

REPORT  
ON CORPORATE  
GOVERNANCE  
AND OWNERSHIP  
STRUCTURE

**banzai**<sup>o</sup>



**REPORT ON COMPANY GOVERNANCE AND  
PROPRIETARY ASSETS**

Pursuant to Art. 123-*bis* of TUF

Approved by the Board of Directors on 18 March 2015

Traditional Administration and Control Model

[www.banzai.it](http://www.banzai.it)

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**GLOSSARY**

**Code or Self-Discipline Code:** The Self-Discipline Code of listed companies approved in March 2006 (with subsequent modifications and additions) by the Corporate Governance Committee and promoted by the Borsa Italiana S.p.A.

**Civ. Code or c.c.:** the Civil Code.

**Board or Board of Directors:** the Issuer's board of directors.

**Listing starting date:** 16 February 2015, the date when the ordinary shares of Banzai were listed on MTA, STAR Segment.

**Issuer or Company or Banzai:** Banzai S.p.A.

**MTA:** The Remote Stock Market organised and managed by Borsa Italiana S.p.A.

**Consob Issuer Regulation:** the Regulation issued by Consob in the decision no. 11971 of 1999 (with subsequent modifications) regarding issuers.

**Consob Market Regulation:** the Regulation issued by Consob in the decision no. 16191 of 2007 (with subsequent modifications) regarding markets.

**Consob Related Parties Regulation:** the Regulation issued by Consob in the decision no. 17221 of 2007 (with subsequent modifications) regarding operations with related parties.

**Report:** the report on company governance and company assets that the companies must prepare pursuant to Art. 123-*bis* of TUF.

**Remuneration Report:** The remuneration report prepared pursuant to Art. 123-*ter* of TUF and Art. 84-*quater* of the Consob Issuers Regulation, available in accordance with the law at the company office, at Borsa Italiana and at the Issuer's Internet site at [www.banzai.it](http://www.banzai.it).

**Bylaws:** Issuer's bylaws.

**TUF:** the Legislative Decree no. 58 of 24 February 1998 (Unified Financial Act).

## **1. ISSUER'S PROFILE**

Banzai is the main national operator of e-Commerce on the Italian market and the leader of online vertical editing in Italy. It was founded by Mr. Paolo Ainio, one of the Internet pioneers in Italy and it is one of the largest digital entities of the country. Every month, 18 million users (source: Audiweb, January 2015) visit Banzai e-commerce and media sites, which include ePRICE, SaldiPrivati, Giallo Zafferano, Pianeta Donna, Studenti, ilPost and Liquidia. ePRICE is one of the main Italian online stores with an offer of more than half a million of products in hundreds of different categories, specialising in sales of high-tech products (electronics) and major household appliances, also thanks to a broad range of dedicated services. With more than two million registered users, SaldiPrivati is one of the largest online outlets offering clothing, footwear, accessories and products for home and family. The two brands share a network of 66 Pick&Pay distributed in 57 cities, collection and payment points, combining the advantages of online purchase with the convenience and security of a local store.

The Issuer's ordinary shares are listed in MTA, STAR Segment, as of the Listing Start Date.

In the context and for the purpose of being listed on the MTA, the Company made the necessary and appropriate decisions, effective as of the Listing Starting Date, with the objective of aligning its corporate governance system with the applicable normative and regulatory provisions, as well as the standard contained in the Code. In view of this, the information contained in this Report refers to the period starting on the Listing Starting Date, unless indicated otherwise.

The Company adopted the traditional corporate governance system. Therefore, the Banzai corporate bodies are: the Meeting of Shareholders, the Board of Directors and the Board of Auditors.

**2. INFORMATION REGARDING PROPRIETARY ASSETS (PURSUANT TO ART. 123-BIS, COMMA 1 OF TUF)**

**a) Corporate capital structure**

The subscribed and paid corporate capital as of the date of this Report is 812,297.00 euros divided in 40,614,850 ordinary shares without nominal value.

<b>STRUCTURE OF THE CORPORATE CAPITAL as of 31/12/2011</b>				
	<b>Number of shares</b>	<b>% of the company capital</b>	<b>Listed / not listed</b>	<b>Rights and obligations</b>
Ordinary shares	40,614,850	100%	listed	Each share gives a right to one vote. The rights and obligations of shareholders are indicated in Art. 2346 and with subsequent amendments

<b>OTHER FINANCIAL INSTRUMENTS</b> (attributing the right to subscribe newly issued shares)				
	<b>Listed / not listed</b>	<b>Number of instruments in circulation</b>	<b>Category of shares for the conversion/ year</b>	<b>Number of shares for conversion/year</b>
Banzai 2014 - 2018 Warrant	Not listed	235	Ordinary shares	2,937,500

The meeting of company shareholders held on 22 December 2014 (i) approved the guidelines of a stock option plan, whose final terms will be established in the regulation to be approved by the Board of Directors, with the opinion of the Remuneration Committee, and in accordance with the procedure regarding operations with related parties, within three months from the Listing Start Date and (ii) decided to assign and increase of the capital for a maximal nominal amount of 55,000.00 euros by issuing a maximal amount of 2,750,000 shares in order to service the stock option plan described in point (i) above.

**b) Asset transfer restrictions**

There are no restrictions of the transfer of assets described in Art. 123-*bis*, comma 1 of TUF.

**c) Relevant capital stakes**

As of the date of this Report, there are the following relevant stakes, according to the communications made pursuant to Art. 120 of TUF:

<b>RELEVANT CAPITAL STAKES</b>				
<b>Declaring party</b>	<b>Direct shareholder</b>	<b>No. Ordinary shares</b>	<b>Percentage quota of the ordinary capital</b>	<b>Percentage quota of the voting capital</b>
Paolo Ainio*	Paolo Ainio	8,862,850	21.822%	21.974%
Arepo BZ S.a r.l.	Arepo BZ S.a r.l.	8,613,850	21.209%	21.357%

\* including 221,750 (0.55%) held by PUPS S.r.l., controlled in 80% by Paolo Ainio.

**d) Instruments granting special rights**

There are no instruments granting special rights described in Art. 123-*bis*, comma 1, letter d), of TUF.

**e) Share participation of employees: mechanism for exercising of the voting rights**

There are systems for share participation of employees described in Art. 123-*bis*, comma 1, letter e), of TUF.

**f) Restrictions of the voting rights**

There are no restrictions of the voting rights described in Art. 123-*bis*, comma 1, letter f), of TUF.

**g) Agreements between shareholders**

There are no agreements between shareholders described in Art. 123-*bis*, comma 1, letter g), of TUF known to the Company pursuant to Art. 122 of TUF.

**h) Change of control clauses and statutory provisions regarding OPA**

Banzai and the controlled companies did not sign any significant agreements acquiring efficacy, modified or extinguished in case of change of control of the contracting company described in Art. 123-*bis*, comma 1, letter h) of TUF.



In terms of OPA, the Banzai bylaws do not contain any provisions derogating the passivity rule contained in Art. 104, commas 1 and 2 of TUF, and they do not provide for the application of the neutralization rules described in Art. 104-*bis*, commas 2 and 3 of TUF.

**i) Delegations to increase the corporate capital and authorisations to purchase own shares**

In accordance with the current company bylaws, the capital may be increased according to the terms and limits determined by law. The capital increases may also assume a form of contribution of goods in nature and credits, within the terms and limits permitted by law.

The administrative body may be delegated for implementation of the increases decided upon, within the terms and limits permitted by law.

As of the date of this Report, the Board of Directors does not have any delegations to increase the corporate capital pursuant to Art. 2443 of C.C. and it cannot issue any participation financial instruments.

It is noted that the Meeting of Shareholders of 6 November 2014 decided to authorise, pursuant to Art. 2357 of C.C., (i) the purchase, in one or more instalments, for a period of eighteen months as of 6 November 2014, of a maximum of 5,200,000 ordinary shares of Banzai without nominal value, at a price that cannot be lower or higher than 20% compared to the reference price registered by the Stock market at the session preceding any single operation. The maximal number of the purchased shares cannot exceed the overall nominal value, including any shares owned by the controlled companies, exceeding 10% of the corporate capital and (ii) dispose of all and/or part, without time limits, of own shares purchased even before exhausting the purchases; the shares may be transferred in one or more instalments, also through an offer to the public and/or shareholders, on our outside of the Stock market, on block markets, institutional placement, placement of purchase coupons and/or warrants, or in exchange for acquisitions or public offers of exchange – at a price not lower than the lowest purchase price; however, such price limit shall not be applicable if the transfer of shares takes place within stock option plans.

As of the date of this Report, there are 282,250 own shares in the portfolio, equal to 0.70% of the Company's share capital.

**l) Management and Coordination Activities**

The Company is not subject to management and coordination activities within the meaning of Art. 2497 of C.C.

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**Director indemnity in case of resignation, dismissal without due cause or termination of employment resulting from a public offer of purchase**

As of the date of this Report, there are no contracts of employment signed with the Issuer or companies controlled by it by members of the Board of Directors, managers with strategic responsibilities or members of the Board of Auditors, providing for any indemnity in case of resignation, dismissal without due cause or termination of employment resulting from a public offer of purchase.

**Further information required in Art. 123-*bis*, first comma, letter i) of the TUF**

With reference to further information, described in Art. 123-*bis* of TUF, please refer to the following paragraphs of this Report, as indicated below:

- For information regarding nomination or replacement of Directors (Art. 123-*bis*, comma 1, letter l), part one of TUF), please see the following paragraph 4.1;
- Regarding adopting a code of conduct regarding corporate governance proposed by management companies of regulated markets or industry associations (Art. 123-*bis*, comma 2, letter a) of TUF), please see paragraph 3;
- Regarding information about director indemnity in case of resignation, dismissal without due cause or termination of employment resulting from a public offer of purchase (Art. 123-*bis*, comma 1, letter i) of TUF), please see paragraph 9.
- For information regarding the main characteristics of internal control and risk management system (Art. 123-*bis*, comma 2, letter b) of TUF), please see paragraph 11;
- For information regarding functioning mechanisms of the Meeting of Shareholders, its main powers, rights of Shareholders and modalities of exercising them (Art. 123-*bis*, comma 2, letter c) of TUF), please see paragraph 16;
- For information regarding the composition and functioning of administration and control bodies and their committees (Art. 123-*bis*, comma 2, letter d) of TUF), please see paragraphs 4, 6, 7, 8, 10, 13 and 14.

### **3. COMPLIANCE**

The Company adopted the Self-discipline code published in March 2006, with subsequent modifications and additions, prepared by the Corporate Governance Committee of listed companies.

Neither the Issuer nor its controlled companies with strategic relevance are subject to non-Italian laws affecting the Issuer's corporate governance structure.

### **4. BOARD OF DIRECTORS**

#### **4.1. Nomination and Replacement of the Board of Directors**

Art. 15 of the Company bylaws stipulates that the Company is directed by a Board of Directors composed of 5 (five) to 11 (eleven) members. The mandate duration of the Board members, established by the Meeting, is not longer than three years, and their mandates expire as of the date of the Meeting called to approve the financial statements of the last year of their mandate.

The Directors must meet the following requirements:

- All Directors must meet the eligibility, professionalism and honourability described by the applicable normative and regulatory discipline;
- At least two Directors must meet the independence requirements described in Art. 147-ter, comma 4, of TUF.

The Board of Directors is nominated by the Ordinary Meeting based on the lists presented by shareholders, according to the following procedure, unless specified differently or later on by legal or regulatory norms that must be respected.

Shareholders who at the time of presentation of the list hold, either individually or jointly, a number of shares at least equal to the quota determined by Consob in accordance with the applicable normative and regulatory provisions may present a list for nomination of Directors. The possession of the minimal quota is determined with reference to the shares registered in the shareholder's name as of the date when the list is submitted to the Company. The corresponding certification may be produced even after the deposit of the list, as long as this is done within the time set for the publication of the list.

The lists must be deposited at the company office, according to the modalities established by the applicable discipline, at least 25 days before the date of the Meeting deciding on the nomination of Directors. The lists must be made available to the public by the Company at least 21 days before the date of the above-mentioned Meeting according to the modalities imposed by the applicable norms.

Each list:

- must contain a number of candidates not exceeding 11, listed according to progressive numbers;
- must contain and explicitly indicate at least one director in possession of independence requirements of Art. 147-ter, comma 4, of TUF; if the list contains 3 or more candidates, it must contain and explicitly indicate at least two directors in possession of such requirements;
- In case the list contains more or three candidatures, it may not be composed exclusively of candidates of the same gender, male or female, but must contain a number of less-represented gender candidates guaranteeing that the composition of the Board of Directors respects the applicable legal and regulatory provisions regarding gender equality. In case the application of the criterion of distribution between genders does not yield an integer number, it must be rounded up to the next integer;
- Must contain in an appendix: (i) The curriculum vitae of candidates; (ii) Declarations, in which all candidates accept their candidatures and declare, under own responsibility, the absence of ineligibility and incompatibility causes, as well as meeting of the requirements of the applicable norm for holding a position of the Company's director, including the declaration regarding possession of independence requirements; (iii) The identification of the shareholders who presented the lists and the total stake held by them; (iv) Any other declaration, information and/or document required by the applicable law and regulations.

Each shareholder, as well as the shareholders belonging to the same group and shareholders who signed a shareholder agreement relevant for the purposes of Article 122 of TUF may not present or participate in presentation of more than one list, not even through an intermediary or a trust company, and may not vote for multiple lists.

Each candidate may be present on only one list, subject to ineligibility.

- A) When two or more lists are present, the voting for the presented lists and formation of the Board of Directors are carried out according to the following provisions:
- Candidates from the two lists that obtained the highest number of votes are elected, with the following criteria: (i) A number of directors equal to the total number of members to be elected minus one, according to the progressive order of presentation, is taken from the list that obtained the highest number of votes (“**Majority List**”); (ii) One director, in person of the candidate indicated first, is taken from the second list (“**Minority List**”) that obtained the

- highest number of votes and that is not related, even indirectly, with the shareholders who presented or voted for the Majority List;
- However, the lists that did not obtain the number of votes at least equal to one-half of the shared corresponding to the quota required for presentation of the lists are not taken into account;
  - In case of equal number of votes between lists, the meeting votes a second time, exclusively for the lists involved, and the list obtaining the highest number of votes prevails;
  - If the above-mentioned modalities do not result in election of at least two directors in possession of independence requirements of Art. 147-ter, comma 4, of TUF, the meeting proceeds as follows: (i) If the candidate from the Minority List does not meet the above-mentioned independence requirements, they are replaced by the first of the candidates from the same list who meets such independence requirements; (ii) If this is not possible or in any case at least two candidates meeting the independence requirements are elected, the candidate(s) not meeting the requirements listed last according to the progressive order on the Majority List are replaced by the first candidate(s) not elected from the list, in possession of independence requirements, according to the progressive order, in which the candidates are listed and in the number necessary to reach the number of two directors in possession of independence requirements;
  - If the above-mentioned modalities do not result in respecting of the applicable legal and regulatory provisions regarding gender equality, including the rounding up to the next integer in case the application of the gender distribution criterion does not yield a whole number, the candidates for the more represented gender elected as the last in the progressive order from the Majority List are replaced with the first non-elected candidates, taken from the same list, representing the other gender; in case it is not possible to implement this replacement procedure, in order to guarantee respecting of the applicable legal and regulatory provisions regarding gender equality, the missing directors will be elected by the meeting with the ordinary modalities and majorities, without applying the list vote mechanism.
- B) If only one list is presented, the meeting votes on it, and, in case it obtained the relative majority of votes, all members of the Board of Directors are taken from that list in accordance with the applicable legal and regulatory provision, also regarding gender equality, including the rounding

up to the next integer in case the application of the gender distribution criterion does not yield a whole number.

- C) When no list has been presented or only one list was presented but it did not obtain the relative majority of votes or if the number of directors elected based on the presented lists is lower than the number of members to be elected or if not the entire Board of Directors must be newly elected, or if for any reason it is not possible to proceed with the nomination of the Board of Directors using the modalities of this Article, the members of the Board of Directors are nominated by the meeting adopting the ordinary modalities and majorities, without application of the list vote mechanism, but respecting the number of directors in possession of the above-mentioned independence requirements and respecting the applicable legal and regulatory provisions regarding balance between genders.

In case one or more of directors elected from the Minority List is no longer in function for any reason, the board of directors appoints new director(s), choosing if possible among non-elected candidates from the same list, respecting the minimal number of directors in possession of the Independence Requirements and in accordance with the applicable legal and regulatory provisions regarding the balance between genders. In all other cases of director resignation the legal provisions apply, without the obligation of list voting, and respecting the minimal number of directors in possession of the Independence Requirements and in accordance with the applicable legal and regulatory provisions regarding the balance between genders

The loss of independence requirements by a director results in termination of their mandate, pursuant to Article 147-ter, comma 4, of TUF, only if this results in not meeting of the minimal number of directors in possession of independence requirements established by the same norm.

Also in consideration of the recent listing of the company on the stock market, the board has not evaluated adoption of any plan for succession of executive directors.

#### **4.2. Chairman of the Board of Directors**

As of the date of this Report, the Board of Directors is composed of 7 members, nominated by the Company's Ordinary Meeting of 6 June 2013, and therefore without the application of the list vote, since this happened before the Listing Start Date. This Board will remain in function until the approval of the financial statements as of 31 December 2015.

Following official resignations of two Directors, the Issuer's Ordinary Meeting held on 22 December 2012 nominated two new Directors, Anna Gatti and Ezilda Mariconda.

Please note also that following official resignation of a Directors the Issuer's Ordinary Meeting held on 22 December 2012 nominated Giuseppe Stefano Quintarelli as Director. He accepted the position on the same date and will remain in function until the next Meeting.

For more information regarding the members of the Board please refer to the Issuer's Internet site [www.banzai.it](http://www.banzai.it), the "Investor / Governance" section, which provides the *curriculum vitae* of Directors illustrating their professional characteristics.

All nominated Directors are in possession honourability and professionalism requirements imposed by the applicable norms and regulations.

The Directors qualified as independent meet the requirements of Art. 148, comma 3 of TUF and Self-discipline Code.

\* \* \*

As of the date of this Report, the Board of Directors is composed as follows:

Legend:

PRESENT BOARD OF DIRECTORS											Internal Control Committee		Remuneration Committee	
First and last name	Position	In function from	In function until	List (M/m) *	Exec.	Non-exec.	Indep. from Code	Indep. from TUF	Presence at the meetings **	No. of other mandates ***	****	Presence **	****	Presence **
Paolo Ainio	Chairman and Managing Director	06/06/2013	Approval of 2015 financial statements	N/A	x					4				
Andrea Biasco	Non-executive director	06/06/2013	Approval of 2015 financial statements	N/A		x				4				
Pietro Boroli	Non-executive director	06/06/2013	Approval of 2015 financial statements	N/A		x				22				
Anna Gatti	Non-executive director	22/12/2014	Approval of 2015 financial statements	N/A		x	x	x		6	x	N/A	x	
Ezilda Mariconda	Non-executive director	22/12/2014	Approval of 2015 financial statements	N/A		x				-	x	N/A	x	
Stefano Quintarelli	Non-executive director	22/01/2015	Approval of 2014 financial statements	N/A		x	x	x		3				
Matteo Renzulli	Non-executive director	06/06/2013	Approval of 2015 financial statements	N/A		x				10	x	N/A		

\* This column indicates M/m depending on whether the member was elected from the majority list (M) or from the minority list (m).



\*\* This column indicates the percentage of participation of directors at the meetings, respectively of the Board and committees (number of presences / number of meetings held during the actual period of mandate of the person in question).

\*\*\* This column indicated the number of positions of director or auditor held by the person in question in other listed companies, including foreign ones, in financial, banking or insurance companies of relevant dimensions. The list of such companies for each director is attached to the Report, with the indication whether the company where the position is held is part of the Issuer's group or not.

\*\*\*\* In this column the membership of a board member in a Committee is marked with an "X".

Below is the list of other positions held by the Directors in other companies listed on regulated markets, including foreign ones, in financial, banking, or insurance companies of relevant size as of the date of this Report.

First and last name	Company	Position in the company
Paolo Ainio	Pups S.r.l.	Managing Director
	Il Post S.r.l.	Chairman of the Board of Directors
	P19 S.r.l.	Director
	Interactive Thinking S.r.l. IM3D S.p.A.	Director Chairman of the Board of Directors
Andrea Biasco	Ita 99 S.r.l.	Managing Director
	Arepo PV S.p.A.	Director
	Arepo 99 S.a r.l.	Director
	Arepo BH S.a r.l.	Director
Pietro Boroli	De Agostini Publishing Italia S.p.A.	Chairman of the Board of Directors
	De Agostini Publishing S.p.A.	Chairman of the Board of Directors
	De Agostini Libri S.p.A.	Chairman of the Board of Directors
	Luigi Lavazza S.p.A.	Director
	De Agostini S.p.A.	Vice-Chairman of the Board of Directors Chairman of the Board of Directors and of the
	De Agostini Editore S.p.A.	Executive Committee Director
	M-DIS Distribuzione Media S.p.A.	Director
	Fondazione Achille e Giulia Boroli	Director
	S.G.P. Società Gestione Periodici S.r.l.	Managing Director
	Vis Value Partecipazioni S.r.l.	Director
	De Agostini UK Ltd.	Director
	Gruppo Planeta De Agostini S.L.	Vice-Chairman of the Board of Directors
	DEA Planeta S.L.	Vice-Chairman of the Board of Directors
	Editions Atlas (France) S.A.S.	Director
	Editorial Planeta De Agostini S.A.	Director Director
Finstar S.r.l.	Director	
Rubinetteria Stella S.p.A.	Director	

	Venchi S.p.A. Fondazione Teatro Coccia Zodiak Media S.A. MyWay Media S.r.l. Ambientina Società Semplice	Director Director
Anna Gatti	Almawave USA Inc Loop. Ai Labs Inc GTech S.p.A. Piquadro S.p.A. Rai Way S.p.A. Buongiorno S.p.A.	Managing Director Chairman of the Board of Directors Director Director Director Director
Ezilda Mariconda	–	-
Stefano Quintarelli	Adige immobiliare S.r.l. Garden Ventures S.r.l. Valfiorita S.r.l.	Director Liquidator Managing Director
Matteo Renzulli	Elba Assicurazioni S.p.A. Qualifarma retail S.r.l. Inbetween SGR S.p.A. Bravofly Rumbo Group B:V: Nuova Casenovole Società Agricola a r.l. Città del Sole S.r.l. Tethis S.p.A. Sessantotto S.r.l. Musixmatch S.p.A. Citynews S.p.A.	Chairman of the Board of Directors Chairman of the Board of Directors Director Director Chairman of the Board of Directors Director Director Director Director Director

### Maximal Accumulation of positions held in other Companies

The Board of Directors has not considered it necessary to define general criteria of the maximal number of administration and control positions held in other companies, considering that it is an obligation of each Director to personally evaluate the compatibility of the administration and control positions held in other companies with diligent performance of the tasks assumed as Director of Banzai.

### **4.3. Chairman of the Board of Directors**

Pursuant to Art. 15 of the bylaws, the Company is administered by a Board of Directors composed of a minimum of 5 (five) and a maximum of 11 (eleven) members, determined by the decision of the ordinary meeting at the nomination of the Board of Directors or modified with a subsequent decision.

Pursuant to Art. 16 of the bylaws, the board elects the Chairman and a Vice-Chairman among its members, for the whole mandate of the Board of Directors, if the Meeting does not do so.

Pursuant to Art. 18 of the bylaws the Board of Directors meets either at the Company office or elsewhere, as long as this is in European Union country, Switzerland or United States of America.

The Board meeting is called by the Chairman whenever he considers this necessary or at the request of at least two of its members. In case of absence or non-availability of the Chairman, the meeting is called by the Vice-Chairman, if nominated, or in absence of the latter by the Managing Director.

In accordance with Article 151 of TUF, the board of auditors or even any of the statutory auditors individually have the power to call a Board Meeting.

The Board Meeting is called by means of a notice to be sent – by mail, telegram, fax or electronic mail with return receipt – to the domicile of each director and statutory auditor at least three days before the date of the meeting. In urgent cases, the Board Meeting may be called the day before the meeting date. The meetings and decision of the board are valid, even without formal convocation, if all effective directors and auditors are present.

In case of absence or non-availability of the Chairman, the meeting is chaired by the Vice-Chairman, if nominated, or in absence or non-availability of the latter by the Managing Director, or, in case of his absence or non-availability, by the most senior director.

The Board Meetings may also be held as teleconference or video conference, at the following conditions: (i) The chairman and the secretary of the meeting are present in the same place, and ensure preparation and signing of the minutes; the meeting is considered to be held in that place; (ii) The chairman of the meeting can verify the identity of participants, conduct the meeting in a normal fashion, determine and proclaim the results of voting; (iii) The person preparing the minutes must be also to properly follow the events of the meeting; and (iv) The participants have the possibility of participating in the discussion and simultaneously vote on the subject of the agenda, as well as view, receive or transmit documents.

The Board decisions are made with the presence of the majority of directors in function and with the favourable vote of the majority of directors present. In case of equal number of votes, the chairman's vote prevails.

Pursuant to Art. 18 of the bylaws, the company business is managed exclusively by the board of directors, which has the most ample powers to perform any acts considered necessary and useful for pursuing of company objectives.

Pursuant to Art. 2365, comma 2, of the Civil Code, the Board of Directors is also competent to make the following decisions, notwithstanding the competence of the meeting: (i) Merging and splitting in cases describe in articles 2505 and 2505-*bis* of the Civil Code; (ii) creation or closing of secondary offices; (iii) reduction of capital in case of withdrawal or one or more shareholders; (iv) adjustment of the bylaws to the applicable norms; (v) transfer of company headquarters within the national territory.

Pursuant to Art. 19 of the bylaws the Company is represented by the Chairman of the Board of Directors, or, in case of his absence or non-availability, by the Vice-Chairman, if nominated.

Within the limits of management powers delegated to them, the Company may also be represented by the Managing Director, Chairman of the Executive Committee or directors, to whom determined acts or categories of acts or functions have been delegated.

It is also possible to grant powers of attorney to third parties for determined acts or categories of acts.

In accordance with the provisions of Art. 21 of the bylaws and the procedure for fulfilling the obligations described in Art. 150, first comma, of L.D. no. 58 of February 24 1998, the Board of Directors and the Board of Auditors are informed, also by Delegated Bodies, at least quarterly, about the activity performed, general management issues, expected developments and the most relevant economic, financial or asset operations performed by the Company and its controlled companies, as well as atypical, unusual operations, operations with related parties or involving a potential conflict of interest, providing adequate elements for the appreciation of these operations.

The Board has not defined general criteria for identification of operations with significant economic, financial or asset impact for the Issuer. All operations performed outside of the delegations granted to executive directors are subject to approval of the Board of Directors.

Regarding the management of conflicts of interest and operations with related parties of the Issuer and the Banzai Group please refer to the following paragraph 12.

Considering that the Issuer is listed as of 16 February 2015, the Board did not perform any further evaluation of the functioning, size and composition of the Board or its committees.

The Board is composed in majority by non-executive Directors in persons of Andrea Biasco, Pietro Boroli, Anna Gatti, Ezilda Mariconda, Stefano Quintarelli and Matteo Renzulli (for a total of 6 non-executive Directors out of 7 members of the Board), who in view of their number and authority can influence significantly the Issuer's board decisions.

The non-executive Directors provide their specific competences to the board discussions, contributing to making decisions in the best interest of the company.

The Company's Board did not decide to authorise, generally and preventively, any derogations to the competition prohibition imposed by Article 2390 of the Civil Code.

#### **4.4. Delegated Bodies**

##### Managing Directors

Pursuant to Art. 16 of the bylaws, the Board of Directors nominates among its members a Managing Director, granting him the corresponding management and representation powers, within the limits imposed by law and the present bylaws. The management and representation powers, limited to determined acts, categories of acts or functions, may also be delegated to other members of the Board of Directors.

On 6 June 2013, the Board of Directors of the Company, among other decisions, nominated Paolo Ainio as the Managing Director, granting the following powers to him:

- a) Sign all ordinary and extraordinary correspondence of the Company in the name of the Company and indicating his position;
- b) Hire, suspend and dismiss managers, clerks and workers, establishing and modifying their responsibilities and remunerations; nominate, suspend and revoke representatives, agents and commissioners, specifying their powers and remunerations; represent the Company in any matters regarding protection of workers' rights and social security, including accident prevention, workplace health and safety, relations with employees and trade unions, salaries, employee insurance and any other issues directly or indirectly related to the relations with the employees and their protection;
- c) Conclude and economic and commercial negotiations for business related to company activities and objectives, according to the general management and economic-financial budget guidelines

decided upon by the Board of Directors, with the limit of 500,000 euros (five hundred thousand/00) for each contract; stipulate and cancel any agreement regarding ordinary management of the Company with the limit of 500,000 euros (five hundred thousand/00) per each contract;

- d) Purchase and sell, also via continuous agreements, exchange, import and export machinery, merchandise, services and products related to the company objectives, within the limit of 500,000 euros (five hundred thousand/00) per each contract, establishing the prices, terms and conditions, and granting discounts, if applicable;
- e) Request payment and deposit on behalf of the Company any amount due to the Company for any reason with the limit of 1,000,000 (one million/00), issuing the corresponding receipts and discharges as applicable;
- f) Open and/or close accounts at any bank or other credit institution, both in Italy and abroad, including Banca d'Italia, savings institutions, popular banks as well as postal current accounts; open credit lines and receive advances, discounts, trust funds, loans and financing from banks, excluding medium-long term financing, in particular to support special financing operations, determining their terms and conditions, with the limit of 1,000,000 euro (one million/00); issue cheques and orders involving Company accounts in any bank, including overdraft, with the limit of 1,000,000 euro (one million/00) and within the credit limits that may be granted to the Company by each bank and close current bank accounts; issue instructions and generally withdraw the Company funds from any postal current account of the Company, sign the corresponding cheques and transfer orders debiting such accounts with the limit of 1,000,000 euro (one million/00); issue, transfer and accept money orders, drafts and any other instruments, including drafts in favour of third parties, including banks, with the limit of 1,000,000 euro (one million/00); issue drafts for the Company debtors, accept passive draft as payment of deliverables, transfer money orders and other instruments for cashing, discount, dispute and discharge, with the limit of 1,000,000 euro (one million/00);
- g) Sign agreements with insurance companies or institutions signing the corresponding policies, with the faculty of performing any related acts, and in case of the right to benefits, agree on the amount of damages and indemnity with the limit of 500,000 euro (five hundred thousand/00);

- h) Represent the Company in relations with the Public Administration, Chambers of Commerce and the European Union; perform and procedures or operations signing and presenting requests, applications, questions, appeals and documents of any type, signing acts and contracts, made and withdraw security deposits at the Ministries, Public Debt Offices, Cassa Depositi e Prestiti, Intendants of Finances, Customs Offices, Communes, Provinces, Regions and any other office or public body; represent the Company before any trade union, insurance or industry association;
- i) Up to the limit of 1,000,000 euro (one million/00) per each contract, participate in tenders, competitions and private auctions for contracts with governmental, local, regional or international bodies or with any other public administration or physical person or company; constitute and withdraw the required bid bonds, present, modify and withdraw offers and generally perform any practices and formalities;
- j) Transfer or acquisition of companies or their shares, for amounts below 1,000,000.00 euro (one million/00), with the provision that in case of transfer, the above-mentioned amount refers to the investment value in the company as shown in the last approved financial statements of the Company. Constitute capital ventures, represented the Company in exercising of its voting rights at the meetings of the owned companies, including the power of voting regarding possible liquidation of owned company within the limit of 100,000 euro (one hundred thousand/00) referred to the investment value in the held company as shown in the last approved financial statements of the Company;
- k) Represent the Company in any matter related to taxes, dues and contributions, sign and present declarations, appeals, claims and documents to any authority or commission, including the General Tax Commission, accept and distribute refunds;
- l) Represent the Company and act on its behalf in court at any level of jurisdiction, including the Supreme Court of Appeals, the Constitutional Court, State Council, Departmental Court, both in the first and in the second instance, nominating attorneys, representatives and technical advisors; accept and present sworn declarations, request both judiciary and preventive sequestration of goods in possession of creditors or third parties, oversee their revocation and execution of judicial decrees; represent the Company in any bankruptcy proceedings, preliminary and controlled administration agreements until the definition of the related procedures, accepting and distributing debits and credits;



- m) Negotiate any matters in or out of court, negotiating with arbitrators, nominate and revoke arbitrators;
- n) Nominate special representatives for determined acts or categories of acts, as well as revoke and modify such mandates.

#### Chairman

Pursuant to Art. 16 of the bylaws, the board elects the Chairman and a Vice-Chairman among its members, for the whole mandate of the Board of Directors, if the Meeting does not do so.

The function, powers and obligations of the Chairman are regulated by law.

The meeting of 6 June 2013 nominated Paolo Ainio as the Chairman of the Board of Directors.

The Issuer decided not to nominate a Vice-Chairman.

#### Lead independent director

Since the Code's requirements are met, on 10 November 2014 the Board nominated Anna Gatti as lead independent director pursuant to the Code, to represent the point of reference and coordination for the requests of non-executive Directors, and in particular independent Directors.

The lead independent director, in possession of adequate accounting and financial competences, acts also as the Chairman of the Control and Risk Committee and the member of the Committee for Operations with Related Parties.

#### *4.4.2. The Executive Committee*

Pursuant to Art. 23 of the bylaws, the Board may delegate a part of its powers to an Executive Committee, composed of a minimum of three and maximum of five directors, determining the limits of the delegation, the number of members and the committee's functioning modalities.

The Board of Directors decided not to create an Executive Committee.

#### *4.4.3. Information for the Board*

In accordance with the procedure for fulfilling of the obligations described in Art. 150, first comma, of TUF, the delegated bodies provide quarterly information about the activity performed in exercise of the delegations granted to them.

#### **4.5. Other Executive Directors**

There are no other executive directors apart from the Managing Director.

#### **4.6. Independent Directors**

Pursuant to the combined provisions of Articles 147-*ter*, comma 4 and 148, comma 3 of TUF and pursuant to Art. 2.2.3, comma 3, letter k) of the Stock Market Regulation and Art. IA.2.10.6 of the Instructions to the Stock Market regulations and in accordance with Art. 3 of the Code, the Board of Directors presently includes two independent directors in persons of Anna Gatti and Stefano Quintarelli, who:

(i) Do not control the Issuer, directly or indirectly, or through controlled companies, trusts or intermediaries, and cannot exercise any relevant influence of the Issuer;

(ii) Do not participate directly or indirectly in any shareholder agreement, through which one or more persons could exercise any relevant influence on the Issuer;

(iii) Are not, and were not in the last three years, in prominent positions (such as the President, legal representative, Chairman of the Board, executive director or manager with strategic responsibilities) within the Issuer, any of its strategically relevant controlled companies, a company subject to common control with it, or a company or entity that alone or jointly with others through a shareholders agreement could control the Issuer or exercise a relevant influence on it;

(iv) Are not involved in any relevant commercial, financial or professional relations, and did not do so in the previous year, directly or indirectly (for example through controlled companies or companies in which they hold important positions, in the sense described in point (iii) above, or in the capacity of partners of a professional office or a consulting company): (a) With the Issuer, any of its controlled companies, or anyone holding important positions in them, in the sense described in point (iii) above; (b) With an entity that controls the Issuer, even jointly with others through a shareholder agreement, or – in case of a company or body – with persons holding important positions in them, in the sense described in point (iii) above, or do not have and did not have in the previous year an employment contract with the above-mentioned entities;

(v) Notwithstanding the indications of point (iv) above, do not have independent work agreements of employment contracts, or other asset-involving or professional relations that would affect their independence: (a) With the Issuer, its controlled or controlling companies or companies under joint control; (b) With the Issuer's Directors; (c) With persons up to the fourth grade of relation with the Director of companies described in point (a) above;

(vi) Do not receive and did not receive in the previous three years from the Issuer or its controlling or controlled company and significant remuneration additional to the 'fixed' compensation of the Issuer non-executive director's compensation, including participation in incentive plans related to company performance, including stock-based plans;

(vii) Have not been Issuer's Directors for more than nine of the last twelve years.

The Board evaluated the existence and continuity of these requirements based on the information that the persons in question are obliged to provide under their responsibility, or generally information available to the Board.

The possession of the independence requirement was verified by the Board at the time of the nomination, at the meeting held on 3 April 2013, and confirmed at the board meeting of 8 August, 2013, based on the criteria identified in the above-mentioned norms. All criteria indicated in Art. 3 of the Code, as well as the criteria of Art. 148, comma 3, letters b) and c) of TUF have been applied in these evaluations.

The Board of Auditors verified the correct application of verification criteria and procedures adopted by the Board to evaluate the independence of its members and the result of this control will be reported in the report of the Auditors to the Meeting pursuant to Art. 153 of TUF.

## **5. PROCESSING OF COMPANY INFORMATION**

### **5.1 Procedure for internal management and external communication of privileged information**

On 10 November, 2014 the Board of Directors adopted the “Procedure for internal management and external communication of privileged information” in order to respect the applicable legal and regulatory provisions and guarantee respecting of the maximal confidentiality of Privileged Information, in order to present selective communication of documents and information regarding the Company and the Group, with information being release in advance to determined persons, such as shareholders, press or analysts, and present untimely, incomplete or inadequate release of information.

In accordance with this procedure, the Issuer's Managing Director and Investor Relator assure the correct management of distribution of Privileged Information to the market, monitoring the application of the procedure.

The management of privileged information related to the Issuer's controlled companies is entrusted to their Managing Directors, who must promptly transmit any information that, according to their evaluation, could represent privileged information within the meaning of the Procedure to the Issuer's Managing Director.

The evaluation of the privileged character of information, and therefore the need to proceed with communication for the market, is performed by the Managing Director, with help of managers of company departments where the information or the “Relevant Facts” (as defined by the Procedure) arose, and with help of Managing Directors of the companies of the Banzai group, in case the information or the relevant facts are related to a company of the Banzai Group.

In case the information is considered privileged or the applicable norm requires its external communication, the Investor Relator prepares a press release, which is sent to the Managing Director and to managers of company departments for verifications within their respective areas of competence. If the Managing Directors considers it useful or necessary, the Board is charged with the review of the draft of the press release.

The press release is distributed via the SDIR-NIS system, organised and managed by Borsa Italiana.

The Investor Relator publishes also the press release by the time of opening of the market on the day following its distribution on the Issuer's Internet site, [www.banzai.it](http://www.banzai.it), in the “Investor/Investor Relations / Press Releases” section, assuring that the information remains available for at least 5 (five) years.

For more information regarding the procedure please refer to the Issuer's Internet site, [www.banzai.it](http://www.banzai.it), the Governance/Documents and Procedures section, where the procedure in question is available.

## **5.2 Register of persons who have access to privileged information**

With special reference to the obligation of listed issuers, companies controlled by them and persons acting in their name or on their behalf, to create and manage a register of persons who have access to privileged information described in Art. 115-*bis* of TUF and in Art. 152-*bis* and the following articles of the Consob Issuer Regulation, the Company established a register of persons who have access to privileged information in view of their work or professional activity or in view of the functions performed.

The creation and management of the register of persons who have access to privileged information is disciplined by the “Procedure of internal management and external communication of privileged

information”. The above-mentioned register and the corresponding procedure have been respectively created and adopted by the Board at the meeting of 10 November 2014, effective as of the Listing Starting Date.

For more information regarding the procedure please refer to the Issuer's Internet site, [www.banzai.it](http://www.banzai.it), the Governance/Documents and Procedures section, where the procedure in question is available.

### **5.3 Internal Dealing**

Regarding the management of information obligations resulting from the new Internal Dealing discipline described in Art. 114, comma 7, of TUF and in Art. 152-*sexies*, 152-*septies* and 152-*octies* of the Consob Issuer Regulation, on 10 November 2014 the Board decided to adopt the “Internal Dealing Procedure”, effective as of the Listing Starting Date.

The purpose of the procedure is to ensure the maximal transparency and uniformity of information for the market, indicating the information obligations and the limitations related to the operations of purchase, sale, subscription and exchange of Banzai shares or financial instruments related to the shares (“Internal Dealing Operations”) performed by so-called “Relevant Persons” within the meaning of Art. 114, comma 7 of TUF and Art. 152-*sexies*, letter c) of the Consob Issuer Regulation.

In accordance with the provisions of Art. 2.2.3, comma 3, letter p) of the Stock Market Regulation – applicable to companies with shares listed on the MTA STAR Segment – the procedure imposes (in Art. 6) the prohibition for the “Relevant Persons” to perform – directly or through persons closely related to them – any Internal Dealing Operations during black-out periods (i.e. 30 (thirty) days or 15 (fifteen) days before, and in the day following the public communication of the Board's approval of, respectively, (i) the draft of the annual financial statement or quarterly financial report or (ii) intermediate management reports).

For more information regarding the procedure please refer to the Issuer's Internet site, [www.banzai.it](http://www.banzai.it), Investor/Governance/Documents and Procedures section, where the procedure in question is available.

The details of the operations carried out, which in accordance with the procedure must be communicated, are available on the Internet site of the Company, [www.banzai.it](http://www.banzai.it) in the

Governance/Documents and Procedures. Please note that no such operations took place during the Year in question.

#### **6. INTERNAL BOARD COMMITTEES**

The Remuneration Committee and Control and Risks and Related Parties Committee were constituted within the Board.

It is specified that the Control and Risks and Related Parties Committee is also in charge of the operations with related parties.

#### **7. NOMINATION COMMITTEE**

In consideration of the level of distribution of the Company shareholders and the organisation structure, the Company did not see the need to create an internal nomination committee described in Art. 6.P.2 of the Self-discipline code.

#### **8. REMUNERATION COMMITTEE**

Pursuant to the provisions of Art. 2.2.3, comma 3, letter n) of the Stock Market Regulation, applicable to issuers of shares listed on the MTA STAR Segment, and in accordance with Art. 6 of the Code, the Company Board of Directors created an internal Remuneration Committee.

The Remuneration Committee was created by the decision of the Board of 10 November, 2014, which also determined its role and composition, effective as of the Listing Date. The composition of the Committee was modified on 22 January 2015.

As of the Report date, the Remuneration Committee is composed of 3 non-executive members, including 2 independent ones, in persons of: Stefano Quintarelli (Independent Director) with functions of Chairman, Anna Gatti (Independent Director) and Andrea Biasco (non-executive director).

The Director Andrea Biasco has knowledge and experience in retribution policies, and the Directors Andrea Biasco and Anna Gatti have knowledge and experience in financial and accounting matters, considered adequate by the Board.

As required by the combined provisions of Art. 2.2.3, comma 3, letter n) of the Stock Market Regulations – applicable to issuers to shares listed in the MTA STAR Segment – and by the applicative criterion 6.C.6 of the Code, no Director may participate in the Remuneration Committee meeting where Board's proposals regarding their own remuneration are formulated.

The work of the Remuneration Committee is coordinated by a Chairman selected among the independent members of the Committee. In particular, the Chairman plans and coordinates the

Committee's activities, chairs and guides its meetings and signs the reports and opinions on behalf of the Committee to be submitted to the Board.

The Remuneration Committee has the right to access the information and company departments necessary for performing of its tasks. The Committee may also use services of an expert to obtain information regarding market's retribution practices, verifying it in advance.

### **Functions of the Remuneration Committee**

The Remuneration Committee, composed of non-executive directors, the majority of them independent, in addition to having advisory and proposal functions for the Board of Directors, will also have the task (i) of formulating proposals regarding the remuneration of managing directors and those performing special functions, monitoring the application of decisions made by the Board; and (ii) of evaluating periodically the criteria adopted for the remuneration of managers with strategic responsibilities, supervising their application.

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No financial resources have been assigned to the Remuneration Committee since it uses the company means and structures to perform its tasks.

## **9. REMUNERATION OF DIRECTORS**

The remuneration of Directors is established by the Meeting. Pursuant to Art. 20 of the bylaws, all members of the Board of Directors are entitled to a fixed annual compensation for their position. The total amount is established by the meeting and is distributed by the board among its member, also depending on their participation in various internal committees constituted by the board.

In addition to the annual compensation of the position indemnity, the Board of Directors may grant additional remuneration to Directors with special responsibilities – pursuant to Article 2389, comma 3 of the Civil Code, and with the opinion of the Board of Auditors – up to the maximal limit that may be determined in advance by the Meeting.

On 6 June 2013 the Ordinary Meeting of the Company determined the total gross annual amount due to the Board of Directors, including 500,000 euros for the Chairman and 1,000 euros for each director, asking the Board of Directors, with the opinion of the Board of Auditors and in accordance with the law, to distribute the remaining amount of 94,000 euros between the directors in accordance with particular mandates attributed to them.

For the information regarding the Remuneration Policy adopted by the Issuer and compensation received by the members of the Board of Directors in 2014 please refer to the Remuneration Report prepared in accordance with Art. 123-ter of TUF and Art. 84-quater of the Consob Issuer Regulation, available in accordance with the law on the Company's Internet site at the address [www.banzai.it](http://www.banzai.it) in the “Corporate Governance” section.

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#### **Incentive mechanisms for the internal audit department manager and the manager in charge of preparation of accounting documents of the company**

Given the recent listing of the ordinary shares of the Company on MTA, Banzai has not adopted any incentive mechanisms for the internal audit manager and the manager in charge of the preparation of corporate accounting documents, but reserved the right to evaluate this possibility later on.

#### **10. CONTROL AND RISKS AND CORRELATED PARTIES COMMITTEE**

In accordance with the combined provisions of Art. 2.2.3, comma 3, letter o) of the Stock Market Regulation – applicable to issuers of stock listed on the STAR segment – and the principle of 8.P.4 of the Code, the Board created an internal Control and Risks and Related Parties Committee.

The Control and Risks and Related Parties Committee is also in charge the function of the committee for the operations with related parties (see paragraph 12 below).

The Control and Risks and Related Parties Committee was created by the decision of the Board of 10 November 2014, which also determined its role and composition, effective as of the Listing Date. The composition of the Committee was modified on 22 January 2015.

As of the Report date, the Control and Risks and Related Parties Committee is composed of 3 non-executive members, including 2 independent ones, in persons of: Anna Gatti (Independent Director) with functions of Chairman, Stefano Quintarelli (Independent Director) and Ezilda Mariconda (non-executive director).

Stefano Quintarelli and Anna Gatti are in possession of accounting and financial knowledge considered adequate by the Board.

The work of the Control and Risks and Related Parties Committee is coordinated by a Chairman selected among the independent members of the Committee. In particular, the Chairman plans and



coordinates the Committee's activities, chairs and guides its meetings and signs the reports and opinions on behalf of the Committee to be submitted to the Board.

The Chairman of the Board of Auditors or another Auditor designated by him participates in the meetings of the Control and Risks and Related Parties Committee; other Auditors also have the right to participate. Other persons who are not members of the Committee and whose contribution to the Committee's work is considered useful by it may also participate in the Committee's meeting with the Chairman's invitation, in relation to certain points of the agenda.

The Committee has the right to access company information and departments necessary for the execution of its tasks. It may also use external experts at the terms established by the Board. The Company provide adequate financial resources for the execution of the Committee's tasks, approved by the Board.

#### **Functions of the Control and Risks Committee**

The Control and Risk Committee is a body with advisory and proposal functions, which as stipulated in the Code has the task of supporting, with adequate investigation activity, the evaluations and decisions of the Board related to the internal control system and risk management, as well as those related to approval of periodical financial reports. In particular, as required by the combined provisions of Art. 2.2.3, comma 3, letter o) of the Stock Market Regulation – applicable to issuers of shares listed on the MTA STAR Segment – and the application criterion 7.C.2 of the Code, the Committee, assisting the Board:

- i) evaluates the correct use of the adopted accounting standards and their homogeneity for the purposes of preparation of the consolidated financial statements, together with the Director in charge of preparing the accounting documents, and with the opinion of the legal reviser and the Board of Auditors;
- ii) expresses opinions regarding specific aspects related to identifications of the main risks for the company;
- iii) examines the periodical reports regarding the evaluation of the internal control and risk management system, and those with special relevance prepared by the internal audit department;

- iv) monitors the autonomy, adequacy, efficacy and efficiency of internal audit functions;
- v) May ask the internal audit function to perform verifications of specific operative areas, informing the Chairman of the Board of Auditors at the same time;
- vi) reports to the Board at least biannually, at the approval of the annual and biannual financial report, regarding the activity performed, as well as the adequacy of the internal control and risk management system.

The Committee submits its opinion to the Board for the purposes of:

- a) Definition (by the Board) of the guiding lines of the internal control and risk management system, so that the main risks for the Company and its controlled companies are correctly identified and adequately measured, managed and monitored, determining also the level of compatibility of such risks with management of the company coherent with the established strategic objectives;
- b) Periodical evaluation (by the Board), at least annual, of the adequacy of the internal control and risk management system with respect to the company characteristics, the assumed risk profile and its efficacy;
- c) At least annual approval of the work plan prepared by the Director of the internal audit department, with the opinion of the Board of Auditors and the Director in charge of the internal control and risk management system;
- d) Description (by the Board) of the main characteristics of the internal control and risk management system, within the corporate governance system, expressing its evaluation of the system's adequacy;
- e) Evaluation (by the Board) of the results presented by the legal reviser in any suggestion letter and in the report on fundamental questions arising at the legal review, with the opinion of the Board of Auditors;
- f) Nomination and revocation of the internal audit department manager (by the Board); adequacy of resources provided to the internal audit department manager considering his responsibilities; definition (by the Board) of the remuneration of the internal audit department manager in coherence with the company policies.

The Chairman of the Board of Auditors or another Auditor designated by him participates in the meetings of the Control and Risks and Related Parties Committee; other Auditors also have the right to participate. Other persons who are not members of the Committee and whose contribution to the Committee's work is considered useful by it may also participate in the Committee's meeting with the Chairman's invitation, in relation to certain points of the agenda.

#### **11. INTERNAL CONTROL SYSTEM**

Within strategic, industrial and financial plans, the Board of Directors defines the nature and the level of risk compatible with the Issuer's strategic objectives.

In the expression of Board's evaluations and decisions regarding strategic, industrial and financial plans, the Board defines the guiding lines of the internal control and risk management system, so that the main risks for the Company and its controlled companies are correctly identified and adequately measured, managed and monitored, determining also the level of compatibility of such risks with management of the company coherent with the established strategic objectives.

In particular, the internal control and risk management system is a set of rules, procedures and organisational structures permitting to run the company in a healthy and correct way, coherent with the established objectives, through an adequate process of identification, measuring, management and monitoring of the main risks. An efficient internal control and risk management system contributes to guaranteeing the protection of the company assets, the efficiency and efficacy of company operations, the reliability of financial information and respecting of the laws and regulations.

The Board of Directors plays the role of directing and evaluating the adequacy of the internal control and risk management system. For that purpose, the Board:

- a) Oversees the definition of the internal control and risk management system guidelines, so that the main risks related to the Issuer and its controlled companies are correctly identified, properly managed and monitored, in line with a coherent management of the company and the established strategic objectives;
- b) Periodically, with at least annual frequency, evaluates the adequacy of the Internal Control and Risk Management System with respect to the company characteristics, as well as its efficacy;

- c) Approves annually the work plan prepared by the Internal Audit Manager, with the opinion of the Board of Auditors and the Director in charge of the Internal Control and Risk Management System;
- d) In the Report of corporate governance and proprietary assets, describes the main characteristics of the Internal Control and Risk Management System, expressing its evaluation of the system's adequacy;
- e) With the opinion of the Board of Auditors, evaluates the results presented by the Audit Company in any of its suggestion letters and in the report regarding fundamental issues arising at the legal review.

For exercising of these functions, the Board uses the contribution of the Director in charge of the Internal Control and Risk Management System with the tasks listed below, and the Risk Control Committee.

Paolo Ainio, the Chairman of the Board of Directors and the Managing Director was identified as the Manager in Charge. Please refer to paragraph 11.1 for the information regarding the Manager in Charge.

The Issuer uses specific control instruments and processes for the management of internal control and company risks. They include:

- The Ethics Code, defining the set of values recognised by the Issuer;
- Company procedures regulating the main corporate processes and the main control application modalities;
- The Form indicated in the Act 262/2005 with reference to the attributions of the Manager in charge of preparation of company's accounting documents and the activities of verification of adequacy and effective functioning of the administrative-accounting procedure and procedures for preparation of financial information;
- The Management and Control Organisation Form with reference to crime prevention pursuant to L.D. 231/2001;

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## **The Main Characteristics of the Existing Internal Control and Risk Management System in Relation to the Financial Information Process**

### Preamble

An integral and essential part of the Internal Control and Risk Management System is constituted by the internal control and risk management system related to the financial information process (administrative and accounting procedures for preparation of the annual financial statements, consolidated financial statements and economic, asset and/or financial communications prepared in accordance with the law and/or regulations, as well as for monitoring of their effective application). This system is implemented to guarantee the reliability, accuracy and promptness of financial information.

The Group relied on the existing indications of the norms and the regulations of reference in the definition of its internal control and risk management system in relation to the financial information process.

In particular

- The Unified Financial Act;
- Act 262/2005 (with subsequent modification, including the legislative decree implementing the so-called Transparency Directive approved on 30 October 2007) regarding preparation of corporate accounting documents;
- The Consob Issuer Regulation, regarding in particular the declaration of the Manager in charge of preparation of company's accounting documents and administrative bodies in charge of the annual financial statements and consolidated financial statements and the biannual report pursuant to Art. 154-*bis* of the TUF and the regulation implementing the 2004/109/CE Transparency Directive of harmonization of transparency obligations regarding information concerning issuers whose securities are listed on a regulated market, modifying the Directive 2001/34/CE;
- The Civil Code, in particular in relation to the extension of responsibility for company management (Art. 2434 of C.C.), the crime of disloyalty following a donation or promise (Art. 2635 of C.C) and the crime of interfering with the exercising of the functions of public and monitoring authorities (Art. 2638 of C.C.) to managers in charge of preparation of company's accounting documents.

- The L.D. 231/2001 which, among other things, invoking the provisions of the above-mentioned provisions of the Civil Code and the administrative responsibility of legal persons for violations committed by their employees against the Public Administration, includes the manager in charge of preparation of company's accounting documents among the “Senior Executives”.

In particular, the methodological reference inspiring the administrative-accounting control system of Banzai consists of the CoSo Report, used as a systemic scheme of design and application of the control model of the market's best practices.

#### Description of the Main Characteristics of the Existing Internal Control and Risk Management System in Relation to the Financial Information Process

The methodological approach adopted for the design and implementation of the control model can be summarised as follows:

- Definition of the activity perimeter in terms of entity and positions of the balance sheet relevant for the purposes of the examined conformity program (the scoping phase). The scope of the conformity program involved establishing of the definition of the perimeter of activities, with help of quantitative analysis methodologies, and therefore the entities involved and the relevant balance sheet positions associated with the business cycles involved, including the process of closing and preparation of the annual financial statements and consolidated financial statements as an active part of the control system.
- The analysis and evaluation of risks related to the financial information regarding the balance sheet positions considered relevant for the establishing of the 2014 financial statements (the risk assessment phase). Using the risk-based methodological approach, a process of identification and evaluation of the main risks related to accounting information was performed for the Company and the entities within the perimeter of activity.
- The administrative-accounting risk assessment activity resulted in establishing of the relevant accounting position associated with the relative accounting process/flow for each analysed analysis. Each balance sheet position was subjected to a qualitative evaluation of the inherent risk through the association and the subsequent evaluation of balance sheet positions referring to relevant accounting items.
- Identification and definition of the set of internal controls between the entities included in the conformity program during the year through the integration of internal control systems of each entity into single “Internal Control System”, unified and applicable to the parent company and the controlled companies involved in the project, characterised by control practices, standards

and methodologies for maintaining and evaluation of the internal control system unified and valid for the whole group (control mapping phase). Therefore, we proceeded with a subsequent detection of control activities for the previously identified risks, evaluating their adequacy and then qualitatively defining the residual risk.

- The risks and the established control activities have been integrated into a dedicated framework, populated by specific control objectives, classified in the CAVR standard and directly related to the above-mentioned balance sheet positions.
- Control evaluation through preparation of execution of conformity test procedures for internal administrative-accounting control and documentation of obtained results, as a basis of the opinion regarding their effective and efficient application in the period of reference by the entities and throughout the processes included in the project perimeter (compliance testing phase);

All the results of the model analysis, evaluation and testing activities have been regularly shared with the company management of each entity involved in the program perimeter in order to promote actions of improvement of the internal control system.

Based on the results of the conformity program, the Managing Director and the Manager in charge of preparation of company accounting documents attested the adequacy and efficacy of the internal control system for the given year in terms and in the form indicated in the Issuer Regulation. The process involved reporting to the senior management to ensure full information about the System's adequacy and operation.

#### Roles and Positions Involved

The Board of Directors attributed to the Manager in charge of preparation of company's accounting document the amplest powers directly and/or indirectly related to the execution of the tasks assigned to him, including but not limited to the power of accessing any type of information and/or document regarding the Company and/or companies of the Group, considered relevant and/or useful for completion of the tasks attributed to him by law, as well and the corresponding budget.

The Manager in charge is responsible for the risk evaluation, with methodological consultation of the internal audit department.

The control evaluation phase is performed by the Manager in charge with the support of the internal audit department in relation to the activities of verification of efficacy of framework control.

Based on the risk evaluation and the respective control measures, the Director in charge evaluates the residual risk, possible framework updating activities and resolution of any non-conformities.

The Manager in charge, with the contribution of the internal audit department manager and with the advisory tasks of the internal audit department supporting the periodical certification, the Manager in charge assures the adequate consideration of the recommendations and improvement proposals arising in the process and guarantees adequate monitoring of the state of implementation of these recommendations.

### **11.1 Director in charge of overseeing the functionality of the internal control system**

The Board nominated the Managing Director Paolo Ainio as the Director in Charge of the Company's internal control and risk management system (“**Director in Charge**”).

In particular, the Manager in Charge:

- Ensure the identification of the main risks for the company (strategic, operative, financial and compliance), taking into account the characteristics of the activities of the Issuer and his controlled companies, and submits them periodically to the Board for examination;
- Follows the guidelines defined by the Board, overseeing the design, implementation and management of the internal control and risk management system and constantly verifying its adequacy and efficacy;
- Adapts the system to the dynamics of operative conditions and legislative and regulatory situation;
- Has the power to request the internal audit department to perform verifications of specific operative area and respecting of the internal rules and procedures in the execution of company operations, informing regularly the Chairman of the Board, the Chairman of the Control and Risk Committee and the Chairman of the Board of Auditors;
- Promptly informs the control and risk committee (or the Board of Directors) regarding any problems and critical issues arising in the execution of his activity or brought to his attention, so that the committee (or the Board) can take the appropriate steps.

### **11.2. MANAGER OF THE INTERNAL AUDIT DEPARTMENT**

The Board nominated Fabio Meda as the person in charge of the Issuer's Internal Audit Department with the task of performing the internal auditing activities of the Issuer.



As stipulated in the internal control and risk management system guidelines, the person in charge of the Issuer's Internal Audit Department is not the manager of any operative area of the Issuer and report hierarchically and functionally to the Board through the Managing Director.

As of the date of the Report, the Internal Audit Manager appointed as of the Listing Date is preparing a work plan.

### **11.3 Organisational Model Pursuant to L. D. 231/2001**

On 25 November 2014, in accordance with the provisions of Art. 2.2.3, comma 3, letter k), of the Stock Market Regulation applicable to the issuers of shares listed on the MTA STAR Segment, the Issuer adopted an own organisation, management and control model for crime prevention for the purposes described in the L.D. 231/2001 with subsequent additions (the "Model"). The Model is meant to assure the correctness and transparency conditions in conducting of company activities, protect the position and image of the Company, expectation of its shareholders and the work of its employees.

The Model consists of:

- The General Part, describing the content of the L.D. 231/2001 and presenting a summary of Company's corporate governance, organisation and management models, the function and the general functioning principles of the Model, as well as the mechanisms of its correct implementation;
- Special Parts, describing for each area of company activity identified as having a potential "risk 231", the relevant violation, standard of conduct to be respected to avoid them, as well as control means to assure risk prevention.

The Model contains also the following documents (further defined together also as "Appendices"), which constitute its integral part:

- The catalogue of crimes;
- Group's Code of Ethics;
- The organisational diagram of the company at the system of its powers;
- The Company's normative and procedural body, including the Special Parts of this Model.

In accordance with the provisions of L.D. 231/2001, the Issuer nominated a Monitoring Body responsible for monitoring of the functioning and respecting of the Model and for updating it. The present Monitoring Committee was nominated by the Board Meeting of 25 November 2014 (effective as of the Listing Date until the approval of the financial statements as of 31 December 2015), and composed of Jean-Paule Castagno (acting as the Chairman), Fabio Meda (who is also the Director of the Company's Internal Audit Department) and Giuliano Foglia (Issuer's Statutory Auditor). The Company activates an electronic mail address permitting any employee of Banzai and also outside persons to send a message directly to the Monitoring Body in order to make the appropriate reporting. It is also possible to send messages anonymously to the Monitoring Body by regular mail. Such messages may be read exclusively by the Monitoring Body, making the relation between the Body and the rest of the Issuer's company compliant with the Model.

#### **11.4 Independent Auditor**

In accordance with the CONSOB communications of 27 March and 7 July 2014, the ordinary meeting of 6 November 2014 decided also to prolong the mandate of the legal reviser of the Issuer's annual financial statements and consolidated statements and accounting audit, limited to biannual reports, extending the duration to 31 December 2022, subject to presentation of the request of listing presented to Borsa Italiana, pursuant to L.D. no. 39 of 27 January 2010.

#### **11.5 Manager in charge of preparation of company's accounting documents**

On 10 November 2014 the Board of Directors, with a prior favourable opinion of the Board of Auditors, nominated Emanuele Romussi as the manager in charge of preparation of company's accounting documents pursuant to Art. 154-*bis* of TUF, with subordinate efficacy, granting him adequate means and powers for the execution of the tasks attributed to him.

In addition to the honourability requirements imposed by the applicable legal provisions on the auditors, the manager in charge of preparation of company's accounting documents must also meet professionalism requirements characterised by qualified experience of at least three years in the exercise of administration and control activities, and in performing management or advisory functions in listed companies and/or their groups of companies, or companies, entities and businesses with significant size and relevance, also in relation to the function or preparation and control of accounting and corporate documents.

The loss of such requirements results in ineligibility for the position and must be reported to the Board of Directors within thirty days from its occurrence.

Upon nomination, the Board verified that the above-mentioned requirements of the law and bylaws are met.

The Manager in Charge is assisted by the Internal Audit Department for the execution of operative activities.

#### **11.6 Coordination between Persons Involved in the Internal Control and Risk Management System**

The coordination between various positions and bodies of the Issuer and involved in the internal control and risk management system guarantees an efficient sharing of information between such bodies. In particular:

- Periodical meeting will be held between the Control and Risks and Correlated Parties Committee, the Board of Auditors, the Internal Audit Department Manager and the Manager in Charge;
- The Director in charge will promptly report any problems and critical aspects arising in the execution of his activity or reported to him to the Control and Risk Committee and the Board so that the Committee and the Board can take the appropriate action;
- The Internal Audit Department manager will maintain periodical communication flows, and at particularly relevant points, with all persons who in various capacities monitor the internal control and risk management system, such as the Board, the Manager in Charge, the Monitoring Body, the Audit Company and the Director in Charge, each in their respective field of competence;
- The Internal Audit Department manager will participate directly in the meeting of the Monitoring Body as its member, and will participate regularly in the verifications of the Board of Auditors;
- The Board of Auditors will maintain periodical communication flows with the Board, the Control and Risks Committee, the Monitoring Body, the Audit Company and the Manager in Charge.

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#### **INTERESTS OF DIRECTORS AND OPERATIONS WITH RELATED PARTIES**

The Company define and adopted an appropriate procedure regarding operations with related parties in order to guarantee that the Directors have complete and exhaustive information about this type of operations. The Company did not define or adopt any procedure regarding relevant operations, since the discipline imposed by Art. 2391 of the Civil Code is considered sufficient for that purpose.

Moreover, in accordance with the applicable normative and statutory provisions, the delegated bodies will promptly report any operations they have interest in, on their own behalf or on behalf of third parties, to the Board of Directors and the Board of Auditors, at least quarterly, and in any case at the Board meetings.

*Procedure for Operations with Correlated Parties*

The Company approved the “Procedure for Operations with Correlated Parties” at the board meeting of 10 November 2014, effective as of the Listing Date. This procedure regulated the approval and management of operations with correlated parties pursuant to Art. 4 of the Consob Regulation no. 17221 of 12 March 2010, with subsequent modifications.

The Issuer defined the Procedure with reference to the provisions of the Consob Regulation no. 17221 of 12 March 2010, with subsequent modifications, and Consob Communication no. DEM/10078683 of 24 September 2010.

Banzai's “Procedure for Operations with Correlated Parties” establishes the procedures to be followed and the standards to be respected in order to assure the transparency and substantial and procedural correctness of operations with correlated parties performed by the Issuer, either directly or through companies directly or indirectly controlled by it.

In particular, the procedure:

- Defines the correlated parties and the operations with correlated parties and establishes the criteria for identification of operations with correlated parties with major and minor relevance and high amount operations. With respect to this, in the procedure it is specified that the Company qualifies itself as a “Company with minor size”, and therefore the procedure of approval of operations with correlated parties (which are not attributed to the Meeting and do not have to be authorised by it) is the same both for the operations with correlated parties of major relevance and for the operations with correlated parties of minor relevance;
- Defines the tasks of the Committee for the operations with correlated parties (see below);

- Establishes the procedures applicable also in case of operations within the competence of the Meeting and urgent operations within the competence of the Meeting, as well as with reference to operations with correlated parties performed by controlled companies and with reference to framework decisions;
- Defines that cases of exclusions, to which the procedure does not apply;
- Disciplines the information obligations in case of operations with correlated parties.

The “Procedure for Operations with Correlated Parties” is available on the Issuer's Internet site, [www.banzai.it](http://www.banzai.it) In the Governance/Documents and Procedures section.

#### **Committee for Operations with Correlated Parties**

As specified in Art. 9.1 of the “Procedure for Operations with Correlated parties”, the Issuer established that the Control and Risks Committee was the body competent to express a non-binding preventive opinion regarding operations with correlated parties. It is composed of 3 (three) directors, two independent ones, Anna Gatti and Stefano Quintarelli and one non-executive director, Ezilda Mariconda.

The Committee decides by the majority of its members. However, in case one of the Directors who are members of the Committee is related to a correlated party regarding a specific operation, the functions of the Committee are attributed to the remaining non-correlated two directors, who in that case must decide unanimously. For more information regarding the Committee please refer to the Procedure available on the Issuer's Internet site, [www.banzai.it](http://www.banzai.it), in the Investor /Governance/Documents and Procedures section.

### **13. NOMINATION OF AUDITORS**

The nomination and replacement of Auditors is regulated by the applicable legal and regulatory norms and Art. 21 of the Bylaws.

Pursuant to Art. 21 of the Bylaws, the Board of Auditors is composed of 3 (three) statutory auditors and 2 (two) replacing ones. The auditors are mandated for three years. They may be re-elected and their mandate expires as of the date of the meeting called to approve the financial statement for the third year of their mandate.

The auditors are nominated by the meeting based on the lists presented by the shareholders, according to the procedures described in the following articles, notwithstanding other and additional provisions of the non-derogated norms of law and regulations.

Shareholders who at the time of list presentation own, separately or jointly, a number of shares equal at least to the quota determined by Consob, in accordance with the applicable normative and regulatory provisions for the purposes of presentation of lists for the nomination of the Board of Directors of companies with shares listed on regulated markets (Articles 144-*quater* and 144-*sexies* of the Consob regulation no. 11971) may present a list for the nomination of auditors. The possession of the minimal quota is determined with reference to the shares registered in the shareholder's name as of the date when the list is submitted to the Company. The corresponding certification may be produced even after the deposit of the list, as long as this is done within the time set for the publication of the list.

The lists must be deposited at the company office, according to the modalities established by the applicable discipline, at least 25 (twenty five) days before the date of the meeting deciding on the nomination of directors. The lists must be made available to the public by the Company at least 21 (twenty one) days before the date of the above-mentioned Meeting according to the modalities imposed by the applicable norms.

In case only one list is deposited as of the due date for presentation of the lists, it is possible to present further lists, up to the third day following such date. This may be done by shareholders who at the time of presentation of the list own, either separately or jointly, a number of shares equal to at least one half of the minimal quota required in the present article.

Each list:

- Must contain the names or one or more candidates for the position of a statutory auditor and one or more candidates for the position of replacing auditor, marked in each section (“statutory auditors” section and “replacing auditors” section) by a progressive number, in the number not exceeding the number of members of the body to be elected;
- In case it contains a total number of candidates equal or higher than 3 (three), it must contain a list of candidates in both sections guaranteeing the composition of the board of auditors, both in the statutory component and in the replacing component, respecting the applicable legal and regulatory provisions regarding equality of genders, male and female. If the application of the criterion of distribution between genders does not yield an integer number, the result must be rounded up to the next whole number;

- Must contain the following documents in an appendix: (i) The identification information of shareholders who presented them, with the indication of overall share participation held; (ii) The declaration of shareholders other than those who hold, even jointly, a control or relative majority stake, indicating the absence of connections with the latter according to the applicable regulatory norms; (iii) Exhaustive information about the personal and professional characteristics of the candidates, together with a list of administration and control positions held by them in other companies; (iv) Any other declarations, information and/or documents required by law and the applicable regulatory norms.

Each shareholder, as well as the shareholders belonging to the same group and shareholders who signed a shareholder agreement relevant for the purposes of Article 122 of TUF may not present or participate in presentation of more than one list, not even through an intermediary or a trust company, and may not vote for multiple lists.

Each candidate may be present on only one list, subject to ineligibility.

A) When two or more lists are present, the voting for the presented lists and formation of the Board of Auditors are carried out according to the following provisions:

- Candidates from the two lists that obtained the highest number of votes are elected, with the following criteria: (i) 2 (two) statutory auditors and 1 (one) replacing auditor are taken from the list that obtained the highest number of votes (“The Majority List for the Board of Auditors”), according to the progressive order, in which they are indicated on the list; (ii) The third statutory auditor (“Minority Auditor”), who will become the Chairman of the Board of Auditors, and the second replacing auditor (“Minority Replacing Auditor”) are taken from the list obtaining the second-highest number of votes and which is not related, even indirectly, with the shareholders who presented the Majority List or voted on it in accordance with the applicable provisions;
- In case of equal number of votes between lists, the meeting votes a second time, exclusively for the lists involved, and the list obtaining the highest number of votes prevails;
- If the applicable legal and regulatory provisions regarding balance between genders are not respected as a result of using these modalities, including the upward rounding to the next integer number in case the application of the criterion of distribution between genders does not yield a whole number, the candidate for the position of statutory or replacing auditor of the more represented gender elected as the last in the progressive order from the Majority List is excluded and replaced

by a next candidate to the position of the statutory or replacing auditor, taken from the same list and belonging to the other gender.

- B) If only one list is presented, the meeting votes on it, and, in case it obtains the majority of votes, three statutory auditors and two replacing auditors indicated on the list as candidates for such positions are elected in accordance with the applicable legal and regulatory provision, also regarding gender equality, including the rounding up to the next integer in case the application of the gender distribution criterion does not yield a whole number.
- C) In absence of the lists, or if for any reason it is not possible to nominate the board of auditors with the modalities described in this article, the three statutory auditors and the two replacing auditors are nominated by the meeting with the ordinary majorities required by law, in accordance with the applicable legal and regulatory provisions, also regarding gender equality, including the rounding up to the next integer in case the application of the gender distribution criterion does not yield a whole number.

In case a statutory auditors stops performing his functions for any reason, it is proceeded as follows, notwithstanding the applicable legal and regulatory provisions regarding balance between genders, it is proceeded as follows: (i) In case a statutory auditor elected from the Majority List for the Board of Auditors stops performing his functions, he is replaced by a replacing auditor from the Majority List for the Board of Auditors, (ii) If a Minority Auditor or a Chairman of the Board of Auditors stops performing his functions, he is replaced by a Replacing Minority Auditor, who becomes the chairman. If for any reasons it is not possible to proceed as described above, a meeting must be called to nominate a new auditor according to the ordinary modalities and majorities, without application of the list vote mechanism, notwithstanding the respect of applicable legal and regulatory provisions regarding the balance between genders (male and female).

**COMPOSITION AND FUNCTIONING OF THE BOARD OF AUDITORS (PURSUANT TO ART. 123-BIS, COMMA 2, LETTER D) OF TUF)**

The Board of Auditors in place as of the date of the Reports consists of three effective member and two replacing members

The present Board of Directors was nominated by the Issuer's ordinary meeting of 6 June 2013 with additional nominations at the ordinary meetings of 6 November 2014 and 22 December 2014, and will remain in office until the approval of the financial statements as of 31 December 2015.



On 7 October 2014, as of the following meeting of the Company, the statutory auditors Giovanni Rovetta and Manuel Busalacchi E Gonzalez and the replacing auditor submitted formal resignations from the positions of members of the Issuer's Board of Auditors. The Issuer's ordinary meeting of 6 November 2014 decided to appoint new auditors in persons of Stefania Bettoni and Giuliano Foglia as statutory auditors and Luca Zoani as a replacing auditor.

On 11 November 2014, the replacing auditor Giacomo Garbuglia submitted a formal resignation from the position of the member of the Board of Auditors. The Issuer's ordinary meeting of 22 December 2014 decided to nominate Beatrice Galli as a replacing auditor and member of the Board of Auditors.

Therefore, as of this Report the Board of Auditors is composed as follows:

### BOARD OF AUDITORS

Position	Members	In function from	In function until	List (M/m)*	Independence as per Code	(%) **	Number of mandates held ***
Chairman	Francesco Perrini	06/06/2013	Approval of 2015 financial statements	N/A	x	N/A	
Replacing Auditor	Stefania Bettoni	06/11/2014	Approval of 2015 financial statements	N/A	x	N/A	
Replacing Auditor	Giuliano Foglia	06/11/2014	Approval of 2015 financial statements	N/A	x	N/A	
Replacing Auditor	Beatrice Galli	22/12/2014	Approval of 2015 financial statements	N/A	x	N/A	
Replacing Auditor	Luca Zoani	06/11/2014	Approval of 2015 financial statements	N/A	x	N/A	
<b>Number of meetings during the year of reference: 10</b> – Mean duration of meetings: approx. 90 minutes							

\* This column indicates M/m depending on whether the member was elected from the majority list (M) or from the minority list (m).

\*\* This column indicates the percentage of participation of auditors at the meetings, respectively of the Board of Auditors (number of presences / number of meetings held during the actual period of mandate of the person in question).

\*\*\* This column indicated the number of director or auditor positions held by the person in question relevant for the purposes of Art. 148-*bis* of TUF (including the Issuer). The complete list of positions is published by Consob at its Internet site pursuant to Art. 144-*quinquiesdecies* of the Issuer Regulation.

For more information regarding the members of the Board of Auditors, please refer to the Issuer's Internet site [www.banzai.it](http://www.banzai.it), the “Governance / Board of Auditors” section, which provides the *curriculum vitae* of Auditors illustrating their professional characteristics.

## **15. RELATIONS WITH SHAREHOLDERS**

The information activity in the relations with Shareholders is assured by providing relevant company documentation, promptly and continuously, on the Issuer's Internet site [www.banzai.it](http://www.banzai.it) in the “Investor relations” and “Governance” sections.

In particular, this Internet site provides all press releases distributed to the market and the Issuer's periodical accounting information, as soon as it is approved by the competent corporate bodies (annual financial report, biannual financial report, interim management report).

Moreover, the main documents regarding Corporate Governance, the organisation model pursuant to L.D. no. 231/2001 and the Ethics Code are available on the above-mentioned Internet site.

In accordance with the provisions of Art. 2.2.3, comma 3, letter i) of the Stock Market Regulation, on 10 November 2014 the Board nominated Emanuele Romussi as the Investor Relations Manager (contact: [investor.relations@banzai.it](mailto:investor.relations@banzai.it)), to oversee the relations with shareholders in general and with institutional investors and possibly perform specific tasks in the management of price-sensitive information and in the relations with Consob and with Borsa Italiana.

The Board will evaluate possible further initiatives to make the access to the information concerning the Issuer that is relevant for its Shareholders faster and easier.

## **16. MEETING**

Pursuant to Art. 10 of the Issuer's bylaws, the eligibility to intervene at the meeting and exercise the voting rights are regulated by the applicable norms.

In particular, the eligibility to participate at the meeting is confirmed by a communication to the Company, made by an authorised bookkeeping intermediary in accordance with the law, based on the indications in the books as of the end of the accounting day of the seventh day of open market preceding the date of the schedules ordinary and extraordinary meeting, and received by the Company by the time indicated by law.

The ordinary meeting is called at least once a year to approve the financial statements, within 120 (one hundred twenty) days from the end of the financial year or within one hundred eighty (180) days, if the Company is obliged to prepare consolidated financial statements, or in any case of special requirements regarding the company structure and purpose. The ordinary or extraordinary Meeting is also called whenever the Board considers this necessary and if required by law. The Meeting must be called promptly if a request to that effect is made in accordance with the law.

Pursuant to Art. 9 of the bylaws, the meeting is called, pursuant to the law, with a notice published on the Company's Internet site and with other modalities described by the applicable normative and regulatory provisions.

Both ordinary and ordinary meeting is held in one session in accordance with Article 2369, comma 1 of the Civil Code.

The Board of Directors has the power to call the meeting, notwithstanding the power of the Board of Auditors or at least two of its members to call a meeting pursuant to Article 151 of TUF and other applicable normative and regulatory provisions.

Pursuant to Art. 127-*ter* of TUF, person holding voting rights are entitled to ask questions regarding the subject on the agenda, even before the Meeting. Questions received before the Meeting shall be answered at the Meeting at the latest. The Company may provide a unified response to questions with the same content. The convocation notice indicates by when the questions asked before the Meeting must reach the Company. This time cannot be shorter than three days before the date of the meeting in first or unified session, or five days if the convocation notice stipulated that the Company will provide answers to the questions received before the Meeting. In such case the answers are provided at least two days before the Meeting, also via publication in a dedicated section of the Company's Internet site.

Pursuant to Art. 12 of the bylaws, the meeting is chaired by the Chairman of the Board of Directors. In case of his absence or unavailability, the meeting is chaired by the Vice-Chairman, if nominated, or in case of his absence or unavailability, by a person designated by the meeting. The function, powers and obligations of the Chairman are regulated by law.

Pursuant to Art. 10 of the bylaws, persons holding the voting rights may be represented in accordance with the law with a proxy issued according to the modalities described in the applicable norms. The proxy may also be sent to the Company electronically via electronic mail according to the modalities

indicated in the convocation notice. With the indication contained in the convocation notice, the Company may designate for each meeting a person to whom the shareholders may grant delegation with voting instructions or certain proposals to the agenda, at the terms and with the modalities determined by law.

The legal and statutory provisions must be observed for the validity of constitution of the Meeting, both ordinary and extraordinary, and its decisions.

The meeting called to approve the financial statements of 31 December 2014 will also be asked to approve the regulation disciplining the work of the meeting.

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The issues not described in the Report regarding the rights of Shareholders please refer to the applicable legislative and regulatory norms.

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#### **17. FURTHER CORPORATE GOVERNANCE PRACTICES**

The Issues does not adopt any corporate governance practices other than those described in the applicable legislative and regulatory norms.

#### **18. CHANGES SINCE THE END OF THE YEAR**

There have been no changes in the corporate governance structure with respect to the provisions of specific sections of this Report from the Listing Starting Date to the date of this Report.