED ACT) ON 31 DECEMBER 2020

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)

To the date of this Report, the share capital of Giglio Group is equal to € 4,149,295, fully subscribed and paid, and is subdivided into 20,746,475 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 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 2019, 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. On 31 December 2020 and on 10 March 2020, two registration requests in the special list were made to obtain shares with increased voting rights. As of now, no shareholder has reached said entitlement.

For more information, see the documents on the Company's website at www.giglio.org, in the "Investor relations - Shares with Increased Voting Rights" section.

On 7 March 2016, Giglio Group's Board of Directors resolved to issue the non-convertible bond named "GIGLIO GROUP S.P.A. - 5.4% 2016-2020", 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. The bond was fully reimbursed, with a last payment disbursed on 30 September 2020.

¹ On the basis of 7 May 2021 market data.

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" and "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 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:

It is noted that Docomo Digital Italy S.p.A., a subsidiary of Nippon Telegraph and Telephone Corporation, previously a majority shareholder of the Company pursuant to Art. 120 of the CFA, on 20 April 2020 announced that its shareholding in the share capital of Giglio Group S.p.A. was reduced to 2.975% (the communication is available on Consob's website www.consob.it in the Public Area/Subjects and Markets/Listed Companies - Relevant Shareholdings) and as such, the company ceased to be qualified as relevant shareholder.

Declarant	Direct Shareholder	% of Shares Issued	% of voting share capital
Alessandro Giglio	Meridiana Holding S.r.l.	56.59	56.59

(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 2019, the Shareholders' Meeting resolved on the introduction of the system of shares with increased voting rights, as specified 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".

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 could 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 could 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; The Board of Directors did not make use of the proxy granted to it by the Shareholders' Meeting, which has currently lost its validity.

The Extraordinary Shareholders' Meeting, on 12 November 2020, resolved to vest the Board of Directors, pursuant to Art. 2443 of the Italian Civil Code:

- 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, within the limits of 20% (twenty percent) of the existing share capital, also taking into account Art. 44, par. 3 of Decree Law no. 76/2020, converted by Law no. 120/2020, 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 Italian and international investors, and/or current shareholders and collaborators of the Company - also through the conversion of loan payables into risk capital by shareholders, provided that the issue price of the shares corresponds to the market value of those already issued, also taking into account the general context and the price at which the institutional investors would be willing to purchase said shares, and that this is confirmed by a specific report from a statutory auditor or an auditing company (hereinafter also referred to as the "First Proxy");
- with the power, for a period of five years starting from the date of the meeting's resolution, to increase the share capital upon payment in separate issues, without option rights pursuant to Art. 2441, par. 4, first sentence of the Italian Civil Code, to be settled through contributions in kind (more specifically, company's branches, businesses or plants organised for the performance of the activities included in the Company's object, as well as receivables,

investments in joint ventures, listed and not listed financial instruments and/or other assets considered as instrumental by the Board of Directors for the achievement of the Company's object may be object of a contribution on behalf of third parties.), through the issue, also in more tranches of a maximum of 1,830,668.50 ordinary shares without any nominal value, with the same characteristics of the ordinary shares already issued by the issue date, with regular dividend, in accordance with the criteria used to determine the issue price set forth by Art. 2441, par. 6 of the Italian Civil Code. Moreover, the Shareholders' Meeting also resolved to establish that the issue price of the shares resulting from the capital increase (and their division at share capital and share premium) shall be determined by the Board of Directors, provided that the issue price of the shares is based to the equity value, taking into account also the performance of the listings over the last six-months period.

As of today, the Board of Directors did not make use of the latter.

On 17 December 2020, the Board of Directors resolved to exercise the First Proxy, vested on 12 November 2020 by the Company's Shareholders' Meeting. The Share Capital Increase was offered for subscription to institutional investors for a maximum of no. 3,300,000 ordinary, newly issued shares without nominal value, equal to 18.026% of the share capital. These issued shares were offered for subscription within the context of a private placement to be executed through an accelerated bookbuilding procedure (the "ABB") to "qualified" investors in Italy and to institutional ones abroad, as well as of Giglio Group's shareholders who have become such for a period of at least six months and who hold claims against the Company (expired or expiring within six months) recognised in the accounts as "financial liabilities".

On 22 December 2020, the Company announced the positive fulfilment of the reserved share capital increase. The transaction was completed with the placement of no. 2,439,790 shares at a price of € 1.97 per share. About 86% of the share capital increase was subscribed by Meridiana Holding S.r.l. through the conversion of some payables owed by the Company to the same shareholder Meridiana Holding; moreover, Antonio Lembo, shareholder of the Company, also participated in the subscription, subscribing 81,218 shares. The remainder of the share capital increase was subscribed by qualified or institutional investors. Upon completion of the transaction, the overall share capital of the Company amounted to € 4,149,295 divided into no. 20,746,475 ordinary shares without nominal value.

Hence, the proxy can be still exercised until 30 June 2021, for the part not yet executed.

(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 56.59%, 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 CEO and the Board of Directors, in accordance with regulated control procedures and systems;
- e) The Board of Directors of Giglio Group S.p.A. and the other company bodies operate in full management independence.
- f) 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 S.p.A. complies with the Corporate Governance Code, in accordance with the conditions illustrated below.

On 11 February 2021, the Board of Directors resolved to adhere to the Corporate Governance Code, programming the activities to carry out for the adjustment.

In programming the adjustment activities, the Board of Directors took into account that its term would have ended with the Meeting for the approval of the Financial Statements as of 31 December 2020, thus delegating part of the adjustment activities to the new Board of Directors to be appointed. It is noted, by way of example, that the Board of Directors considered it appropriate to leave the approval of the regulation of the Board of Directors, of the updates to the regulations of the Intra-Board Committees and of the creation of a committee with competences in sustainability matters to the new Board of Directors to be appointed.

With regard to the adjustment activities already carried out and on the other activities to be implemented in order to adapt the Company to the Corporate Governance Code, the Issuer shall give greater details in the Corporate Governance Report of Fiscal Year 2021.

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 requirements 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:

- a) 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;
- b) From the slate that obtained the smallest number of votes and that is not connected in any way, not even indirectly, with the shareholders who presented or voted for the Majority Slate 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.

On 26 October 2017, the Board of Directors of the Company approved a Succession Plan.

The Succession Plan provides for appropriate mechanisms suitable for replacing the directors before the ordinary end of their term, that is, in the event that a director is unable to fulfil the obligations arising from his/her office and/or finds him/herself in a situation that entails the early termination of said office, such as, by way of example, death, interdiction for any reason, resignation or other causes.

Moreover the adopted Succession Plan provides for appropriate mechanisms for vesting in the meantime the powers of an executive director to another director suitable to replace the former. Furthermore, the Succession Plan provides for a specific procedure for replacing directors pursuant to Art. 2386 of the Italian Civil Code, as well as to Art. 21 of the By-laws.

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.

The slates submitted to the Board of Directors of 11 May 2018 for the appointment of new directors were two.

Directors Alessandro Giglio, Yue Zhao, Massimo Mancini, Anna Maria Lezzi, Giorgio Mosci and Graziella Capellini were appointed from slate number 1), presented and voted by shareholder Meridiana Holding, which owns no. 8,264,802 shares.

Director Carlo Giuseppe Frigato was appointed from slate number 2), submitted by minority shareholder Docomo Digital Italy S.p.A. and voted by the same shareholder and its partner Amundi Microcaps Europe, which own a total of no. 2,144,448 shares.

The capital attending the Meeting and with a right to vote was 64.89% of the whole share capital.

With regard to the original composition of the Board of Directors, as reported in the Corporate Governance Report pursuant to Art. 123-bis of the CFA related to Fiscal Year 2018, available on the company's website in Corporate Governance - Shareholders' Meeting - Shareholders' Meeting 30 April 2019, the Issuer states that, on 22 December 2018, the Independent Director Carlo Frigato resigned from his office and, as a consequence, the Board of Directors co-opted Carlo Micchi as director of the Company on 23 January 2019.

Always with regard to the original composition of the Board of Directors, as shown in 2019 Corporate Governance Report pursuant to Art. 123-bis of the CFA, available on the Company's website, the Issuer notes that, following the resignation of independent director Graziella Capellini on 25 January 2019, the Board of Directors, on 4 February 2019, co-opted, as independent director, Silvia Olivotto.

Moreover, the Shareholders' Meeting of 30 April 2019 confirmed the appointment of Silvia Olivotto and Carlo Micchi.

Over the course of 2020 and, more specifically, on 21 March 2020, the executive director Massimo Mancini resigned from his office for personal reasons². Following his resignation, Massimo Mancini maintained his office of Investor Relator and General Manager of the Company. With regard to this office, on 30 April 2020, the employment relationship of General Manager of the Company with Massimo Mancini was consensually terminated; Massimo Mancini shall keep performing his office of Investor Relator through a consultancy contract signed on 30 April 2020 and expiring on 30 April 2021.

On 24 March 2020, also the executive director Carlo Micchi resigned from his office for personal reasons³. Over the course of 2020, Carlo Micchi kept carrying out his duties as CFO and Financial Reporting Officer of the Group.

Following the resignations of directors Massimo Mancini and Carlo Micchi, the Shareholders' Meeting of 23 April 2020 resolved to reduce to five the number of the members of the Board of Directors. The reason for this resolution lay in the will to keep a streamlined and operating structure for the corporate body, also taking into account the Group's recent focus on the e-commerce sector and the optimisation of the organisational structure.

On 23 April 2020, the Shareholders' Meeting of the Company resolved to accept the proposal to reduce the number of members of the Board of Directors. The Board of Directors is thus composed of five members.

On 15 May 2020, the non-executive director Yue Zhao resigned from her office of director due to other professional commitments. On the same date, the Board of Directors co-opted Francesco Gesualdi to replace Ms Zhao; the appointment was confirmed by the Shareholders' Meeting on 12 November 2020. The director qualified as independent pursuant to Art. 148 of the CFA and Art. 3 of the Corporate Governance Code.

² For more information, see the press release published on 21 March 2020 and available on the authorised storage mechanism at www.emarketstorage.com and on the Company's website at www.giglio.org "Investor Relations – Press Releases' Archive (2015-2020)" section.

³ For more information, see the press release published on 24 March 2020 and available on the authorised storage mechanism at www.emarketstorage.com and on the Company's website at www.giglio.org "Investor Relations – Press Releases' Archive (2015-2020)" section.

The appointment took place pursuant to Art. 20 of the By-laws and to Art. 2386 of the Italian Civil Code, upon proposal of the Chairman of the Appointments and Remuneration Committee, as well as with resolution approved by the Board of Statutory Auditors.

For the events and reasons reported in the press release of 23 July 2020 - available on the authorised storage mechanism at www.emarketstorage.it, as well as on the Company's website at www.giglio.org – "Investor Relations - Press Releases' Archive (2015-2020)", on 23 July 2020, the independent director Giorgio Mosci resigned from his office, effective immediately. It is noted that, Giorgio Mosci also acted as Lead Independent Director of the Company.

On the same date, the Board of Directors, upon proposal of its Chairman Alessandro Giglio and favourable opinion of the Appointments and Remuneration Committee, as well as with resolution approved by the Board of Statutory Auditors, co-opted Marco Riccardo Belloni as director of the Company. Furthermore, Alessandro Giglio waived his operational powers in favour of Marco Riccardo Belloni and, on 23 July 2020, the Board of Directors vested the latter with the strategical powers for the Group's management. In the same Board's meeting, the operational powers of a CEO were appointed to Marco Riccardo Belloni.

In the same meeting, the Board of Directors also appointed director Anna Lezzi as Vice-chairwoman of the Board of Directors of the Company. Moreover, the Board appointed Francesco Gesualdi as Lead Independent Director of the Company.

On 12 November 2020, the Shareholders' Meeting confirmed the appointments of directors Marco Riccardo Belloni and Francesco Gesualdi.

As announced to the market on the same date, on 21 November 2020, the Chairman Alessandro Giglio announced to the Company that, following the notice of Consob resolution no. 21584 of 12 November 2020 (published on 16 November 2020 on the Bulletin of the Authority) - which defined the interdiction for 12 months from Mr Giglio's office of director of listed companies as accessory sanction for events that took place on fiscal years 2016/2017, when the Company's shares were traded on the AIM market - and pending the decision on the suspension request, he shall abstain, on a conservative basis, from taking any action as director and Chairman of the Company.

As a consequence, the functions of the office of Chairman have been taken up by the Vice-chairwoman Anna Maria Lezzi.

As announced to the market on the same date, on 1 December 2020, having taken note of the precautionary decree with which the President of the relevant section of the Court of Appeal of Genoa suspended the disqualification ordered against Alessandro Giglio with Consob resolution no. 21584 of 12 November 2020, Mr Giglio returned to his office of director and Chairman of the Company, from which he had abstained on a conservative basis.

At the end of the Fiscal Year, following the aforementioned events, the Board of Directors is composed of directors Alessandro Giglio (executive director and Chairman) and Anna Maria Lezzi (executive director and Vice-chairwoman), appointed by the Shareholders' Meeting on 11 May 2018, and of directors: Silvia Olivotto (independent director), appointed by the Meeting on 30 April 2019, Marco Riccardo Belloni (executive director) and Francesco Gesualdi (independent director) appointed by the Meeting on 12 November 2020.

At the end of the Fiscal Year 2020 and to the date of this Report, the Board of Directors is thus composed (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	Executive Director Chairman	30 July 1965	Executive		
Anna Maria Lezzi	Executive Director and Vice-	16 June 1961	Executive		

chairwoman					
Marco Riccardo Belloni	Chief Executive Officer and Director in charge of the Internal Control and Risk Management System	12 May 1983	Executive		
Francesco Gesualdi	Independent Director and Lead Independent Director	11 February 1957	Non-Executive and Independent	Member	Chairwoman
Silvia Olivotto	Independent Director	04 September 1950	Non-Executive and Independent ³	Chairman	Member

Alessandro Giglio. Alessandro Giglio obtained a specialist degree in Performing Arts and Multimedia Studies at the "Silvio d'Amico" 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. Currently, he acts as director for Iren Group and Iren Energy, and is Chairman of the National Theatre of Genoa.

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. Ever since its foundation, she has been working with the Company, handling managerial and organisational tasks. She is also responsible for the Treasury of the Company.

Marco Riccardo Belloni. He joined Giglio Group on February 2020, holds a Master's degree from the Bocconi University and has completed the international courses of the McCombs Business School of Austin, Texas. Following his experience with the Rinascente high-end stores and Versace brand, he acquired major competences in the leather sector, becoming project manager in Shanghai in 2010. At the age of 30, he became President of the textile sector companies of A.P.I. (Association of Small and Medium Industries) for Milan's province, before taking on the office of advisor for the General Management. He later became the youngest associate of yourCFO, a division of yourGroup -leading Italian Fractional Executive company- for which he carried out tasks of temporary management such as his collaboration with the Nissan-Renault alliance in 2016/2017. Before entering Giglio Group, he also acted as Fractional Executive for some leading industrial and digital companies and starting from 2019, he works as professor at the Polytechnic University of Milan.

Francesco Gesualdi. Graduated from the Link Campus University with a Communication Sciences and Art, Music and Performances degree. As of today, he acts as the General Manager of the Italian non-profit organisation AIL, "Associazione Italiana contro le Leucemie, Linfomi e Mieloma". He acted as member of the Board of Directors of the Istituto Luce S.p.A., of the committee of Cinecittà Entertainment S.r.l. and of both the Board and the Executive Committee of Cinecittà Studio S.p.A.. From 2005 to 2010, he acted as General Secretary of Lazio Region; from 2003 to 2005, he was appointed Chairman of Cinecittà Cinema S.p.A. and from 1999 to 2003, he acted as General Manager of Cinecittà Holding S.p.A. From 2006 to 2007, Mr. Gesualdi acted as Chairman of LAIT S.p.A., a company coordinating the IT activities of Lazio Region, while from 2006 to 2010, he acted as Chairman of Rossellini Foundation. In 2014, Mr. Gesualdi was responsible for the cultural and multimedia activities for the celebration of the 100 years of the CONI (Italian National Olympic Committee), and from 2013 to 2014, he ran the course "Management in Communication Enterprises" offered by the Link campus University.

Silvia Olivotto. Independent director of the Company, she is a chartered accountant and auditor with vast expertise in the accounting sector and in the role of auditor for listed companies. She acted as CFO for Ernst & Young S.p.A. from 2002 to 2006, and as auditor of Atlantia S.p.A. until April 2018.

She is currently acting as Chairwoman of the Board of Statutory Auditors for Garmin Italia S.r.l., and as standing auditor for Ampliare S.r.l., Amplifin S.p.A., Greif Italy S.r.l., Leica Geosystems S.p.A., Hexagon Geosystems Services S.p.A., Sas Institute S.r.l., Smith & Nephew S.r.l., as well as sole auditor for Expedia Italy S.r.l. and Venere Net S.r.l., which are engaged 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 five members, more than one third of which is composed of the less-represented gender.

Both Francesco Gesualdi and 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 11 February 2021, the Board of Directors of the Company resolved on the postponement of the adoption of said policy, programming to address the issue at the next renewal of corporate offices.

The Company considers the promotion of gender and opportunities equality as a key factor for the corporate organisation.

The following table shows administrative and management office held by the members of the Company's Board of Directors as of this Report, both in listed and non-listed companies:

1. Alessandro Giglio

Company	Tax code	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	Chairman of the Board of Directors
CLOUDFOOD S.R.L.	10290840965	Chairman of the Board of Directors
IREN S.P.A.	07129470014	Director
IREN ENERGIA S.P.A.	09357630012	Director
MAXFACTORY S.R.L.	12309161003	Governing Director
GIGLIO (SHANGAI) TECHNOLOGY LIMITED COMPANY	CN110175110544	Director
GIGLIO USA LLC	TIN 473768071	Director and Chairman of the Board of Directors
E-COMMERCE OUTSOURCING S.R.L. - company subject to the activity of management and coordination of Giglio Group S.p.A.	8576060969	Director and Chairman of the Board of Directors
IBOX SA	CHE 301607488	Director and Chairman of the Board of Directors
NATIONAL THEATRE OF GENOA	00278900105	Director and Chairman of the Board of Directors
AZOINTERNATIONAL OU		Director
ASIA TECHNOLOGICAL LIMITED		Director

2. Anna Maria Lezzi

Company	Tax code	Office
GIGLIO GROUP S.P.A.	07396371002	Director and Vice-chairwoman

3. Marco Riccardo Belloni

Company	Tax code	Office
GIGLIO GROUP S.P.A.	07396371002	Executive Director
IBOX SA	CHE 301607488	Director
E-COMMERCE OUTSOURCING S.R.L. - company subject to the activity of management and coordination of Giglio Group S.p.A.	8576060969	Chief Executive Officer
SALOTTO DI BRERA – DUTY FREE S.R.L. - company subject to the activity of management and coordination of Giglio Group S.p.A.	9776770969	Executive Director and Chairman of the Board of Directors
GIGLIO USA LLC	TIN 473768071	Director

4. Francesco Gesualdi

Company	Tax code	Office
GIGLIO GROUP S.P.A.	07396371002	Director
CAMELOT 2014 SRL	12790391002	Governing Director

5. Silvia Olivotto

Company	Tax code	Office
GIGLIO GROUP S.P.A.	07396371002	Independent Director
GRIEF ITALY S.R.L.	03677820163	Statutory Auditor
AMPLIARE S.R.L.	03299590962	Statutory Auditor
AMPLIFIN S.P.A.	04844550154	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	Sole Auditor
NOOTER/ERIKSEN S.R.L.	02222190023	Alternate Auditor
OCTO GROUP S.P.A.	14572251008	Alternate Auditor
VENERE NET S.R.L.	05649781001	Sole 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.

For the purpose of maintaining an adequate knowledge of the activity sector in which the Company operates, Directors shall receive, 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 25 meetings of about 80 minutes each, which were duly attended by the Board Members; with regard to the presence of each member and their participation percentage, see the table appended to the 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.

It is also noted that external experts were invited to take part to the meetings of the Board of Directors when their presence was deemed useful to the discussion of the items on the agenda.

With regard to the current fiscal year, the Board of Directors has scheduled 4 meetings for the approval of the annual and interim financial reports. The meetings' schedule is made available to the public with the dissemination of a press release containing the company events, which is made available in turn on the Company's website at www.giglio.org in the "Investor Relations – Corporate Events Calendar" section. The Board of Directors, as of this Report, has held 10 meetings.

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.

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. In case of the Chairman of the Board of Directors' absence, or in the event that he should abstain from participating, or also in the event of a conflict of interest, the Chairman of the meeting shall be assigned to the Vice-chairwoman of the Board of Directors or to another director identified by the Board itself.

The notice that the Company usually deems adequate for the submission of the documents is of three days. Over the course of the year, said term was not always respected and the calls were made pursuant to the urgency policies set forth in the By-laws, and the meetings were held in quorate. 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.

It is noted that the Board's meetings held after the month of February 2020 were held via video-call, in accordance with the provisions set for the containment of COVID-19 pandemics.

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

It is noted that, starting from 23 July 2020, the assessment and approval of the issues set forth in points (ii) and (iii) were partially delegated to the Chairman and the CEO, within the limits of the powers vested to them, as explained below.

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 15 March 2021, 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.

For the approval of the Consolidated Financial Statements and the Financial Statement, the Board of Directors assessed the suitability of the organisational, administrative and accounting structure of the Issuer.

The Board of Directors, in its assessments, was supported by the Director responsible for the Internal Control and Risk Management System, the Internal Control, Risks and Related-parties Committee, the Financial Reporting Officer and the Internal Auditor.

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

Chairman of the Board of Directors

On 23 July 2020, the Chairman of the Board of Directors, **Alessandro Giglio**, was vested with the following powers:

(a) Chairmanship

- i. Represent the Company within the limits of the powers conferred;
- ii. Call the meetings of the Board of Directors;
- iii. Coordinate the activities of the Board of Directors and conduct the proceedings of Board meetings;
- iv. Make sure that all directors receive adequate information on the items of the agenda of each meeting with suitable notice; should the items concern ordinary issues, the documents, where available, shall be published within four working days; should this not be possible for extraordinary reasons, the Chairman shall make sure that all directors are informed with the utmost promptness and completeness;
- v. Define the strategic and top administration guidelines of Giglio Group;
- vi. Supervise the timely implementation of the boards' and committees' resolutions;
- vii. Monitor the compliance of the management of corporate affairs with the strategic guidelines of the Company;
- viii. Examine the information and/or documents related to every resolution proposal to be submitted to the Board of Directors;
- ix. Make sure: (a) that the activity of the committees existing pursuant to the Corporate Governance Code with functions of investigation, consultation and proposal is coordinated with the activity of the administrative body; (b) in agreement with the CFO, that the managers of the Company and the Group responsible for the relevant corporate functions take part in the Boards' meetings, also upon the request of each director, in order to provide appropriate supplemental information on the item on the agenda; (c) that the self-assessment process of the Board of Directors is adequate and transparent, together with the support of the Appointments and Remuneration Committee;
- x. Preside over the Meeting, pursuant to the statutory rules;
- xi. Oversee the relationships with public, national or supranational institutional bodies and with shareholders;
- xii. Promote, define and coordinate the communication strategies of the Company and oversee Giglio Group's corporate image policies;
- xiii. Coordinate the relationship with the subsidiaries within the powers of "top administration" set forth in this proxy system. All of the above, in order to make effective the coordination within Giglio Group;
- xiv. 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;

(b) Other Executive Powers

- i. Negotiate and sign, terminate, recess from or cancel contracts for a sum no higher than € 3,000,000.00 for each contract, such as, by way of non-limiting example, contracts regarding the purchase, sale, distribution of Products, the supply of e-commerce services, or the licensing services for advertisement spaces, audiovisual products 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;
- ii. 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 for each transaction.

The Chairman of the Board of Directors, Alessandro Giglio, was also responsible for the management of Giglio Group until 23 July 2020, having vested in him the powers listed in the Corporate Governance Report of 2019, available on the authorised storage mechanism at

www.emarketstorage.it, as well as on the Company's website at www.giglio.org – "Corporate Governance - Shareholders' Meeting - Shareholders' Meeting 23 April 2020".

Chief Executive Officer

On 23 July 2020, director **Marco Riccardo Belloni** was vested with the following powers:

(a) Direction

- i. 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;
- ii. Provide for, coherently with corporate strategies and objectives, the organisation structure of the Company, subject to sharing it with the Chairman;
- iii. Accept, sign and enter agreements with the financial administration of the state and local bodies;
- iv. 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.
- v. 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 of Products, the supply of e-commerce services, or the licensing services for advertisement spaces, audiovisual products 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;
- vi. 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 € 2,000,000 for each transaction;
- vii. 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;

(b) Disputes and Lawsuits Powers

- i. 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 (d)i; 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;
- ii. Join as injured party in criminal cases, in the name and in the interest of the Company, filing lawsuits and complaints;
- iii. 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;
- iv. 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.
- v. 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;

(c) Banking and Financial Powers

- 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 € 2,000,000 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 € 2,000,000 for each transaction;
- ii. 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 € 2,000,000.00 for each transaction;
- iii. Conclude deals with leasing, factoring and insurance companies within the limits of € 2,000,000;
- iv. 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 € 2,000,000.00 for each transaction.

(d) HR Management Powers

- i. Assign professional appointments, including professional appointments related to procedural and extra-procedural activities (also arbitration) for a sum no higher than € 500,000 for each appointment;
- ii. Conclude, amend and terminate collaboration and consultancy contract, for a sum no higher than € 500,000.00 for each contract;
- iii. 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;
- iv. Settle and reconcile disputes for a sum no higher than € 400,000, both with the Ministry of Labour and Social Policy and with the Provincial Labour Office;
- v. 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;
- vi. 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.
- vii. 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;
- viii. Assign severance indemnity advances and loans to employees for sums no higher than the sum allocated to the severance indemnity of the employee;

(e) Commercial Agreements' Powers

- i. Negotiate and sign, terminate, recess from or cancel contracts for a sum no higher than € 2,000,000 for each contract (in terms of both costs and revenues), 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;
- ii. 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;
- iii. 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;
- iv. Draw up and sign letters of intent, term sheets and other non-binding commitments on behalf of the Company;

- v. 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;
- vi. 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;
- vii. 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;
- viii. Deposit and renew brands, deposit patents, register, renew or cancel Internet domains as well as granting and use in any form industrial property rights;
- ix. Sign contracts for outsourced services also of an IT nature, as long as the unit value does not exceed € 500,000.00;
- x. Appoint proxies, agents, representatives and commission agents, determining their powers, within the limits of the powers granted;
- xi. 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;
- xii. Submitting proposals for tenders, 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;
- xiii. 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;
- xiv. Purchase, sell and change vehicle in general, signing every related act;
- xv. Sign contracts of service and maintenance for plants, buildings and machinery;

(f) GDPR Powers

- i. 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;

(g) Employer's Powers (Legislative Decree no. 81/2008)

- i. 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 director 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 director is vested with the following powers:
 - ii. In the exercise of the functions set forth in the previous point, 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;
 - iii. 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;
 - iv. Assess the risks and draw the relative Risk Assessment Document, as well as appointing the person in charge of the Prevention and Protection Service;
- v. 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;
- vi. 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;
- vii. 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.

(h) Other Operational Powers

- i. Sign correspondence and all documents related to the areas that are the subject of this delegation of powers;
- ii. 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; carry out any other operation or deed required with them;
- iii. Coordinate the various functions and offices on the basis of the organisation chart adopted from time to time by the Company;
- iv. 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 Director on 23 July 2020, CEO Marco Riccardo Belloni is the main person responsible for the Company's management.

4.5 OTHER EXECUTIVE DIRECTORS

Anna Maria Lezzi, who, on 17 July 2018, was appointed by proxy with the powers reported in the 2019 Corporate Governance Report pursuant to Art. 123-bis of the CFA, available on the authorised storage mechanism at www.emarketstorage.it, as well as on the Company's website at www.giglio.org – "Corporate Governance - Shareholders' Meeting - Shareholders' Meeting 23 April 2020" section. The Board of Directors of 23 July 2020, besides appointing Anna Maria Lezzi as Vice-chairwoman of the Board of Directors, confirmed the powers appointed to her, appointing also the following powers:

- i. Monitor and manage the Treasury Office of the Company, pursuant to Law no. 262/2005 and to the procedures adopted by the Board of Directors;
- ii. Keep and sign the Company's correspondence;
- iii. 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;
- iv. Demand or collect any sum owed to the Company for any purpose, as well as issuing valid receipts and discharges.
- v. 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 in the event that the beneficiary is not a Company of the Group; sign contracts and engage in business of all kinds, also with different financial bodies up to € 500,000;
- vi. 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 in any case up to € 500,000; 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;
- vii. Rent, use and terminate safety boxes or safes;
- viii. Open and close postal account and carry out operations on them;
- ix. 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;
- x. 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; carry out any other operation or deed required with them;
- xi. Represent the Company in Italy and abroad with any public or private body, as well as in all of its relationships with the Public Administration; 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.
 - xii. Represent, furthermore, the Company 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;
 - xiii. Sign and present claims, appeals and other deeds; sign and present all the declarations for social security and fiscal entities;
 - xiv. 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;
 - xv. 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;
 - xvi. 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;
 - xvii. 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;
 - xviii. 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;
 - xix. 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.
 - xx. 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.

Massimo Mancini, who, as mentioned in paragraph 4.2, resigned from his office of director on 23 April 2020, up until that date was appointed with the powers conferred by the Board of Directors and reported in 2019 Corporate Governance Report pursuant to Art. 123-bis of the CFA, available on the authorised storage mechanism at www.emarketstorage.it, as well as on the Company's website at www.giglio.org – "Corporate governance - Shareholders' Meeting - Shareholders' Meeting 23 April 2020" section.

Carlo Micchi, who, as mentioned in paragraph 4.2, resigned from his office of director on 24 March 2020, up until that date was appointed with the powers conferred by the Board of Directors and reported in 2019 Corporate Governance Report pursuant to Art. 123-bis of the CFA, available on the authorised storage mechanism at www.emarketstorage.it, as well as on the Company's website at www.giglio.org – "Corporate governance - Shareholders' Meeting - Shareholders' Meeting 23 April 2020" section.

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.

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.

Over the course of the Fiscal Year, the delegated bodies have constantly reported to the Board of Directors, at least once every quarter, about the activities carried out with the exercise of the powers conferred to them.

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, during the course of the Fiscal Year, the following individuals acted as independent directors of the Company: Giorgio Mosci, Francesco Gesualdi and Silvia Olivotto, who qualified as independent pursuant to Art. 148 of the CFA and to Art. 2.2.3, par. 3, letter m) of the Borsa Regulation, as well as to the Corporate Governance Code, on the date of their appointment, pursuant to Art. 148 of the CFA and to Art. 3 of the Corporate Governance Code.

Following Yue Zhao's resignation on 15 May 2020, the Board of Directors, in the same meeting, co-opted as new non-executive board member of the Company Francesco Gesualdi, ascertaining his independence requirements, also on the basis of the declarations given by the same pursuant to Art. 148 of the CFA 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 confirmed to have carried out all necessary assessments regarding the correct application of the assessment criteria and procedures adopted by the Board of Directors in order to assess the independence of its members.

The assessment of the independence requirements for the non-executive and independent director of the Company, Francesco Gesualdi, was repeated on 12 November 2020 with the subsequent confirmation of his appointment by the Shareholders' Meeting of the same date.

Lastly, on 15 March 2021, the Board of Directors assessed the existence of the independence requirements of directors Silvia Olivotto and Francesco Gesualdi, pursuant to Art. 148 of the CFA and on the basis of the assessment criteria set forth in the Corporate Governance Code.

Over the course of the fiscal year, independent directors Giorgio Mosci (until his resignation on 23 July 2020), Francesco Gesualdi 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.

4.7 LEAD INDEPENDENT DIRECTOR

Pursuant to the recommendations of the Corporate Governance Code, on 11 May 2018, the Board of Directors appointed director Giorgio Mosci as Lead Independent Director of the Company and, following his resignation on 23 July 2020, appointed the independent director Francesco Gesualdi to this office.

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 independent directors.

4.8 GENERAL MANAGER

Massimo Mancini acted as General Manager of Giglio Group from 29 June 2017 to 30 April 2020.

The organisation chart currently adopted by the Company does not provide for the role of General Manager; hence, following the resignation of Massimo Mancini, the office was not reassigned.

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 07 October 2020 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 two press releases 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.

7. APPOINTMENTS AND REMUNERATION COMMITTEE

The Board of Directors, on 11 May 2018, constituted 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 CFA)

Over the course of the Fiscal Year , until 14 May 2020, the Appointments and Remuneration Committee was composed of: Giorgio Mosci as Chairman and Silvia Olivotto as independent director; starting from 14 May 2020, the Committee was composed of: Giorgio Mosci (Chairman), Silvia Olivotto (member) and independent director Francesco Gesualdi (member). On 23 July 2020, following the resignation of Giorgio Mosci from his office of independent director, Francesco Gesualdi was appointed chairman of the Committee, which, as of now, is composed as follows: Francesco Gesualdi (Chairman) and Silvia Olivotto (member).

Over the course of 2020, the Committee was composed solely of independent directors pursuant to Art. 148 of the CFA and to Art. 2.2.3, par. 3, letter m) of the Borsa Regulation, as well as to the Corporate Governance Code, having demonstrated their independence upon their appointment. Giorgio Mosci , Francesco Gesualdi 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.

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.

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 Chairman or, in the event of its absence or unavailability, by the most senior member. 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.

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 11 meetings of about 60 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, 4 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 ("**Subsidiaries**"). 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:

- Propose a new member of the Board of Directors, Francesco Gesualdi, assessing the existence of the requirements necessary for carrying out the office;
- Assess a new member of the Board of Directors, Marco Riccardo Belloni, assessing the existence of the requirements necessary for carrying out the office;
- Support the Company in the conclusion of the consultancy agreement with Carlo Micchi, CFO and Financial Reporting Officer;
- Assess the results of the annual self-assessment procedure;
- Support the Company in the issues arising from the interdiction sanction imposed on the Chairman of the Board of Directors with Consob Resolution no. 21584 of 12 November 2020 (published on 16 November 2020 on the Bulletin of the Authority).

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 senior executives ("**Policy**"), 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 senior executives;
 - 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 Policy adopted, relying for this purpose on the information provided by the CEO, formulating related proposals to the Board of Directors;
- i) Carry out any task concerning the remuneration required by the procedure for transactions with related parties adopted by the Company.
- j) Assess the coherence of the incentive mechanism for the Internal Auditor and the Financial Reporting Officer with the tasks appointed to them.

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

- Distribution of the remuneration among the members of the Board of Directors on the basis of the total emolument approved by the Meeting;
- Assessment of the remuneration of Mr Carlo Micchi as advisor to the Company;
- Supporting the Company in applying and amending the general remuneration policy adopted by the Company itself;
- Assessment of the objectives achieved by the "Stock-Option Plan 2018-2021";
- Supporting the Company in elaborating the incentive remuneration plans;
- Supporting the Company in the definition of the remuneration of Marco Riccardo Belloni in his office of CEO.

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 had the power to access the necessary information and company functions, as well as to make use 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 14 May 2020, the Board of Directors resolved to provide to the Committee an annual budget of € 10,000, to this day spent in consultancy activities to support the Committee's decisions.

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 Italian 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, Risks and Related-Parties Committee in 2018, as well as due to the substantial activity scheduled for the following fiscal year with regard to the Industrial Plan and the transfer of the Media Area.

On 23 April 2020, the Shareholders' Meeting, following the reduction of the members of the Board of Directors, resolved to reduce the overall remuneration of the Board, reducing it from € 335,000 to € 295,000. The Board of Directors, upon hearing the opinion of the Appointments and Remuneration Committee and of the Board of Statutory Auditors, resolved, on 14 May 2020 and on 23 July 2020, to redistribute the overall remuneration due to each director as described in the Corporate Governance Report pursuant to Art. 123-ter of the CFA.

For more information, see the Remuneration Report, which shall be made available to the public on the authorised storage mechanism at www.emarkestorage.it as well as on the Company's website in the "Corporate Governance - Shareholders' Meeting" section.

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 CFA)

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

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 CFA)

Over the course of the Fiscal Year , until 14 May 2020, the Internal Control, Risks and Related-Parties Committee was composed of: Silvia Olivotto as Chairwoman and Giorgio Mosci as independent director; starting from 14 May 2020, the Committee was composed of: Silvia Olivotto (Chairwoman), Giorgio Mosci (member) and independent director Francesco Gesualdi (member). Following the resignation of Giorgio Mosci from his office of director, on 23 July 2020, the Committee is thus composed: Silvia Olivotto (Chairwoman) and Francesco Gesualdi (member).

Over the course of 2020, the Committee was composed solely of independent directors pursuant to Art. 148 of the Consolidated Act Art. 2.2.3, par. 3, letter m) of the Borsa Regulation, as well as to the Corporate Governance Code, having demonstrated their independence upon their appointment. Giorgio Mosci and Silvia Olivotto possess and adequate knowledge and experience in financial and remuneration policies.

The members of the 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.

The 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 Chairman 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'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.

No Director shall take part in the discussions and resolutions of the 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 held 25 meetings of about 90 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, the Committee has scheduled several meeting until the date of the Shareholders' Meeting for the appointment of the new Board of Directors. As of now, 11 meetings have been scheduled, of which 10 have already been called as of 10 May 2021. 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:

- (i) Give its preliminary assessment and formulates proposal about:
 - a) 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;
 - b) 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;
 - c) The half-yearly assessment, on the occasion of the approval of the annual and half-yearly financial reports, of the internal control and risk management system's adequacy to the Company's characteristics and risk profile adopted, as well as of its effectiveness; for this purpose, the Committee shall report to the Board the activities carried out, at least on an annual basis, on the occasion of the approval of the annual financial reports, as well as the adequacy of the internal control and risk management system in the meeting identified by the Chairman of the Board of Directors;
 - d) The approval, at least once a year, of the Audit Plan drafted by the Internal Auditor;
 - e) 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
 - f) 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.
- (ii) Give its favourable assessment 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;
- (iii) Express opinions to the Board of Directors on specific aspects relating to the identification of the principal risks for the company;
- (iv) 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;
- (v) 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

3.2 Moreover, the Committee, in assisting the Board of Directors, shall:

(i) Evaluate together with the Financial Reporting Officer 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;

(ii) Assess and evaluate the Reports drafted by the CFO/Financial Reporting Officer, 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;

(iii) 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;

(iv) 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:

- a) Assess the results of the audit activities carried out by the Internal Auditor;
- b) 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;
- c) 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;
- d) 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;

(v) Assess and evaluate:

- a) 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;
- b) 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;
- c) 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;
- d) The disclosures on the internal control and risk management system, also in the context of periodical meetings with the various structures of the Company;
- e) The assessments and verifications carried out by third parties on the internal control and risk management system;

(vi) 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 us 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 mainly on the following actions:

- Assess and evaluate the periodical financial reports and the correct use of the accounting standards for the drafting of the periodical financial reports;
- Assess the assumptions of the Industrial Plan adopted by the Company;
- Evaluate the internal control and risk management system of the Company on a half-yearly basis;
- Assess and evaluate the reports made available by the Supervisory Board;
- Assess and evaluate the reports made available by the Data Protection Officer;
- Assess and evaluate the reports made available by the Internal Auditor, as well as the results of the audit tests carried out by the latter, submitting to the Board of Directors the suggestions deemed useful from time to time;
- Assess and evaluate the Annual Audit Plan;
- Assess the adequacy of the administrative/accounting procedures set forth in Law no. 262 of 2005, suggesting to the Company the useful activities to carry out from time to time;
- Assess the adequacy and the update of the procedure adopted by the Company on Internal Dealing and Privileged Information;
- Assess and express opinions on the risks of the Company with regard to the amendment of the organisational chart and to the reorganisation of the proxy system that took place on 23 July 2020;
- Assess and evaluate the risks arising from the interdiction sanction imposed on the Chairman of the Board of Directors with Consob Resolution no. 21584 of 12 November 2020 (published on 16 November 2020 on the Bulletin of the Authority);
- Carry out the activities and the formalities set forth in the Regulation adopted with Consob resolution no. 17221 of 12 March 2010, as well as pursuant to the Procedure for Related-Parties Transactions adopted by the Company in the event of Related-Parties Transactions.

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 14 May 2020, the Board of Directors resolved to provide to the Committee an annual budget of € 10,000, as of today almost entirely spent.

10. INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM

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 Board of Directors shall define the guidelines of the Internal Control and Risk Management System, with the support of the Internal Control, Risks and Related-Parties Committee, so that the main risks concerning the Company or its subsidiaries shall be correctly identified, monitored and managed. For this purpose, the Board of Directors shall assess at least on an annual basis the risk mapping, with the support of the Financial Reporting Officer and the CEO, and on the basis of the risk assessment carried out as defined in the annual Audit Control Plan.

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 and Risk Management System is the set of: rules, procedures and organisational structures aimed at an effective and efficient identification, measurement, management and monitoring of the main risks, for the purpose of contributing to the sustainable success of the Company. It 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.

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 CEO, 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 CFA)

The Internal Control and Risk Management System is the set of: rules, procedures and organisational structures aimed at an effective and efficient identification, measurement, management and monitoring of the main risks, for the purpose of contributing to the sustainable success of the Company. It 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.

The Financial Reporting Officer shall take care of the adequate administrative/accounting structure of the Company, while the Director responsible for the Internal Control and Risk Management System shall take care of the adequacy and functioning of the Internal Control and Risk Management System.

Periodically, the Board of Directors, supported by the Internal Control, Risks and Related-Parties Committee, the Financial Reporting Officer and the Internal Auditor, shall assess the adequacy of the administrative and accounting procedures; the assessments shall be carried out on the basis of the methodological regulations defined in accordance with international standards and, moreover, integrative control procedures were carried out for the definition of the subsidiaries' Consolidated Financial Statements as of 31 December 2020.

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 Consolidated 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 and of the

Internal Auditor in order to ensure the actual implementation, monitoring and update of the administrative/accounting 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.

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.

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 and integrative control procedures were carried out in order to verify the statements of the subsidiaries' Consolidated Financial Statements as of 31 December 2020.

Roles and Functions Involved

The Board of Directors, supported by the Internal Control, Risks and Related-Parties Committee shall assess, on a half-yearly basis, the adequacy of the Internal Control and Risk Management System. The Committee's task and assessment's function is also to support the assessments and the decisions of the administrative body with regard to the Internal Control and Risk Management System and to the approval of periodical financial and non-financial reports.

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 process is governed by the Financial Reporting Officer, who shall set adequate administrative and accounting procedures for the creation of the financial statement and the consolidated financial statements, as well as for any other financial communication.

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;
- 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 most recently on 07 September 2020 by the Board of Directors, upon positive opinion of the Internal Control, Risk and Related Parties Committee.

The Board of Directors, with the support of the Internal Control, Risks and Related-Parties Committee shall assess on a half-yearly basis the Internal Control and Risk Management System, reporting its results to the Board of Directors. The directors rely 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 Internal Control and Risk Management System.

The Internal Control and Risk Management System, in its half-yearly report, suggested to the Board of Directors to incorporate the suggestions received from the various functions involved in the assessment of the System's adequacy, as well as to implement the remediation pointed out by the Internal Auditor. The Board of Directors, over the course of its annual assessment, incorporated the observations of the Committee, delegating the Director responsible for the Internal Control and Risk Management System and the Financial Reporting Officer, each limited to his/her competence, to implement the activities suggested to the Board and aimed at ensuring the adequacy of the Internal Control and Risk Management System.

The Company is finalising the management reporting processes and is still working on adjusting the administrative, accounting and management reporting systems, along with the relevant procedures in line with the new application platform. Moreover, the Company is carrying forward the adjustment and implementation of the 262/2005 procedures on its strategic subsidiaries.

With regard to the organisational, administrative and accounting structure of the strategic subsidiaries, it is noted that the Group is still expanding its management reporting mechanism to all of its subsidiaries. The Financial Reporting Officer programmed an action plan, adapting it to the delays that arose from the COVID-19 pandemics.

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.

On 23 July 2020, the Board of Directors, taking into account the new division of powers adopted, identified, upon favourable opinion of the Internal Control, Risks and Related-Parties Committee, as director responsible for the System the CEO, Marco Riccardo Belloni.

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.

10.2 HEAD OF THE INTERNAL AUDIT FUNCTION

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 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 in the Audit Plan execution and support the Financial Reporting Officer in the assessment of the administrative/accounting procedures.

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) sharing the results of the assessments with the Internal Control, Risks and Related-Parties Committee, the Board of Statutory Auditors and the Board of Directors.
- (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 07 September 2020, 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.

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

- Conformity of administrative-accounting processes pursuant to Law no. 262 of 2005 and risks connected to operating business processes;
- 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 collection, retention and treatment of personal data - GDPR (Data protection and security).

Over the course of the fiscal year, the Internal Auditor constantly monitored the formalisation of the administrative and accounting procedures pursuant to Law 262 of 2005 and took note of the completion of their formalisation on the Parent Company, which took place on January 2021.

The Internal Auditor believes that, despite the slowdowns caused by the pandemic, the Company reached a satisfying body of procedures; nevertheless, it reserves the right to execute further assessments on the operational effectiveness of the designed internal controls.

Within the scope of the monitoring of the procedures thus introduced and of their approval, upon request of the Board of Statutory Auditors, the Internal Auditor launched on 28 August 2020 an assessment activity on the Treasury procedures. Following the results exhibited by the Internal Auditor, the Company's management developed an action plan.

The Internal Auditor carried out the follow-up activities provided for in the Audit Plan with regard to the GDPR Privacy formalities (Regulation 679/2016) and the administrative/accounting procedures of the Treasury. The Internal Auditor took note of the developments and the corrective actions implemented by the Company and assessed the necessity to conclude the remedial plan envisaged, pointing out the required activities in its Annual Report.

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.

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. Following the resignation of Giorgio Mosci from his office of director, on 23 July 2020, all of the members of the Supervisory Body are external to the Company.

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;
 - (v) 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 latest version was approved by the Board of Directors on 7 October 2020.

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 6 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 EY 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: Ibox SA and E-Commerce Outsourcing S.r.l..

The legal audit of Giglio TV HK Limited' and of Giglio Shanghai's financial statements have been entrusted to local auditing firms.

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 purposed 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.

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 "Corporate Governance" 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. 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.

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.

Each shareholder cannot contribute to the presentation of or present, as any other shareholder with voting rights, through other persons with voting rights or trust companies, of 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 current Board of Statutory Auditors of the Company, who shall expire upon approval of the 2020 Annual Financial Statements.

The members of the Board of Statutory Auditors were elected on the basis of two different slates: the first slate, presented and voted by shareholder Meridiana Holding S.r.l., included as candidates Monica Mannino, as standing auditor, Marco Andrea Centore, as standing auditor, Corrado Luigi Totucci, as standing auditor, and Gianfranco Bertolini as alternate auditor. With press release of 25 April 2018, due to the unavailability to accept the appointment of Gianfranco Bertolini, shareholder Meridiana Holding S.r.l. proposed to vote for the alternate auditor candidate, Cristina Quarleri.

The second slate, presented by shareholder Docomo Digital Italy S.p.A., included the following candidate auditors: Cristian Tundo, as standing auditor, and Stefano Mattioli, as alternate auditor.

The candidates of the first slate, Monica Mannino, Marco Andrea Centore (standing) and Cristina Quarleri (alternate) were elected with the favourable vote of no. 8,820,302 shares of Meridiana Holding S.r.l.. The candidates of the second slate, Cristian Tundo (Chairman) and Stefano Mattioli (alternate) were elected with the favourable vote of no. 1,588,948 shares of Docomo Digital Italy S.p.A.. 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	100%
Cristina Quarleri	Alternate Auditor	11 May 2018	-
Stefano Mattioli	Alternate Auditor	11 May 2018	-

A third of the Board of Statutory Auditors is composed of the less-represented gender. Hence, the composition of the Board of Statutory Auditors meets the diversity criteria requested as far as gender equality policies are concerned.

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 in the LS LexJus Sinacta law firm. 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 is a partner and founder of AGFM, a firm of associated chartered accountants, with headquarters in Parma and Milan. 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.

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.

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

1. Cristian Tundo

Company	Tax code	Office
GIGLIO GROUP S.P.A.	07396371002	Chairman of the Board of Statutory Auditors
SITI – B&T GROUP S.P.A.	02071130369	Statutory Auditor
EVERIS ITALIA S.P.A.	05858381006	Statutory Auditor
F.LLI GUAZZI S.P.A.	00217890342	Chairman of the Board of Statutory Auditors
CHR HANSEN ITALIA S.P.A.	08600611001	Statutory Auditor
AGCO ITALIA S.P.A.	02105131201	Statutory Auditor
IMMOBILIARE OASI NEL PARCO S.R.L.	07235720963	Statutory Auditor
RIMINI PARKING GEST S.R.L.	02097780411	Statutory Auditor
DUC S.P.A.	02466131204	Statutory Auditor

2. Marco Andrea Centore

Company	Tax code	Office
GIGLIO GROUP S.P.A.	07396371002	Statutory Auditor
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
ECOTRADE S.P.A.	02978190102	Statutory Auditor
FUTURA S.N.C. DI PIANO AGOSTINO E CIURCINA VITTORIO	03411800109	Insolvency Officer
SIX ITALIA S.P.A.	01778420155	Statutory Auditor
LA LANTANA S.S.	94026120108	Partner
OMNI MARE S.R.L.	04627810965	Insolvency Officer

IMMOBILIARE AEDIFICO 2005 S.R.L.	01558660997	Director
CONTRACT 2011 S.R.L.	02064200997	Governing Director
IMMOBILIARE TERRA DI LEVANTE S.R.L.	02076140991	Director
TREE S.R.L. IN LIQUIDATION	02140780996	Insolvency Officer
SAN BENIGNO IMMOBILIARE SBI S.R.L.	02559760992	Governing Director
TIMOSSI INVESTIMENTI S.P.A.	10908800153	Statutory Auditor
RECONTA -REVISIONI ED ELABORAZIONI CONTABILI S.A.S. DI DOTT. SALVATORE MARIA CENTORE E C.	01357360187	Managing Partner
ITALSPED S.R.L. IN LIQUIDATION	00157410309	Liquidator
AZIENDE DOLCIARE RIUNITE S.P.A.	00628470098	Statutory Auditor
LA VALLETTA S.S.	00587280181	Managing Partner
S.T.C. CENTRO SERVIZI SOCIETA' DI CONSULENZA E REVISIONE S.R.L.	S00823620182	Director

3. Monica Mannino

ERAMET ALLOYS ITALIA S.R.L.	01535470387	Chairwoman of the Board of Statutory Auditors
TINEXTA S.P.A.	10654631000	Statutory Auditor
DIASORIN S.P.A.	13144290155	Chairwoman of the Board of Statutory Auditors
ISTITUTO STOMATOLOGICO ITALIANO SOCIETA' COOPERATIVA SOCIALE – ONLUS	01315930154	Chairwoman of the Board of Statutory Auditors
MILANO RISTORAZIONE S.P.A.	13226890153	Statutory Auditor
GIGLIO GROUP S.P.A.	07396371002	Statutory Auditor
TINTEXTA CYBER S.P.A.	15971011000	Chairwoman of the Board of Statutory Auditors
LUXMASTER S.P.A.	11677270966	Statutory Auditor
FBS NEXT S.P.A.	02656960396	Statutory Auditor
CORVALLIS S.R.L.	05335180286	Chairwoman of the Board of Statutory Auditors
FONDAZIONE THEODORA onlus	97247270156	Auditor
FIERA MILANO S.P.A.	13194800150	Chairwoman of the Board of Statutory Auditors

4. Stefano Mattioli

Company	Tax code	Office
GIGLIO GROUP S.P.A.	07396371002	Alternate Auditor
N.S.M. - S.P.A.	0311120042	Statutory 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
LAW ON CHAIN SRL	02887930341	Director
CABOT NORIT ITALIA S.P.A.	00889900155	Managing Director Chairman of the Board of Statutory Auditors

5. Cristina Quarleri

Company	Tax code	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, 20 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 4 meetings is provided, 2 of which already took place on 11 February 2021 and 22 February 2021. With regard to 2021 meetings, it is noted that their number is related to the fact that the current Board of Statutory Auditors shall finish its term with the Shareholders' Meeting for the approval of 2020 Financial Statements.

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 subsequently 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. In assessing its members, the Board of Statutory Auditors applied both the criteria required by Law and those pointed out by the Corporate Governance Code.

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.

The Investor Relator is Massimo Mancini, whom, following his resignation from Managing Director on 30 April 2020, keeps acting as Investor Relator through a consultancy contract signed on 30 April 2020 and expiring on 30 April 2021.

[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.

Pursuant to Art. 106, par. 4 of the Decree Law no. 18 of 17 March 2020 (the so-called "Heal Italy" Decree), due to the COVID-19 health emergency, during the Shareholders' Meetings of 23 April 2020

and 12 November 2020, the participation to the meetings was allowed only through Computershare S.p.A. as Appointed Representative of the Company. For this purpose, the Appointed Representative can be given proxies and sub-proxies pursuant to Art. 135-*novies* of the CFA, by way of derogation from Art. 135-*undecies*, par. 4 of the CFA, since the participation in person or by way of proxy to third parties is not allowed.

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, in the Shareholders' Meeting of 20 January 2020, two directors were present other than the Chairman of the Board of Directors, in the Meeting of 23 April 2020, two directors were present other than the Chairman of the Board of Directors, while in the Meeting of 12 November 2020, four directors were present other than the Chairman of the Board of Directors.

During the Year, there were no significant changes in the composition of the Issuer's corporate structure, with the exception of the reduction of the shareholding of Docomo Digital Italy S.p.A., now below 5%, 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 22 DECEMBER 2020 OF THE
CHARIMAN OF THE CORPORATE GOVERNANCE COMMITTEE**

The Board of Directors assessed the contents of the letter of the Chairman of the Corporate Governance Committee of 22 December 2020 and the recommendations thereby included, deeming that the best path to apply them would have been the adoption of the Corporate Governance Code.

To this regard, the Board of Directors, on 11 February 2021, decided to adopt the new Corporate Governance Code and to programme all necessary activities for its adoption, of which full disclosure will be made in 2021 Corporate Governance Report.

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	20,746,475	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.	56.59	56.59

TABLE 2: STRUCTURE OF BOARD OF DIRECTORS AND COMMITTEES

For the purpose of better understanding the Table, it is noted that, for those directors who resigned from their office, for the purpose of the calculation of their presence, only the meetings that took place during their term were taken into consideration.

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	Slate (M/m)*	Executive	Non-executive	Independent as per Code	Independent as per Consolidated Act	** (n)	Number of Other Positions Held ***	****	**	****	**	
Executive Director and Chairman	Alessandro Giglio	1965	11.5.2018	Approval 2020 Annual Financial Statements	13.2.2012	M	x				22/22 ⁴	1					
Executive Director and Vice-chairwoman	Anna Maria Lezzi	1961	11.5.2018		30.7.2008	M	x					25/25	0				
Chief Executive Officer♦	Marco Riccardo Belloni	1983	23.7.2020		23.7.2020	-						16/16	0				
Independent Director○	Francesco Gesualdi	1957	14.5.2020		14.5.2020	-		x	x	x		20/20	0	x	18/18	x	2/2

⁴ It is noted that, for the purpose of calculating the number of meetings, no. 3 Board meetings were not taken into account, were Alessandro Giglio did not take part due to his interdiction from the office of Director and Chairman of the Board of Directors of Giglio Group, as better explained in this Report.

Independent Director	Silvia Olivotto	1950	4.2.2019		4.2.2019	-		x	x	x	25/25	0	x	25/25	x	11/11
OUTGOING DIRECTORS DURING THE FISCAL YEAR																
Director	Carlo Micchi	1956	23.1.2019	23.7.2020	23.1.2019	-	x				3/3	-			x	
Director	Yue Zhao	1982	11.5.2018	14.5.2020	14.4.2009	M		x			4/5	-				
Independent Director	Giorgio Mosci	1958	11.5.2018	23.7.2020	22.4.2015	M					8/9	-		8/10		9/9
Executive Director and Vice-chairman	Massimo Mancini	1973	11.5.2018	21.3.2020	9.10.2017	M					3/3	-				
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: 25		ICRMC: 25		ARC: 11				

NOTES

- This symbol indicates the director in charge of the Internal Control and Risk Management System
- ◊ This symbol indicates the main responsible for the Issuer's management (CEO).
- This symbols indicated the *Lead Independent Director* (LID).
- * 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).
- ** 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).
- *** 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. The "Alternate Auditor" office was not calculated.
- **** This column indicates with an "x" the belonging of the director within the Committee.

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	100%	3
Statutory Auditor	Monica Mannino	1969			9.10.2017	M	x	100%	7
Statutory Auditor	Marco Andrea Centore	1982			9.10.2017	M	x	100%	15
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: 20							
		NOTES * 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). ** 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). *** 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.							