



**REPORT ON CORPORATE GOVERNANCE AND  
OWNERSHIP STRUCTURE**

Pursuant to Article 123-*bis* of the TUF

**Approved by the Board of Directors on 2 March 2016**

**Traditional Management and Control Model**

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

**GLOSSARY**

**Code or Code of Corporate Governance:** The Code of Corporate Governance of listed companies approved in March 2006 (as amended) by the Corporate Governance Committee and promoted by the Borsa Italiana S.p.A.

**Civil Code:** The Italian Civil Code.

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

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

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

**Financial year:** The corporate financial year to which the Report refers or the financial year from 1 January to 31 December 2015.

**Group:** Banzai S.p.A. and its subsidiaries.

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

**CONSOB Issuer Regulation:** The Regulation issued by CONSOB in its Resolution 11971 of 1999 (as amended) regarding issuers.

**CONSOB Market Regulation:** The Regulation issued by CONSOB in its Resolution 16191 of 2007 (as amended) regarding markets.

**CONSOB Related-Parties Regulation:** The Regulation issued by CONSOB in its Resolution 17221 of 12 March 2010 (as amended) regarding transactions with related parties.

**Report:** The report on corporate governance and ownership structure that the issuers must prepare pursuant to Article 123-*bis* of the TUF.

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

**Bylaws:** The Issuer's bylaws.

**TUF:** Legislative Decree No 58 of 24 February 1998 (Consolidated Finance Act).

## 1. ISSUER'S PROFILE

Banzai is the leading national operator on the Italian e-commerce market and is the leader in online vertical publishing in Italy.

It was founded by Paolo Ainio, one of the internet pioneers in Italy, and is one of the largest digital entities of the country. Every month, 17.5 million users (source: Audiweb, January-December 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 600,000 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 2.5 million registered users, SaldiPrivati is one of the largest online outlets offering clothing, footwear, accessories and products for home and family. The two brands, together with the new GZ Shop, share a network of 403 collection points in 190 Italian cities, including 100 Pick&Pay points, collection and payment points that combine the benefits of online purchasing with the comfort and safety of shopping from home and 303 InPost Lockers, automatic collection points at supermarkets and petrol stations operating 24 hours a day, 7 days a week.

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

The Company adopted the traditional corporate governance system pursuant to Articles 2380-*bis et seq.* of the Civil Code. Therefore, the Banzai corporate boards are: the Shareholders' Meeting, the Board of Directors and the Board of Statutory Auditors.

**2. INFORMATION REGARDING THE OWNERSHIP STRUCTURE (PURSUANT TO ARTICLE 123-BIS, PARAGRAPH 1 OF THE TUF)**

**a) Structure of the share capital (Article 123-bis, paragraph 1, letter a) of the TUF)**

The subscribed and paid-up share capital as at 31 December 2015 is €812,297.00, divided into 40,614,850 ordinary shares without par value.

The subscribed and paid-up share capital as at the date of this Report is €820,797.00, divided into 41,039,850 ordinary shares without par value.

<b>STRUCTURE OF THE SHARE CAPITAL as at 31/12/2015</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 MTA/ STAR segment	Each share gives a right to one vote.  The rights and obligations of shareholders are those specified in Article 2346 <i>et seq.</i> of the Civil Code

<b>STRUCTURE OF THE SHARE CAPITAL as at the date of this Report</b>				
	<b>Number of shares</b>	<b>% of the company capital</b>	<b>Listed/ not listed</b>	<b>Rights and obligations</b>
Ordinary shares	41,039,850	100%	Listed MTA/ STAR segment	Each share gives a right to one vote.  The rights and obligations of shareholders are those specified in Article 2346 <i>et seq.</i> of the Civil Code

<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 conversion/year</b>	<b>Number of shares for conversion/year</b>
Banzai 2014-2018 Warrant	Not listed	233	Ordinary shares	2,937,500
Banzai Stock Options 2015- 2019 – First Tranche	Not listed	1,100,000	Ordinary shares	1,100,000
Banzai Stock Options 2015- 2019 – Second Tranche	Not listed	1,300,000	Ordinary shares	1,300,000

The Shareholders' Meeting held on 22 December 2014: (i) approved the guidelines of the “Banzai Stock Options 2015-2019” plan (hereinafter, the “**Plan**”), the general terms and conditions of which have been defined in the regulation approved by the Board of Directors held on 14 March 2015, at the proposal of the Remuneration Committee and in accordance with the procedure for transactions with related parties; and (ii) approved, with regard to the Plan, a divisible share capital increase for a maximum of €55,000, through the issue of a maximum of 2,750,000 shares.

The Plan – aimed at collaborators, employees (executives and non-executives) and directors of the Company and its subsidiaries, identified as part of the key staff of the Group, in order to encourage the improvement of the Company and Group and, at the same time, create a retention tool – provides for the allocation to beneficiaries of a maximum of 2,750,000 options, which may be exercised by the beneficiaries also in several tranches, subject to achieving the performance goals, and each assigned option grants the right to subscribe to one share, with ordinary rights, against payment of the exercise price.

As at 31 December 2015, n. 1,100,000 stock options of the first tranche of the Plan and n. 1,300,000 stock options of the second tranche of the Plan had been assigned.

**b) Restrictions to the transfer of securities (Article 123-bis, paragraph 1, letter b) of the TUF)**

There are no restrictions to the transfer of securities.

**c) Relevant capital stakes (Article 123-bis, paragraph 1, letter c) of the TUF)**

As of the date of this Report, the following relevant stakes are in existence, according to the communications made pursuant to Article 120 of the TUF:

RELEVANT CAPITAL STAKES				
Declaring party	Direct shareholder	No of ordinary shares	% quota of the ordinary capital	% quota of the voting capital
Paolo Ainio*	Paolo Ainio	8,960,736	22.06%	22.06%
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., 80% owned by Paolo Ainio.

**d) Securities granting special rights (Article 123-bis, paragraph 1, letter d) of the TUF)**

No securities have been issued granting special control rights, nor are statutory loyalty shares planned pursuant to Article 127-*quinquies* of the TUF.

**e) Interest in the share capital of employees: mechanism for exercising the voting right (Article 123-bis, paragraph 1, letter e) of the TUF)**

There are no employee shareholding systems.

**f) Restrictions to the voting right (Article 123-bis, paragraph 1, letter f) of the TUF)**

There are no restrictions to the voting right.

**g) Agreements between shareholders (Article 123-bis, paragraph 1, letter g) of the TUF)**

There are no agreements between shareholders known to the Company pursuant to Article 122 of the TUF.

**h) Change of control clauses (Article 123-bis, paragraph 1, letter h) of the TUF) and statutory provisions regarding a takeover bid (Articles 104, paragraph 1-*ter* and 104-bis, paragraph 1 of the TUF)**

Banzai and its subsidiaries have not signed significant agreements that take effect, modify or terminate in the event of change of control of the contracting company.

In terms of takeover bids, the Issuer's Bylaws do not contain any provisions derogating the passivity rule contained in Article 104, paragraphs 1 and 2 of the TUF, nor do they provide for the application of the neutralisation rules described in Article 104-*bis*, paragraphs 2 and 3 of the TUF.

**i) Authorisations to increase the share capital and authorisations to purchase treasury shares (Article 123-bis, paragraph 1, letter m) of the TUF)**

In accordance with the current Company Bylaws, the share capital may be increased according to the terms and limits determined by law. The share capital increases may also assume a form of contribution of goods in kind 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 at the date of this Report, the Board of Directors does not have any delegations to increase the share capital pursuant to Article 2443 of the Civil Code and it cannot issue any equity financial instruments.

It is noted that the Shareholders' Meeting of 6 November 2014 resolved to authorise, pursuant to Article 2357 of the Civil Code, (i) the purchase, in one or more instalments, for a period of 18 (eighteen) months as of 6 November 2014, at a price that shall not be lower or higher than 20% of the reference price registered by the stock market at the session preceding any single transaction. The maximum number of the purchased shares cannot exceed the overall par value, including any shares owned by the subsidiaries, exceeding 10% of the Issuer's share capital and (ii) dispose of all and/or part, without time limits, of treasury shares purchased even before exhausting the purchases; the shares may be transferred in one more instalments, also through an offer to the public and/or shareholders, on or 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.

It is noted that during the financial year no purchase or sales transactions of treasury shares were made.

As at the date of this Report, there are 282,250 treasury shares in the portfolio, equal to 0.68% of the Company's share capital.

#### **I) Management and Coordination Activities**

The Company is not subject to management and coordination activities in accordance with Article 2497 of the Civil Code.

#### **Further information pursuant to Article 123-bis, paragraph 1, letter i) of the TUF**

With regard to the further information referred to in Article 123-bis of the TUF, please refer to the following paragraphs in this Report, as specified below:

- for information regarding the appointment and replacement of directors (Article 123-bis, paragraph 1, letter l), first part of the TUF) please refer to paragraph 4.1;
- as regards adopting a code of conduct regarding corporate governance promoted by management companies of regulated markets or trade associations (Article 123-bis, paragraph 2, letter a) of the TUF), please refer to paragraph 3;
- as regards information concerning director indemnity in the event of resignation, dismissal without due cause or termination of employment resulting from a public offer of purchase (Article 123-bis, paragraph 1, letter i) of the TUF, please refer to paragraph 9.

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- for information regarding the main characteristics of the internal control and risk management system (Article 123-*bis*, paragraph 2, letter b) of the TUF), please refer to paragraph 11;
  - for information regarding the functioning mechanisms of the Shareholders' Meeting, its main powers, rights of Shareholders and procedures for exercising them (Article 123-*bis*, paragraph 2, letter c) of the TUF), please refer to paragraph 16;
  - for information regarding the composition and functioning of management and control bodies and their committees (Article 123-*bis*, paragraph 2, letter d) of the TUF), please refer to paragraphs 4, 6, 7, 8, 10, 13 and 14.



### **3. COMPLIANCE**

The Company adopted the Code of Corporate Governance published in March 2006, as amended, prepared by the Corporate Governance Committee of listed companies.

Neither the Issuer nor its subsidiaries with strategic relevance are subject to laws outside of Italy affecting the Issuer's corporate governance structure.

## 4. BOARD OF DIRECTORS

### 4.1. Appointment and replacement of the Board of Directors (Article 123-bis, paragraph 1, letter l) of the TUF)

Article 15 of the Bylaws stipulates that the Company is managed by a Board of Directors composed of a minimum of 5 (five) and a maximum of 11 (eleven) members. The Meeting, prior to proceeding with their appointment, shall determine the number within the aforementioned limits.

The members of the Board of Directors shall remain in office for a term, established by the Shareholders' Meeting, no longer than three years and shall remain in office until the date of the Shareholders' Meeting called to approve the financial statements of the last financial year of their office.

The directors must meet the following requirements:

- all directors must meet the eligibility, professionalism and honourability required by the applicable legislation and regulations;
- at least two directors must meet the requirements of independence provided for by Article 147-ter, paragraph 4 of the TUF.

The Board of Directors is appointed by the Ordinary Shareholders' Meeting based on the lists submitted by shareholders, according to the following procedure, unless otherwise or later specified by legal or regulatory standards that must be respected.

Shareholders who, at the time of submission 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 legal and regulatory provisions, may submit a list for appointment of directors. The possession of the minimum quota is determined with reference to the shares registered in the shareholder's name as at the date when the list is submitted to the Company. The corresponding certification may be produced even after the filing of the list, as long as this is done within the time set for the publication of the list.

The lists must be filed at the Company's registered office, according to the procedures established by the regulations in force, at least 25 days before the date of the Shareholders' Meeting deciding on the appointment of directors. The lists must be made available to the public by the Company at least 21 days before the date of the aforementioned Shareholders' Meeting according to the procedures imposed by the applicable regulations.

Each list:

- must contain a number of candidates not exceeding 11, listed according to progressive numbers;
- must contain and expressly specify at least one director in possession of the requirements of independence provided for by Article 147-ter, paragraph 4 of the TUF; if it contains a

- number of candidates equal to or greater than three, the list must contain and expressly specify at least two directors in possession of such requirements;
- in the event that the list contains three or more candidates, it may not be composed exclusively of candidates of the same gender, whether male or female, but must contain a number of less-represented gender candidates ensuring that the composition of the Board of Directors respects the applicable legal and regulatory provisions regarding gender equality. In the event that the application of the criterion of distribution between genders does not yield a whole number, it must be rounded up to the next whole number;
  - must contain, in an appendix: (i) the curriculum vitae of candidates; (ii) declarations, in which all candidates accept their candidatures and declare, under their own responsibility, the absence of ineligibility and incompatibility causes, as well as meeting the requirements of the applicable rule for holding the position of Company director, including the declaration regarding possession of the independence requirements; (iii) the identification of the shareholders who submitted the lists and the total stake held by them; and (iv) any other declaration, information and/or document required by the applicable law and regulations.

Each shareholder, in addition to the shareholders belonging to the same group and shareholders who signed a shareholders' agreement relevant for the purposes of Article 122 of the TUF, may not submit or participate in the submission 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 submitted 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) from the list obtaining the highest number of votes (the “**Majority List**”), according to the progressive order of presentation, a number of directors equal to the total number of members to be elected minus one are taken; (ii) from the second list which has obtained the highest number of votes and which is not associated, even indirectly, with shareholders that have submitted, or with those that have voted for the Majority List (the “**Minority List**”), one director is taken, in the person of the candidate identified by the first number in the same list;
  - however, the lists that did not obtain a number of votes at least equal to one half of the shares corresponding to the quota required for the submission of the lists are not taken into account;
  - in the event of equal numbers of votes between lists, the meeting votes a second time, exclusively for the lists involved, and the list obtaining the highest number of votes shall prevail;
  - if, through the aforementioned procedures, at least two directors in possession of the requirements of independence provided for by Article 147-ter, paragraph 4 of the TUF are not elected, the procedure shall ensue as follows: (i) if the candidate from the Minority List does not meet the aforementioned 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 aforementioned procedures do not result in the fulfilment of the applicable legal and regulatory provisions regarding gender equality, including the rounding up to the next whole number in the event that the application of the gender distribution criterion does not yield a whole number, the candidates for the most-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; if it is not possible to implement this replacement procedure, in order to guarantee the fulfilment of the applicable legal and regulatory provisions regarding gender equality, the missing directors will be elected by the meeting with the ordinary procedures and majorities, without applying the list vote mechanism.
- B) If only one list is submitted, the meeting votes on it, and, if 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 whole number in case the application of the gender distribution criterion does not yield a whole number.
- C) When no list has been submitted or only one list was submitted but it did not obtain the relative majority of votes, or if the number of directors elected based on the submitted 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 appointment of the Board of Directors using the procedures of this Article, the members of the Board of Directors are appointed by the meeting by adopting the ordinary procedures and majorities, without application of the list vote mechanism, but respecting the number of directors in possession of the aforementioned independence requirements and respecting the applicable legal and regulatory provisions regarding balance between genders.

If one or more of the directors elected from the Minority List is no longer in office for any reason, the Board of Directors shall appoint new director(s), choosing, if possible, among non-elected candidates from the same list, respecting the minimum 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 shall apply, without the obligation of list voting and respecting the minimum number of directors in possession of the independence requirements and in accordance with the applicable legal and regulatory provisions regarding gender equality.

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

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

#### **4.2. Composition of the Board of Directors (Article 123-bis, paragraph 2, letter d) of the TUF)**

The Board of Directors, as at the date of this Report, is composed of 8 (eight) members – of which 2 (two) are independent – appointed by the Company's Ordinary Shareholders' Meeting of 6 June 2013 and integrated by the Ordinary Shareholders' Meetings of 22 December 2014, 27 April 2015 and 25 November 2015 and shall remain in office until the approval of the financial statements for the financial year as at 31 December 2015.

Following the formal resignation of a director, the Issuer's Board of Directors' Meeting of 22 January 2015 co-opted the director Giuseppe Stefano Quintarelli, who accepted the office on the same date and remained in office until the next Meeting held on 27 April 2015, an Ordinary Meeting during which he was confirmed as director of the Company until the date of expiry of the current Board, i.e. until the approval of the financial statements as at 31 December 2015.

It is also noted that on 25 November 2015, the Ordinary Shareholders' Meeting resolved to increase the number of members of the Board of Directors from 7 (seven) to 8 (eight) and at the same time appointed, as the new director, Pietro Scott Jovane, who accepted the office on the same date and shall remain in office until the date of expiry of the current Board. i.e. until the approval of the financial statements as at 31 December 2015.

It should be noted that the Board in office at the date of this Report was appointed on the date before the Listing Start Date or integrated in its composition and, therefore, without application of the list vote.

For further information regarding the members of the Board please refer to the Issuer's website [www.banzai.com](http://www.banzai.com), in the Investor/Governance section, which provides the curriculum vitae of directors, detailing their professional qualifications.

All appointed directors are in possession of honourability and professionalism requirements imposed by the applicable norms and regulations.

The directors qualified as independent meet the requirements of Article 148, paragraph 3 of the TUF and the Code of Corporate Governance.

\* \* \*

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

CURRENT BOARD OF DIRECTORS											Control and Risk Committee		Remuneration Committee	
First name and surname	Position	In office from	In office until	List (M/m) *	Exec.	Non-exec.	Indep. by Code	Indep. by TUF	Presence at the meetings **	No of other mandates ***	****	Presence **	****	Presence **
Paolo Ainio	Chairman	06/06/2013	Approval of 2015 financial statements	N.A.	x				100%	5				
Pietro Scott Jovane	Managing Director	25/11/2015	Approval of 2015 financial statements	N.A.	x				100%	-				
Andrea Biasco	Non-executive director	06/06/2013	Approval of 2015 financial statements	N.A.		x			100%	5			x	100%
Pietro Boroli	Non-executive director	06/06/2013	Approval of 2015 financial statements	N.A.		x			93%	20				
Anna Gatti	Non-executive director	22/12/2014	Approval of 2015 financial statements	N.A.		x	x	x	100%	2	x	100%	x	100%
Ezilda Mariconda	Non-executive director	22/12/2014	Approval of 2015 financial statements	N.A.		x			85%	1	x	100%		
Stefano Quintarelli	Non-executive director	22/01/2015	Approval of 2015 financial statements	N.A.		x	x	x	58%	3	x	100%	x	100%
Matteo Renzulli	Non-executive director	06/06/2013	Approval of 2015 financial statements	N.A.		x			85%	9				

Key:

\* 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 attendance of directors at the meetings, respectively of the Board and committees (number of time present/number of meetings held during the actual period of mandate of the person in question).

\*\*\* This column indicates the number of positions of director or auditor held by the person in question in other listed companies, including foreign companies, in financial, banking or insurance companies or companies of a significant size. The list of such companies for each director is attached to the Report, with the indication of 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 or companies of a significant size as at the date of this Report.

First name and surname	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
	IM3D S.p.A.	Chairman of the Board of Directors
	Effe 2005 Gruppo Feltrinelli S.p.A.	Director
Pietro Scott Jovane	-	-
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
	Sator Immobiliare SGR S.p.A.	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.	Deputy Chairman of the Board of Directors
	De Agostini Editore S.p.A.	Chairman of the Board of Directors and of the Executive Committee
	M-DIS Distribuzione Media S.p.A.	Director
	Fondazione Achille e Giulia Boroli	Director
	SGP (Società Gestione Periodici) S.r.l.	Director
	Vis Value Partecipazioni S.r.l.	Sole Director
	De Agostini UK Ltd.	Director
	Grupo Planeta-De Agostini S.L.	Director
	Editions Atlas (France) S.A.S.	Deputy Chairman of the Board of Directors
	Editorial Planeta De Agostini S.A.	Deputy Chairman of the Board of Directors
	Finstar S.r.l.	Director
Rubinerie Stella S.p.A.	Director	

	Venchi S.p.A. Fondazione Teatro Coccia MyWay Media S.r.l. Ambientina Società Semplice	Director Director Director Director
Anna Gatti	Piquadro S.p.A. Rai Way S.p.A.	Director Director
Ezilda Mariconda	Banca Profilo S.p.A.	Director
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. È Qui S.p.A. Inbetween SGR S.p.A. Nuova Casenovole Società Agricola a r.l. Città del Sole S.r.l. Tethis S.p.A. Sessantotto S.r.l. Citynews S.p.A. Coima SGR S.p.A.	Chairman of the Board of Directors Chairman of the Board of Directors Director Chairman of the Board of Directors Director Director Director Director Director

#### Maximum cumulation of positions held in other Companies

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

#### 4.3. Role of the Board of Directors (Article 123-bis, paragraph 2, letter d) of the TUF)

Pursuant to Article 15 of the Bylaws, the Company is managed by a Board of Directors composed of a minimum of 5 (five) and a maximum of 11 (eleven) members, determined by the resolution of the Ordinary Shareholders' Meeting upon the appointment of the Board of Directors or modified with a subsequent resolution.

Pursuant to Article 16 of the Bylaws, the Board elects the Chairman and a Deputy Chairman from among its members, for the whole mandate of the Board of Directors, if the Shareholders' Meeting does not do so.



Pursuant to Article 17 of the Bylaws, the Board of Directors meets either at the Company office or elsewhere, as long as this is in a European Union country, Switzerland or the 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 the event of absence or non-availability of the Chairman, the meeting is called by the Deputy Chairman, if appointed, or in the absence of the latter, by the Managing Director.

In accordance with Article 151 of the TUF, the Board of Statutory 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 sent – by mail, telegram, fax or e-mail with return receipt – to the address 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 resolutions of the board are valid, even without formal convocation, if all directors and auditors in office are present.

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

The Board Meetings may also be held as teleconferences or video conferences, under the following conditions: (i) the Chairman and the secretary of the meeting are present in the same place and ensure the 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 manner, and determine and proclaim the results of voting; (iii) the person preparing the minutes must also be appointed 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 items of the agenda, as well as view, receive or transmit documents.

The Board resolutions are made with the presence of the majority of directors in office and with the favourable vote of the majority of directors present. In the event of a tie, the vote of the Chairman of the meeting shall prevail. Pursuant to Article 18 of the Bylaws, the company business is managed exclusively by the Board of Directors, which has the widest powers to perform any acts considered necessary and useful for pursuing the corporate purpose.

Pursuant to Article 2365, paragraph 2 of the Civil Code, the Board of Directors is also competent to make the following resolutions, notwithstanding the competence of the meeting:

- (i) mergers and demergers in the cases provided for in Articles 2505 and 2505-*bis* of the Civil Code;
- (ii) establishment or closure of branch offices;
- (iii) reduction of capital in the event of withdrawal of one or more shareholders;
- (iv) adoption of new regulatory provisions;
- (v) transfer of the registered office within Italy.

Pursuant to Article 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 Deputy Chairman, if appointed.

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

It is also possible to grant powers of attorney to third parties for certain deeds or categories of deeds.

In accordance with the provisions of Article 21 of the Bylaws and the procedure for fulfilling the obligations described in Article 150, paragraph 1 of Legislative Decree No 58 of 24 February 1998, the Board of Directors and the Board of Statutory 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 and asset transactions performed by the Company and its subsidiaries, as well as atypical, unusual transactions, and transactions with related parties or involving a potential conflict of interest, providing adequate elements for the appreciation of these transactions.

The Board has not defined general criteria for the identification of transactions with significant economic, financial or asset impact for the Issuer. All transactions 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 transactions with related parties of the Issuer and the Banzai Group, please refer to the following paragraph 12.

Considering that the Issuer is listed as at 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 its majority by non-executive directors in the persons of Andrea Biasco, Pietro Boroli, Anna Gatti, Ezilda Mariconda, Stefano Quintarelli and Matteo Renzulli (for a total of six non-executive directors out of eight members of the Board), who in view of their number and authority can have a significant influence on the Issuer's Board resolutions.

The non-executive directors provide their specific skills to the Board discussions, contributing to making resolutions in the best interests of the Company.

The Company's Shareholders' Meeting did not decide to authorise, as a general or preventive measure, any exemptions to the competition prohibition imposed by Article 2390 of the Civil Code.

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During the financial year, 14 meetings of the Board of Directors were held on the following dates: 12 January 2015, 22 January 2015, 11 February 2015, 26 February 2015, 18 March 2015, 22 April 2015, 5 May 2015, 14 May 2015, 20 July 2015, 4 August 2015, 15 October 2015, 29 October 2015, 12 November 2015 and 25 November 2015.

The average duration of the Board meetings was approximately two hours.

For the current financial year (2016), nine meetings are planned. In addition to those already held on 13 January 2016, 11 February 2016 (approval of the preliminary revenues as at 31 December 2015) and 2 March 2016 (approval of the consolidated financial statements and draft financial

statements as at 31 December 2015), the calendar of main corporate events for 2016 (already disclosed to the market and to Borsa Italiana S.p.A., in accordance with the regulations) provides for another six meetings on the following dates:

- 21 April 2016: approval of the preliminary revenues as at 31 March 2016;
- 9 May 2016: approval of the interim financial statements as at 31 March 2016;
- 18 July 2016: approval of the preliminary revenues as at 30 June 2016;
- 2 August 2016: approval of the half-year financial report as at 30 June 2016;
- 17 October 2016: approval of the preliminary revenues as at 30 September 2016;
- 7 November 2016: approval of the interim financial statements as at 30 September 2016.

The financial calendar is available on the Issuer's website, [www.banzai.it](http://www.banzai.it), under the Investor/Financial Calendar section.

#### 4.4. Delegated bodies

##### Managing Directors

Pursuant to Article 16 of the Bylaws, the Board of Directors appoints among its members a Managing Director, granting them the corresponding management and representation powers, within the limits imposed by law and the present Bylaws. The management and representation powers, limited to certain acts, categories of acts or functions, may also be delegated to other members of the Board of Directors.

On 25 November 2015, Paolo Ainio resigned from his position as Managing Director, maintaining the post of Chairman of the Board of Directors, to which reference is made in the paragraph below, and, on the same date, the Company's Board of Directors appointed, among other things, Pietro Scott Jovane as Managing Director, granting him the following powers:

- a) Signing authority: to sign all ordinary and extraordinary correspondence of the Company in the name of the Company and indicating his position;
- b) Employment contracts and organisation: to employ, by determining their qualifications, duties and salaries, suspend and terminate employment relationships with employees, including executives, provided that the gross annual remuneration payable to such workers does not exceed €250,000 (two hundred and fifty thousand);
  - to initiate, manage and execute disciplinary proceedings against employees, including executives, deciding whether and what type of disciplinary action to take among all those required by law or by the relevant collective agreement, including expulsive sanctions with or without notice; to carry out the precautionary suspension of employees, including executives;
  - to fulfil all acts of management of the employment relationship with employees, including notifications of transfer, change of duties, granting of leave, etc.;
  - to represent the Company at meetings with national and international trade unions and business unions, before conciliation committees and enter into collective bargaining agreements and company agreements, including in collective licensing procedures or other dismissal procedures;

- to negotiate, establish, execute, terminate or otherwise resolve staff supply contracts, within a maximum of €250,000 (two hundred and fifty thousand) per contract;
  - with the exception of agreements with the members of the Company's Board of Directors, to negotiate, enter into and execute any agreement with collaborators and consultants, however referred to, with power to fix the terms and conditions, including fees, up to a maximum of €300,000 (three hundred thousand) as company cost for each contract. To modify, terminate or otherwise resolve the aforementioned contracts with collaborators and consultants, by signing the relevant deeds and necessary documents;
  - to manage employees, collaborators and consultants, with express authorisation to do all that is required by law, regulation or collective agreements governing trade unions, insurance, pensions, membership organisations, etc.;
  - to ensure compliance with tax and social security obligations of which the Company acts as withholding agents, with power, among other things, to sign declarations and any deed related to the execution of such obligations;
  - to represent the Company before the Inspectorate of Labour, Social Security Institutions, membership organisations, insurance companies, health and accident insurance companies, trade unions and employers' associations and any authority or representation for all relations regarding employment;
  - to represent the Company before the Labour Courts at any location and to any degree, including out-of-court, trade union, arbitration or any other relevant headquarters for labour disputes, including the Conciliation Commission constituted by the competent Local Departments of Labour, with all broader powers including those of appointing and dismissing attorneys, prosecutors and defence lawyers, reconciling and settling disputes and signing related settlement agreements and verbal conciliation, overseeing the execution of judgements and taking any other necessary and appropriate action, with nothing excluded or excepted, for the full and better definition and settlement of such disputes. To make garnishee's statements before any Court;
  - to liaise with the competent supervisory authorities with regard to the health and safety of workers and to make the reports required by law;
  - to appoint, suspend and dismiss representatives, agents and commission agents, specifying their powers and fees.
- c) Contracts in general: to complete all economic and commercial negotiations for matters related to the business and corporate purposes, in compliance with the general management guidelines and the economic/financial budgets approved by the Board of Directors, up to a limit of €500,000 (five hundred thousand) for each contract;
- to enter into, modify, terminate, withdraw from or resolve any agreement relating to the ordinary management of the Company, fixing prices, terms and conditions, up to a maximum of €500,000 (five hundred thousand) for each contract;
  - with a limit of €500,000 (five hundred thousand) for each contract, to enter into, modify, terminate, withdraw from or resolve contracts (preliminary or final) aimed at: (i) conferring mandates or commissions for carrying out activities or services within the Company's purpose or which are necessary or useful for the exercise of the Company's business; (ii) requesting and/or entrusting to third parties the procurement of works and/or services relating to the corporate purpose; (iii) requesting and/or entrusting to third parties the supply of goods and/or services – including marketing services and promotional and advertising services – related to the corporate purpose; (iv) acquiring professional services

- within the Company's corporate purpose or which are necessary or useful for the exercise of the business;
- to enter into, modify, terminate, withdraw from or resolve contracts of any kind with companies directly or indirectly controlled by the Company, fixing prices, terms and conditions, up to a maximum of €1,000,000 (one million) for each contract.
- d) Company establishment: to establish companies of any legal form, including foreign companies, involving commitments of expenditure/investment fees of any kind not exceeding €1,000,000 (one million), establishing their statutes, agreements, regulations, clauses and conditions, appointing corporate bodies, performing all transactions and signing all deeds, contracts, agreements and necessary documents.
- e) Management of subsidiaries and investee companies: to make payments, including repayable deposits, to subsidiaries or investee companies, up to a maximum of €1,000,000 (one million) or within the limits of the economic/financial budgets approved by the Board of Directors;
- to sign intercompany loan agreements, including non-interest bearing agreements, or to authorise or request such funding, including interest-free funding, for companies of the Banzai Group, within a limit of €1,000,000 (one million) or in respect of the limits of the economic/financial budgets approved by the Board of Directors;
  - to represent the Company as regards the exercise of its voting rights in the ordinary meetings of the subsidiaries or investee companies;
  - to subscribe to share capital increases of the subsidiaries or investee companies, exercising its option rights, including for any options not exercised by other shareholders within the limit of €1,000,000 (one million) per transaction.
- f) Trade: to purchase and sell, also via continuous agreements, exchange, import and export machinery, merchandise, services and products related to the Company purposes, within the limit of €500,000 (five hundred thousand) per contract, establishing the prices, terms and conditions, and granting discounts, if applicable;
- g) Leases, property rights: with a limit of €1,000,000 (one million) for each contract, to enter into, modify, terminate, withdraw from or resolve contracts (preliminary or final) aimed at: (i) taking out and granting, in the form of leases and sub-leases, including for longer than nine years, or on loan, property; (ii) to enter into subscriptions, cancellations, renunciations, renewals and postponement of mortgages, including legal, on property, requesting annotations and transcriptions with exemption from liability from the competent Registrar; and (iii) providing rights to use, rights of surface, servitude or other active and passive property rights;
- to grant sub-leased property to subsidiaries with no limit to the amount.
- h) Collections and receipts: to request payment and deposit on behalf of the Company any amount due to the Company for any reason, issuing the corresponding receipts and discharges as applicable;
- i) Banking and finance transactions: to provide for the opening and closing of accounts at any bank or other financial institution either in Italy or abroad, including the Bank of Italy, Savings Banks, Public Banks and postal current accounts;

- to negotiate and settle credit facilities and bank advances, discounts, overdrafts, mortgages and loans, excluding loans also in support of extraordinary finance transactions, establishing the terms and conditions within the limit of €1,000,000 (one million);
  - to manage loan agreements, signed and in place, agreeing on the rates and relevant periods of interest and executing them;
  - to issue cheques and give provisions of the Company's accounts at any bank within the limit of €1,000,000 (one million) and within the limits of the trust that may be granted to the Company by each bank and closing bank accounts;
  - to issue instructions and generally drawing from the Company's funds any postal current account of the Company and therefore signing the relevant cheques and debit accounts within the limit of €1,000,000 (one million);
  - to make payments on the Company's bank or postal current accounts and perform transaction concerning transfers on the same current accounts of the Company without limits to the amount;
  - to issue, endorse and accept promissory notes, bills and any other security, even to third parties, including banks, within the limit of €1,000,000 (one million);
  - to issue drafts on the Company's debtors, accept payable drafts in payment of supplies, endorse drafts for collection, discount, protest and receipt as well as in payment of supplies within a limit of €1,000,000 (one million);
  - to stipulate bank guarantees and guarantee policies with credit institutions and insurance firms, exclusively in the interests of the Company and/or companies directly or indirectly controlled by the Company, determining the terms and conditions thereof within the limit of €1,000,000 (one million) per individual transaction;
  - to grant and issue bank guarantees, letters of patronage or other personal or property guarantees exclusively in the interests of the Company and companies directly or indirectly controlled by the Company.
- l) Insurance: to enter into, modify, terminate, withdraw from or resolve insurance contracts with insurance companies or institutions up to a maximum amount of €500,000 (five hundred thousand) per type of insurance policy per financial year, signing those policies, paying their premiums and with the authority to conduct any practice related thereto;
- to sign claim reports, request quotes and expert reports, appoint experts, represent the Company in disputes with insurance companies or institutions and experts and, in the event of a right to compensation, agree and accept, even by way of settlement, the amount for damages and indemnity within the limit of €500,000 (five hundred thousand), receive amounts as compensation and issue a receipt for the amount received.
- m) Relations with the public administration/authority: to represent the Company in dealings with the Public Administration, local authorities, Chambers of Commerce and the European Union;
- to represent the Company before any trade union, social security organisation or trade association;
  - to represent the Company, in Italy and abroad, for the purposes of the provisions of Legislative Decree No 58 of 24 February 1998, as well as with regard to Borsa Italiana S.p.A., the National Commission for Companies and the Stock Exchange (CONSOB) or other management and/or control bodies of regulated financial markets, the Italian foreign exchange office, Monte Titoli S.p.A., the competition authority, the authority for

- communications, the Bank of Italy, the courts, business registries, chambers of commerce, industry, trade and agriculture, the ministries and any other control bodies and public offices, associations, legal persons, individuals, shareholders, with all subscribing powers and rights to share certificates, bonds and any deed, document and/or notification, claim or certificate deemed necessary and/or appropriate;
- to sign any document, deed or declaration and fulfil all duties and obligations that the Company is required to fulfil by law with regard to CONSOB, Borsa Italiana, the Bank of Italy, the Italian Exchange Office, Guarantor Authorities, Chambers of Commerce and any other authority subject to the activities of the Company;
  - to perform any practice or transaction by signing and submitting requests, applications, appeals, documents of any kind, signing deeds and contracts falling within the powers granted herein, making and withdrawing deposits from the Ministries, the National Debt Office, the Bank for Deposits and Loans, the Revenue Offices, Customs Offices, Municipalities, Provinces, Regions and any other office or public body.
- n) Tax matters: to represent the Company or appoint qualified professionals in all of its relations with the tax offices of the Italian Republic, especially in any practice related to taxes and contributions;
- to sign and submit declarations, appeals, claims and documents to any authority or commission, including the tax commissions and the Central Commission for Taxes and to delegate professionals to request and receive all information, any copies and/or duplicates related to tax assessments;
  - to accept refunds and cash them in and, generally, perform all activities and formalities related to the aforementioned practices.
- o) Judicial disputes: to appear before a court for and on behalf of the Company at any level of jurisdiction, including the Supreme Court, the Constitutional Court, the Council of the State, the Court of Auditors, both in first and in further instances, appointing lawyers, prosecutors and technical consultants for disputes to a value not exceeding €1,000,000 (one million);
- to accept and make oaths, request seizures, whether judicial or conservative, of goods in possession of creditors or third parties, to ensure the revocation thereof and the enforcement of judgements and decrees, make garnishee's statements or seizures by fulfilling all requirements of the current provisions of the law;
  - to represent the Company in any minor bankruptcy proceedings, insolvency procedures or arrangements with creditors and temporary receivership, until the definition of the relevant procedures, accepting and receiving allocations both as a down payment and in balance; filing bankruptcy declarations of third parties, signing credit applications, attending meetings with creditors; declaring credits, confirming their reality and existence, accepting, rejecting and challenging proposals of agreement and doing anything else necessary for the same procedures within a limit of €1,000,000 (one million).
- p) Settlements and arbitration: to settle or reconcile any litigation, whether in court or out of court, proceeding with arbitration, irregular and regular arbitration, appointing and dismissing them, referring disputes or assessments to arbitrators within a limit of €1,000,000 (one million) per individual procedure.

- q) Special prosecutors: to appoint special representatives for certain deeds or categories of deed, as well as revoke and modify such mandates.

Furthermore, Pietro Scott Jovane, acting as Legal Representative of the Company within the limits of the powers granted to him, has been granted all powers of direction, management, organisation, supervision and control regarding the protection of personal data (Legislative Decree No 196 of 30 June 2003, on the Code for the Protection of Personal Data – the “Code”), including the power to incur capital expenditure or necessary expenditure to ensure the compliance of the Company with the provisions laid down by that regulation. Pietro Scott Jovane has been specifically granted, including, but not limited to, the following powers:

- to represent the Company in communications with the Guarantor Authority for the protection of personal data (the “Guarantor”) as well as all disputes regarding the protection of personal data both before the Guarantor and before the ordinary judicial authority, with the power of appointing lawyers and attorneys and to produce any deed or document, make requests or statements in the Company's best interests;
- to represent the Company in notifications regarding the protection of personal data, including responses to requests to exercise the rights pursuant to Article 7 of the Code;
- to represent the Company in negotiations with trade union representatives – also signing any agreements reached – or in communications with the Provincial Department of Labour with regional jurisdiction, for the fulfilment of the requirements provided by the Workers' Statute, the Code and the Provisions of the Guarantor;
- to represent the Company in the identification and appointment of Data Supervisors;
- to assume obligations and enter into agreements, with a maximum limit of €250,000 (two hundred and fifty thousand), for the purchase of goods or the supply of services required for business or necessary to ensure compliance with the provisions of the Code.

### Chairman

Pursuant to Article 16 of the Bylaws, the Board elects the Chairman and a Deputy 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 appointed Paolo Ainio as the Chairman of the Board of Directors. On 25 November 2015, Paolo Ainio resigned from the post of Managing Director and remitted the relevant powers. During the same meeting, the Board of Directors granted the Chairman, Paolo Ainio, the following powers:

- a) Signing authority: to sign all ordinary and extraordinary correspondence of the Company in the name of the Company and indicating his position;
- b) Representation: to represent the Company actively and passively in any relations with third parties and with the public administrations;



- to represent the Company, in Italy and abroad, for the purposes of the provisions of Legislative Decree No 58 of 24 February 1998, as well as with regard to Borsa Italiana S.p.A., the National Commission for Companies and the Stock Exchange (CONSOB) or other management and/or control bodies of regulated financial markets, the Italian foreign exchange office, Monte Titoli S.p.A., the competition authority, the authority for communications, the Bank of Italy, the courts, business registries, chambers of commerce, industry, trade and agriculture, the ministries and any other control bodies and public offices, associations, legal persons, individuals, shareholders, with all subscribing powers and rights to share certificates, bonds and any deed, document and/or notification, claim or certificate deemed necessary and/or appropriate;
  - to sign any document, deed or declaration and fulfil all duties and obligations that the Company is required to fulfil by law with regard to CONSOB, Borsa Italiana, the Bank of Italy, the Italian Exchange Office, Guarantor Authorities, Chambers of Commerce and any other authority subject to the activities of the Company.
  
- c) Employment contracts and organisation: to employ, by determining their qualifications, duties and salaries, suspend and terminate employment relationships with employees, including executives, provided that the gross annual remuneration payable to such workers does not exceed €250,000 (two hundred and fifty thousand);
  - to initiate, manage and execute disciplinary proceedings against employees, including executives, deciding whether and what type of disciplinary action to take among all those required by law or by the relevant collective agreement, including expulsive sanctions with or without notice; to carry out the precautionary suspension of employees, including executives;
  - with the exception of agreements with the members of the Company's Board of Directors, to negotiate, enter into and execute any agreement with collaborators and consultants, howsoever referred to, with power to fix the terms and conditions, including fees, up to a maximum of €250,000 (two hundred and fifty thousand) as company cost for each contract. To modify, terminate or otherwise resolve the aforementioned contracts with collaborators and consultants, by signing the relevant deeds and necessary documents;
  - to appoint, suspend and dismiss representatives, agents and commission agents, specifying their powers and fees.
  
- d) Contracts in general: to complete all economic and commercial negotiations for matters related to the business and corporate purposes, in compliance with the general management guidelines and the economic/financial budgets approved by the Board of Directors, up to a limit of €500,000 (five hundred thousand) for each contract;
  - to enter into, modify, terminate, withdraw from or resolve any agreement relating to the ordinary management of the Company, fixing prices, terms and conditions, up to a maximum of €500,000 (five hundred thousand) for each agreement;
  - with a limit of €500,000 (five hundred thousand) for each contract, enter into, modify, terminate, withdraw from or resolve contracts (preliminary or final) aimed at: (i) conferring mandates or commissions for carrying out activities or services within the Company's purpose or which are necessary or useful for the exercise of the Company's business; (ii) requesting and/or entrusting to third parties the procurement of works and/or services relating to the corporate purpose; (iii) requesting and/or entrusting to third parties the supply of goods and/or services -including marketing services and promotional and

- advertising services - related to the corporate purpose; (iv) acquiring professional services within the Company's corporate purpose or which are necessary or useful for the exercise of the business;
- to enter into, modify, terminate, withdraw from or resolve contracts of any kind with companies directly or indirectly controlled by the Company, fixing prices, terms and conditions, up to a maximum of €1,000,000 (one million) for each contract.
- e) Corporate transactions: to examine, prepare and submit to the Board of Directors, transactions for purchases or sales, rental income or expenditures, or other acts of deposition for any reason (however made) regarding equity, corporate or business unit investments; to sign confidentiality agreements, letters of intent and agreements for their due diligence;
- to entrust professionals of any kind to the aforementioned corporate transactions with the spending limit of €300,000 (three hundred thousand) per task;
  - to carry out purchase or sales transactions, rental income or expenditure or other acts of deposition for any reason (however made) regarding equity, corporate or business branch investments, for amounts less than €1,000,000 (one million), it being understood that, in the event of transfer, the aforementioned amount shall be referred to the value of the investment in the investee company resulting from the latest financial statements approved by the Company;
  - to incorporate companies of any legal form, including foreign companies, involving commitments of expenditure/investment fees of any kind not exceeding €1,000,000 (one million), establishing their bylaws, agreements, regulations, clauses and conditions, appointing corporate bodies, performing all transactions and signing all deeds, contracts, agreements and necessary documents.
- f) Management of subsidiaries and investee companies: to represent the Company as regards the exercise of the Company's voting rights in the ordinary and extraordinary meetings of the subsidiaries or investee companies, including the power to vote on the possible liquidation of the subsidiaries or investee companies;
- to subscribe to share capital increases of the subsidiaries or investee companies, exercising its option rights, including for any options not exercised by other shareholders within the limit of €1,000,000 (one million) per transaction;
  - to make payments, including repayable deposits, to subsidiaries or investee companies, up to a maximum of €1,000,000 (one million) or within the limits of the economic/financial budgets approved by the Board of Directors;
  - to sign intercompany loan agreements, including non-interest bearing agreements, or to authorise or request such funding, including interest-free funding, for companies of the Banzai Group, within a limit of €1,000,000 (one million) or in respect of the limits of the economic/financial budgets approved by the Board of Directors.
- g) Collections and receipts: to request payment and deposit on behalf of the Company any amount due to the Company for any reason, issuing the corresponding receipts and discharges as applicable.
- h) Banking and finance transactions: to provide for the opening and closing of accounts at any bank or other financial institution either in Italy or abroad, including the Bank of Italy, Savings Banks, Public Banks and postal current accounts.

- i) To negotiate and settle credit facilities and bank advances, discounts, overdrafts, mortgages and loans, excluding loans also in support of extraordinary finance transactions, determining the terms and conditions thereof within the limit of €1,000,000 (one million); to manage loan agreements, signed and in place, agreeing their rates and interest periods and executing them;
- to issue cheques and give provisions of the Company's accounts at any bank within the limit of €1,000,000 (one million) and within the limits of the trust that may be granted to the Company by each bank and closing bank accounts;
  - to issue instructions and generally draw from the Company's funds any postal current account of the Company and therefore sign the relevant cheques and debit accounts within the limit of €1,000,000 (one million);
  - to make payments on the Company's bank or postal current accounts and perform transactions concerning transfers on the same current accounts of the Company without limits to the amount;
  - to issue, endorse and accept promissory notes, bills and any other security, including drafts to third parties, including banks, within the limit of €1,000,000 (one million); issuing drafts on the Company's debtors, accepting payable drafts in payment of supplies, endorsing drafts and bills for collection, discount, protest and receipting as well as in payment for supplies within the limit of €1,000,000 (one million);
  - to stipulate bank guarantees and guarantee policies with credit institutions and insurance firms, exclusively in the interests of the Company and/or companies directly or indirectly controlled by the Company, determining the terms and conditions thereof within the limit of €1,000,000 (one million) per individual transaction;
  - to grant and issue bank guarantees, letters of patronage or other personal or property guarantees exclusively in the interests of the Company and companies directly or indirectly controlled by the Company;
- l) Judicial disputes: to appear before a court for and on behalf of the Company at any level of jurisdiction, including the Supreme Court, the Constitutional Court, the State Council, the Court of Auditors, both in first and in another instance, appointing lawyers, prosecutors and technical consultants for disputes to a value not exceeding €1,000,000 (one million);
- to accept and make oaths, request seizures, whether judicial or conservative, of goods in possession of creditors or third parties, to ensure the revocation thereof and the enforcement of judgements and decrees, make garnishee's statements or seizures by fulfilling all requirements of the current provisions of the law;
  - to represent the Company in any minor bankruptcy proceedings, insolvency procedures or arrangements with creditors and temporary receivership, until the definition of the relevant procedures, accepting and receiving allocations both as a down payment and in balance; filing bankruptcy declarations of third parties, signing credit applications, attending meetings with creditors; declaring credits, confirming their reality and existence, accepting, rejecting and challenging proposals of agreement and doing anything else necessary for the same procedures within a limit of €1,000,000 (one million).
- m) Settlements and arbitration: to settle or reconcile any litigation, whether in court or out of court, proceeding with arbitration, irregular and regular arbitration, appointing and dismissing them, referring disputes or assessments to arbitrators within a limit of €1,000,000 (one million) per individual procedure;

- n) Special prosecutors: to appoint special representatives for certain deeds or categories of deeds, as well as revoke and modify such mandates.

The Issuer decided not to appoint a Deputy Chairman.

#### Lead independent director

Since the Code's requirements are met, on 10 November 2014 the Board appointed 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, specifically, 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 a member of the Committee for Transactions with Related Parties.

#### *4.4.2. The Executive Committee*

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

The Board of Directors decided not to set up an Executive Committee.

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

In compliance with the procedure for the fulfilment of the obligations under Article 150, paragraph 1 of the TUF, the delegated bodies reported to the Board of Directors at least quarterly, during the Board meetings, on the activities carried out, the general operating performance and the business outlook, as well as on the most significant transactions, according to their size and features, made by the Company and its subsidiaries.

#### **4.5. Other executive directors**

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

#### **4.6. Independent directors**

Pursuant to the combined provisions of Articles 147-ter, paragraph 4 and 148, paragraph 3 of the TUF and pursuant to Article 2.2.3, paragraph 3, letter k) of the Stock Market Regulation and Article IA.2.10.6 of the Instructions to the Stock Market regulations, and in accordance with Article 3 of the Code, the Board of Directors currently includes 2 (two) independent directors in the persons of Anna Gatti and Stefano Quintarelli, who:

- (i) do not control the Issuer, directly or indirectly, or through subsidiaries, trusts or intermediaries, and cannot exercise any relevant influence on 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 Chairman, legal representative, Chairman of the Board, executive director or manager with strategic responsibilities) within the Issuer, any of its strategically relevant subsidiaries, a company

- subject to common control by 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 subsidiaries 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 subsidiaries, 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 aforementioned entities;
  - (v) notwithstanding the specifications of point (iv) above, do not have independent work agreements or employment contracts, or other asset-involving or professional relations that would affect their independence: (a) with the Issuer, its subsidiaries or parent companies or companies under joint control; (b) with the Issuer's directors; (c) with persons up to the fourth degree of kinship 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 subsidiaries or parent companies any significant remuneration additional to the 'fixed' compensation of the Issuer's non-executive director's compensation, including participation in incentive plans related to company performance, including stock-based plans;
  - (vii) have not been directors of the Issuer for more than 9 of the last 12 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 information generally available to the Board.

The possession of the independence requirements was verified by the Board on 10 November 2014 and 5 May 2015, based on the criteria identified in the aforementioned regulations. All criteria indicated in Article 3 of the Code, as well as the criteria of Article 148, paragraph 3, letters b) and c) of the TUF, have been applied in these evaluations.

The Board of Statutory 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 stated in the report of the Auditors to the Shareholders' Meeting pursuant to Article 153 of the TUF.

During the financial year, the independent directors met six times, five of which during the Control and Risk Committee and, specifically, on 18 March 2015, 13 May 2015, 15 October 2015, 24 November 2015 and 23 December 2015, and one independently on 2 November 2015. The topics discussed were mainly those also discussed by the Control and Risk Committee as well as topics related to the Company's administrative organisation.

## **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 comply with the applicable legal and regulatory provisions and to guarantee the respect of the maximum confidentiality of Privileged Information, in order to avoid the selective communication of documents and information regarding the Company and the Group, with information being released in advance to certain persons, such as shareholders, the press or analysts, or the untimely, incomplete or inadequate release of information.

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

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

The assessment of the privileged nature of information and, therefore, the need to proceed with disclosure to the market, is performed by the Managing Director, with the help of managers of Company departments from which the information or the “Relevant Facts” (as defined by the Procedure) originated from and with the help of Managing Directors of the Banzai Group companies, in the event that the information or the relevant facts are related to a Banzai Group company.

In case the information is considered privileged or the applicable regulation 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 Director 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 also publishes the press release by the time of the opening of the market on the day following its distribution on the Issuer's website, [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 further information regarding the procedure, please refer to the Issuer's website, [www.banzai.it](http://www.banzai.it) in the Governance/documents and procedures section, where such procedure is available.

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

With special reference to the obligation of listed issuers, their subsidiaries and persons acting in their name or on their behalf, to create and manage a register of persons who have access to the privileged information described in Article 115-*bis* of the TUF and in Article 152-*bis et seq.* 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 governed 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 its meeting of 10 November 2014, effective as of the Listing Start Date.

For further information regarding the procedures, please refer to the Issuer's website, [www.banzai.it](http://www.banzai.it), in the Governance/documents and procedures section, where such procedure is available.

### 5.3 Internal dealing

Regarding the management of information obligations resulting from the new Internal Dealing regulations described in Article 114, paragraph 7 of the TUF and in Article 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 Start Date.

The procedure is designed to ensure maximum transparency and consistency of information to the market, governing the obligations of information and limitations regarding purchase, sales, subscription and exchange transactions within Banzai activities or of financial instruments related to such activities (“Internal Dealing Transactions”) performed by “Relevant Persons” pursuant to Article 114, paragraph 7 of the TUF and Article 152-*sexies*, letter c) of the CONSOB Issuer Regulation.

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

It should also be noted that on 20 July 2015 the Board of Directors decided to adopt an Internal Regulation to supplement the Internal Dealing Procedure and with which the “relevant” individuals and persons closely associated with them, from the Group companies, are obliged to notify the Company of the transactions made by them relating to the purchase, sale, subscription and exchange of Banzai shares or financial instruments associated with Banzai shares, in accordance with the limitations, procedures and timing of notification governed by the Internal Dealing Procedure.

For further information regarding the procedure please refer to the Issuer's website [www.banzai.it](http://www.banzai.it), Investor/Governance/documents and procedures section, where such procedure is available.

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During the financial year, significant transactions were made requiring the notifications pursuant to the Internal Dealing regulations. The Internal Dealing notifications are available on the Company's website, [www.banzai.it](http://www.banzai.it), in the Investor/Governance/Internal Dealing section.



**6. BOARD COMMITTEES (PURSUANT TO ARTICLE 123-BIS, PARAGRAPH 2, LETTER D) OF THE TUF)**

The Remuneration Committee and Control and Risk and Related-Parties Committee were set up within the Board.

Note that the Control and Risk and Related-Parties Committee is also in charge of transactions with related parties.

## **7. APPOINTMENT COMMITTEE**

In consideration of the level of distribution of the Company's shareholding and the organisational structure, the Board does not currently see the need to create an internal appointment committee as recommended by Article 6, paragraph 2 of the Code of Corporate Governance.

## **8. REMUNERATION COMMITTEE**

Pursuant to the provisions of Article 2.2.3, paragraph 3, letter n) of the Stock Market Regulation, applicable to issuers with shares traded on the MTA, STAR Segment, and in accordance with the provisions of Article 6 of the Code, the Company's Board has established an internal Remuneration Committee.

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

As at the date of the Report, the Remuneration Committee is composed of three non-executive members, of which two are independent, in the persons of Stefano Quintarelli (independent director), acting as Chairman, Anna Gatti (independent director) and Andrea Biasco (non-executive director).

The director Andrea Biasco has knowledge and experience in remuneration 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 Article 2.2.3, paragraph 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 meetings where Board's proposals regarding their own remuneration are drawn up.

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 the performance of its tasks. The Committee may also use the services of an expert to obtain information regarding the market's remuneration practices, verifying it in advance.

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

The Remuneration Committee, composed of non-executive directors, the majority of which are independent, in addition to having advisory and proposal functions for the Board of Directors, will also have the task (i) of drawing up proposals regarding the remuneration of managing directors and those performing special functions, monitoring the application of resolutions 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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During the financial year, five Remuneration Committee meeting were held, all minutes duly recorded, specifically on 18 March 2015, 13 May 2015, 15 October 2015, 24 November 2015 and 23 December 2015.

The average duration of the meetings was approximately two hours.

For the current financial year (2016), four Remuneration Committee meetings have already been held on 1 February 2016, 22 February 2016, 29 February 2016 and 2 March 2016, and the Committee shall meet whenever it is deemed necessary.

During the financial year the activities of the Remuneration Committee are mainly focused on the Group's remuneration policy under adoption, on the redetermination of the payment due to members of Board of Directors and on the definition and discussion of the MBO 2014-2018 Stock Option Plan.

During the financial year, the Remuneration Committee made use of the Company's specialised consultancy services, Key2people, in order to carry out a survey aimed at analysing the remuneration structure of the Managing Director in comparison with a set of comparable companies, for the purpose of verifying the alignment of the Managing Director's remuneration with that of the market. The Remuneration Committee has previously verified the independence of the consultancy firm.

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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

### General remuneration policy

The remuneration of directors is established by the Shareholders' Meeting. Pursuant to Article 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 members, 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, paragraph 3 of the Civil Code, and subject to the opinion of the Board of Statutory Auditors – up to the maximum limit that may be determined in advance by the Shareholders' Meeting.

On 6 June 2013 the Ordinary Shareholders' Meeting of the Company determined the total gross annual amount due to the Board of Directors as €600,000, including €500,000 for the Chairman and €1,000 for each director, asking the Board of Directors, with the opinion of the Board of Statutory Auditors and in accordance with the law, to distribute the remaining amount of €94,000 between the directors in accordance with particular mandates attributed to them.

Subsequent to the listing, on 27 April 2015, the Company's Ordinary Shareholders' Meeting re-determined the remuneration payable to each director at €10,000 gross per annum for the remaining period, during which the same remained in office until the approval of the financial statements as at 31 December 2015.

In consideration of the increase in the number of directors from seven to eight, on 25 November 2015 the Company's Ordinary Shareholders' Meeting resolved to: (i) reduce the remuneration of the Chairman of the Board from €500,000 to €350,000; (ii) remove the limit for the special duties of the directors, resolved by the Shareholders' Meeting of 6 June 2013; and (iii) grant the Board of Directors the power to determine the remuneration of the directors with special powers, based on the proposal of the Remuneration Committee and having heard the opinion of the Board of Statutory Auditors, pursuant to Article 2389 of the Civil Code.

For information regarding the Remuneration Policy adopted by the Issuer and compensation received by the members of the Board of Directors in 2015 please refer to the Remuneration Report prepared in accordance with Article 123-ter of the TUF and Article 84-quater of the CONSOB Issuer Regulation, available in accordance with the law on the Company's website, [www.banzai.it](http://www.banzai.it), in the Corporate Governance section.

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### Incentive mechanisms for the Internal Auditor and the director in charge of preparing the Company's accounting documents

Given the recent listing of the ordinary shares of the Company on the MTA, Banzai has not adopted any incentive mechanisms for the Internal Auditor and the manager in charge of preparing the Company's accounting documents, but reserved the right to evaluate this possibility later on.

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**Compensation for directors in the event of resignation, unfair dismissal or termination of the employment relationship following a takeover bid (pursuant to Article 123-bis, paragraph 1, letter i) of the TUF)**

Except for that set forth below, as at the date of this Report there are no employment contracts signed with the Issuer or its subsidiaries by members of the Board of Directors, managers with strategic responsibilities or members of the Board of Statutory Auditors, providing for any indemnity in case of resignation, dismissal without due cause or termination of employment resulting from a public offer of purchase.

On 15 October 2015, the Board of Directors, at the request of the Remuneration Committee, resolved that in the event of the absence of a just cause during the period between the first appointment of Pietro Scott Jovane as Managing Director and the approval of the 2021 financial statements, the Company terminates the employment relationship or the office of director or in the event of dismissal for a just cause, the Company must pay the Managing Director a comprehensive amount and lump sum, in addition to the directors' severance indemnity and severance pay that may be due, amounting to 1.5 of the annual remuneration as General Director and Managing Director. The severance indemnity shall amount to 7.41% of the emoluments received as Managing Director (fixed and variable), except for cases of withdrawal from office for just cause.

Please refer to the details of the Remuneration Report.

## **10. CONTROL AND RISK AND RELATED-PARTIES COMMITTEE**

In accordance with the combined provisions of Article 2.2.3, paragraph 3, letter o) of the Stock Market Regulation – applicable to issuers of stock listed on the STAR segment – and principle 8.P.4 of the Code, the Board has established a Control and Risk and Related-Parties Committee within the Company.

The Control and Risk and Related-Parties Committee also acts as the committee for transactions with related parties (see paragraph 12 below).

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

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

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

The work of the Control and Risk and Related-Parties Committee is coordinated by a Chairman selected from 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 Statutory Auditors or another Auditor designated by him participates in the meetings of the Control and Risk 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 meetings upon the Chairman's invitation, in relation to certain items 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 under the terms established by the Board. The Company provides adequate financial resources for the execution of the Committee's tasks, approved by the Board.

### **Functions of the Control and Risk 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 resolutions of the Board related to the internal control and risk management system, as well as those related to the approval of periodical financial reports. In particular, as required by the combined provisions of Article 2.2.3, paragraph 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, in assisting the Board:

- i) evaluates the correct use of the adopted accounting standards and their consistency 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 Independent Auditor and the Board of Statutory 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 of special relevance prepared by the Internal Audit department;
- iv) monitors the autonomy, adequacy, efficacy and efficiency of the Internal Audit department;
- v) may ask the Internal Audit department to perform verifications of specific operational areas, informing the Chairman of the Board of Statutory Auditors at the same time;
- vi) reports to the Board at least biannually, upon 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 guidelines of the internal control and risk management system, so that the main risks for the Company and its subsidiaries are correctly identified and adequately measured, managed and monitored, determining also the level of compatibility of such risks with management of the Company in line with the established strategic objectives;
- b) periodical evaluation (by the Board), at least annually, 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 Internal Auditor, with the opinion of the Board of Statutory Auditors and the Manager 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 Independent Auditor in any letter of recommendation and in the report on key issues arising during the audit, with the opinion of the Board of Statutory Auditors;
- f) appointment and revocation of the Internal Auditor (by the Board); adequacy of resources provided to the Internal Auditor considering their responsibilities; definition (by the Board) of the remuneration of the Internal Auditor in line with the company policies.

The Chairman of the Board of Statutory Auditors or another Auditor designated by him participates in the meetings of the Control and Risk 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 items of the agenda.

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During the financial year, six Control and Risk Committee meeting were held, all minutes duly recorded, specifically on 18 March 2015, 13 May 2015, 15 October 2015, 24 November 2015 and 23 December 2015.

The average duration of the meetings was approximately one hour.

For the current financial year (2016), one Control and Risk Committee meeting has already been held on 29 February 2016 and the Committee shall meet whenever it is deemed necessary.

During the financial year the Control and Risk Committee carried out constant verification activities with regard to the internal control and risk management system, with the support of the Internal Auditor and the director in charge of preparing the Company's accounting documents as well as the progress of the 2016 Audit Plan.

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In carrying out its functions, the Control and Risk Committee was entitled to access the information and corporate functions necessary for carrying out its own duties and making use of the support of the Board of Statutory Auditors, the director in charge of preparing the Company's accounting documents, the Internal Auditor, the Independent Auditor and the Supervisory Body, as applicable. Synergies with persons charged with supervision and control has allowed a dialogue and sharing relationship of the main aspects relating to the identification of corporate risks. During the year, no financial resources were allocated to the Control and Risk Committee since the latter, for the performance of its tasks, uses the Company's corporate means and structures.

## **11. INTERNAL CONTROL SYSTEM**

The Board of Directors, as part of the strategic, industrial and financial plans, defines the nature and level of risk compatible with the Issuers' strategic goals.

In the expression of the Board's evaluations and resolutions regarding strategic, industrial and financial plans, the Board defines the guidelines of the internal control and risk management system, so that the main risks for the Company and its subsidiaries are correctly identified and adequately measured, managed and monitored, determining also the level of compatibility of such risks with management of the Company in line with the identified strategic objectives.

In particular, the internal control and risk management system is a set of rules, procedures and organisational structures making it possible to run the Company in a sound and proper manner, in line with the established objectives, through an adequate process of identification, measuring, managing and monitoring of the main risks. An efficient internal control and risk management system contributes to guaranteeing protection of the Company's assets, the efficiency and efficacy of Company transactions, the reliability of financial information and compliance with 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 subsidiaries are correctly identified, properly managed and monitored, in line with a coherent management of the Company and the established strategic objectives;
- b) periodically, and at least annually, 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 Auditor, with the opinion of the Board of Statutory Auditors and the Manager in charge of the internal control and risk management system;
- d) in the Report on corporate governance and ownership structure, 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 Statutory Auditors, evaluates the results presented by the Independent Auditor in any letter of recommendation and in the report regarding the key issues arising during the audit.

For the performance of these functions, the Board makes use of the contribution of the Manager in charge of the internal control and risk management system for the tasks listed below and of a Control and Risk Committee.

Paolo Ainio was identified as Chairman of the Board of Directors and the Managing Director, with effect as of the Listing Start Date. As of 25 November 2015, Managing Director Pietro Scott Jovane was appointed by the Board as the new Manager in charge. Please refer to paragraph 11.1 for information regarding the Manager in charge.

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

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

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### **Main characteristics of the existing internal control and risk management system in relation to the financial information process**

#### Introduction

An integral and essential part of Banzai's 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 the preparation of the annual financial statements, consolidated financial statements and other economic, asset and/or financial reports and communications prepared in accordance with the law and/or regulations, as well as for monitoring the effective application thereof). This system is implemented to guarantee the reliability, accuracy and promptness of financial information.

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

In particular:

- the TUF;
- Law 262/2005 (as amended, including the Legislative Decree implementing the "Transparency Directive" approved on 30 October 2007) regarding the preparation of corporate accounting documents;
- the CONSOB Issuer Regulation, regarding in particular the declaration of the director in charge of preparing the Company's accounting documents and administrative bodies in charge of the separate and consolidated financial statements and the biannual report pursuant to Article 154-*bis* of the TUF and the regulations implementing Transparency Directive 2004/109/EC on the harmonisation of transparency requirements in relation to information about issuers whose securities are admitted to trading on a regulated market, and amending Directive 2001/34/EC;
- the Civil Code, in particular in relation to the extension of responsibility for Company management to directors in charge of preparing the Company's accounting documents (Article 2434 of the Civil Code); the crime of disloyalty following a donation or promise (Article 2635 of the Civil Code) and the crime of interfering with the performance of the functions of public and supervisory authorities (Article 2638 of the Civil Code).

- Legislative Decree 231/2001 which, *inter alia*, invoking the provisions of the aforementioned provisions of the Civil Code and the administrative responsibility of legal persons for violations committed by their employees against the Public Administration, includes the director in charge of preparing the Company's accounting documents among the "Senior Executives".

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

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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 business scope in terms of entity and positions of the balance sheet relevant for the purposes of the examined compliance programme (the scoping phase). The scope of the compliance programme started from the definition of the business scope, with help of quantitative analysis methodologies, and therefore the entities involved and the relevant balance sheet positions associated with the relevant business cycles, including the process of closing and preparation of the separate 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 certification of the 2015 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 business activity;
- the administrative-accounting risk assessment activity resulted in the identification of the relevant accounting position associated with the relative accounting process/flow for each 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 compliance programme during the year through the integration of internal control systems of each entity into a single "internal control system" Model, unified and applicable to the parent company and the subsidiaries involved in the project, characterised by control practices, standards and methodologies for the maintenance 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 the preparation and execution of compliance 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 scope (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 programme scope in order to promote actions of improvement of the internal control system.

Based on the results of the compliance programme, the Managing Director and the director in charge of preparing the Company's accounting documents attested the adequacy and efficacy of the internal control system for the given year under the terms and in the form indicated in the Issuer Regulation. The process involved reporting to senior management to ensure full information about the system's adequacy and operations.

#### Roles and functions involved

The Board of Directors attributed to the director in charge of preparing the Company's accounting document the widest 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 Group companies, considered relevant and/or useful for the fulfilment of the tasks attributed to him by law, as well as the corresponding budget.

The director in charge of preparing the Company's accounting documents is responsible for the risk evaluation, with methodological consultation of the Internal Audit department.

The control evaluation phase is performed by the director in charge of preparing the Company's accounting documents with the support of the Internal Audit department in relation to the verification activities of efficacy of the framework controls.

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-compliance.

The director in charge of preparing the Company's accounting documents, with the contribution of the Internal Auditor and with the advisory tasks of the Internal Audit department supporting the periodical certification of the director in charge ensures 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 Manager in charge of overseeing the operation of the internal control system**

On 10 November 2014, the Board appointed Managing Director Paolo Ainio as Manager in charge of the Company's internal control and risk management system (the "**Manager in charge**") as of the Listing Start Date. Following the appointment of Pietro Scott Jovane as Managing Director, on 25 November 2015 the Board appointed the latter as the new Manager in charge.

In particular, the Manager in charge:

- ensures the identification of the main risks for the Company (strategic, operating, financial and compliance), taking into account the characteristics of the activities of the Issuer and its subsidiaries, 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 verifies its adequacy and efficacy;
- is in charge of adapting the system to the dynamics of the operational conditions and of the legislative and regulatory framework;
- has the power to request the Internal Audit department to perform verifications of specific operational areas and compliance with the internal rules and procedures in the execution of company transactions, regularly informing the Chairman of the Board, the Chairman of the Control and Risk Committee and the Chairman of the Board of Statutory 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. Internal Auditor

The Board appointed Fabio Meda as the Internal Auditor with the task of performing the internal auditing activities of the Issuer, which took effect on the Listing Start Date.

As defined in the internal control and risk management system guidelines, the Internal Auditor is not responsible for any operational area of the Issuer and reports hierarchically and functionally to the Board through the Managing Director.

During the year the Internal Auditor:

- a) prepared the 2015 audit plan (“**Audit Plan**”) which was submitted to the Board by the Control and Risk Committee, following the examination of the Committee itself and of the Manager in charge;
- b) scheduled and carried out, in accordance with the Audit Plan, direct and specific audit activities within the Issuer and Group companies in order to identify any shortcomings in the internal control and risk management system in the various areas of risk;
- c) assessed and verified, both on an ongoing basis and in relation to specific needs, as well as in compliance with the international standards, the adequacy, efficacy and effectiveness of the functioning of the internal control and risk management system;
- d) verified, as part of the Audit Plan, the reliability of the information systems, including the accounting systems;
- e) prepared regular reports containing adequate information regarding his work, the procedures with which the risk management was conducted and compliance with the plans defined for their containment, for the purposes of suitability of the internal control and risk management system;
- f) sent the reports referred to in (e) to the Manager in charge, the Chairman of the Board of Statutory Auditors, the Chairman of the Control and Risk Committee and, where applicable in relation to the events subject to examination, to the Supervisory Body.

Specifically, the Internal Auditor, during the year, carried out the verification of the internal control and risk management system, in compliance with the Audit Plan, developing the follow-up of financial, operational and compliance auditing activities (with particular reference to the checks performed for the purpose of complying with the provisions of Law 262/2005, Legislative Decree 231/2001, Legislative Decree 81/2008 and Legislative Decree 196/03).

Furthermore, during the financial year, the results of the audit activities carried out were analysed, discussed and shared, between the Internal Audit department, the Heads of processes/functions concerned from time to time and the Company management for the purposes of agreeing and implementing preventive/corrective actions, the implementation of which is constantly monitored until their complete execution. The Internal Auditor therefore presented the audit reports to the Manager in charge, the Chairman of the Control and Risk Committee and the Chairman of the Board of Statutory Auditors, as well as to the Supervisory Body and Director in charge as regards their areas of competence.

The Internal Auditor, in carrying out the activities within his area of competence, had access to all information required for carrying out the task assigned to him.

The financial resources made available to the Internal Auditor for the year amounted to €100,000, mainly related to updating the Organisation, Management and Control Model pursuant to Legislative Decree 231/2001.

During the year, the Internal Auditor found no matters of urgency requiring specific verification activities and related reporting. Part of the Internal Audit activity was outsourced.

Specifically, Clifford Chance provided methodological support in terms of legislation pursuant to Legislative Decree 231/2001 and Reconta Ernst & Young S.p.A. provided professional assistance for detecting and testing certain relevant business processes pursuant to Legislative Decree 231/2001 and Law 262/2005.

### **11.3 Organisation Model pursuant to Legislative Decree 231/2001**

On 25 November 2014, in accordance with the provisions of Article 2.2.3, paragraph 3, letter k) of the Stock Market Regulation applicable to the issuers of shares listed on the MTA STAR Segment, the Issuer adopted its own organisation, management and control model for crime prevention for the purposes described in Legislative Decree 231/2001, as amended (the “**Model**”). The Model is meant to ensure the correctness and transparency conditions in conducting company activities, protecting the position and image of the Company, the expectations of its shareholders and the work of its employees.

The Model consists of:

- the General Part, describing the content of Legislative Decree 231/2001 and presenting a summary of the Company's corporate governance, organisation and management models, the function and the general operating 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, the standard of conduct to be respected to avoid them and the control means to ensure risk prevention.

The Model also includes the following documents (defined below collectively as “Appendices”), which form an integral part thereof:

- the catalogue of crimes;
- the Group's Code of Ethics;

- the organisational chart of the Company and the system of its powers;
- the Company's body of regulations and procedures, including the Special Parts of this Model.

The Model was sent to all executives, managers and employees of the Issuer and was published on the Issuer's website, [www.banzai.it](http://www.banzai.it), in the Investor/Governance/documents and procedures section. The Code of Ethics is available on the Issuer's website, [www.banzai.it](http://www.banzai.it), in the Investor/Governance/documents and procedures section.

In accordance with the provisions of Legislative Decree 231/2001, the Issuer appointed a Supervisory Body responsible for monitoring the functioning and compliance of the Model and for updating it. The Supervisory Body currently in office was appointed by the Board on 25 November 2014 (effective as of the Listing Start Date) until the approval of the financial statements as of 31 December 2015, and is composed of Jean-Paule Castagno (acting as the Chairman), Fabio Meda (who is also the Company's Internal Auditor) and Giuliano Foglia (Issuer's Statutory Auditor).

The Company activated an e-mail address permitting any employee of Banzai and also outside persons to send a message directly to the Supervisory Body in order to submit the appropriate reports. It is also possible to send messages anonymously to the Supervisory Body by regular post. Such messages may be read exclusively by the Supervisory Body, thus making the relationship between the Body and the rest of the Issuer's corporate affairs compliant with the Model.

During the year the Issuer's Supervisory Body met whenever it deemed necessary and, among other things, approved the 2015 Audit Plan. For the current financial year (2016), the Supervisory Body will meet whenever it is deemed necessary.

#### **11.4 Independent Auditor**

Audit activities are entrusted to the company Reconta Ernst & Young S.p.A.

The Issuer's Ordinary Shareholders' Meeting of 6 November 2014, also in compliance with CONSOB communications of 27 March and 7 July 2014, resolved to extend the task of the statutory audit of the Issuer's separate and consolidated financial statements and of the limited statutory audit of the biannual reports, with effect from the Listing Start Date and the expiry of the approval of the financial statements as at 31 December 2022.

#### **11.5 Director in charge of preparing the Company's accounting documents**

The Director in charge of preparing the Issuer's corporate accounting documents pursuant to Article 154-*bis* of the TUF (the “**Director in charge**”) is Emanuele Romussi, the Issuer's Chief Financial Officer, appointed by the Board of Directors during its meeting of 10 November 2014, with effect from the Listing Start Date, who was granted the adequate means and powers for carrying out the tasks assigned to him.

In addition to the integrity requirements imposed by the applicable legal provisions on the auditors, the director in charge of preparing the Company's accounting documents must also meet professionalism requirements characterised by qualified experience of at least three years in the performance 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 of 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 30 days from its occurrence.

Upon appointment, the Board verified that the aforementioned requirements pursuant to the law and the Bylaws are met.

The Director in charge is assisted by the Internal Audit department for the performance of operational activities.

#### **11.6 Coordination between persons involved in the internal control and risk management system**

The coordination between various entities 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:

- the regular meetings of the Control and Risk and Related-Parties Committee take place, most often, simultaneously and in conjunction with the Board of Statutory Auditors, the Internal Auditor and the Director in charge;
- The Manager 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 Auditor will maintain periodical communication flows, also on particularly relevant occasions, with all persons who in various capacities monitor the internal control and risk management system, such as the Board, the Director in charge, the Supervisory Body, the Independent Auditor and the Manager in charge, each in their respective field of competence;
- The Internal Auditor will participate directly in the meetings of the Supervisory Body as its member, and will participate regularly in the verifications of the Board of Statutory Auditors;
- The Board of Statutory Auditors will maintain periodical communication flows with the Board, the Control and Risk Committee, the Supervisory Body, the Independent Auditor and the Director in charge.

## 12. INTERESTS OF DIRECTORS AND TRANSACTIONS WITH RELATED PARTIES

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

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

### *Procedure for transactions with related parties*

The Company approved the “Procedure for transactions with related parties” at the Board meeting of 10 November 2014, effective as of the Listing Start Date. This procedure regulated the approval and management of transactions with related parties pursuant to Article 4 of CONSOB Regulation 17221 of 12 March 2010, as amended.

The Issuer defined the Procedure with reference to the provisions of CONSOB Regulation 17221 of 12 March 2010, as amended, and CONSOB Communication DEM/10078683 of 24 September 2010.

Banzai's “Procedure for Transactions with Related Parties” establishes the procedures to be followed and the standards to be met in order to ensure the transparency and substantial and procedural correctness of transactions with related parties performed by the Issuer, either directly or through companies directly or indirectly controlled by it.

In particular, the procedure:

- defines the related parties and the transactions with related parties and establishes the criteria for identification of transactions with related parties of major and minor relevance and high amount transactions. In this regard, in the procedure it is specified that the Company qualifies itself as a “Company of minor size”, and therefore the procedure of approval of transactions with related parties (which are not attributed to the Shareholders’ Meeting and do not have to be authorised by it) is the same both for the transactions with related parties of major relevance and for the transactions with related parties of minor relevance;
- defines the tasks of the Committee for transactions with related parties (see below);
- establishes the procedures applicable also in case of transactions within the purview of the Shareholders’ Meeting and urgent transactions within the purview of the Shareholders’ Meeting, as well as with reference to transactions with related parties performed by subsidiaries and with reference to framework decisions;
- defines cases of exclusions, to which the procedure does not apply;
- governs the reporting obligations in case of transactions with related parties.

The “Procedure for transactions with related parties” is available on the Issuer's website, [www.banzai.it](http://www.banzai.it), in the Investor/Governance/documents and procedures section.

*Committee for Transactions with Related Parties*

As specified in Article 9.1 of the “Procedure for transactions with related parties”, the Issuer established that the Control and Risk Committee is the body competent to issue a non-binding preventive opinion regarding transactions with related parties. It is composed of 3 (three) directors, of which 2 (two) are independent (Anna Gatti and Stefano Quintarelli) and 1 (one) is non-executive (Ezilda Mariconda).

The Committee decides by the majority of its members. However, if one of the directors of the Committee is linked to a related party regarding a specific transaction, the functions of the Committee are attributed to the 2 (two) remaining non-related directors, who in that case must resolve unanimously. For more information regarding the Committee, please refer to the Procedure available on the Issuer's website, [www.banzai.it](http://www.banzai.it), in the Investor/Governance/documents and procedures section.

### 13. APPOINTMENT OF AUDITORS

The appointment and replacement of auditors is regulated by the applicable legal and regulatory provisions and Article 21 of the Bylaws.

Pursuant to Article 21 of the Bylaws, the Board of Statutory Auditors is composed of 3 (three) statutory auditors and 2 (two) alternate auditors. The auditor mandates are 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 appointed by the Shareholders' Meeting based on the lists presented by the shareholders, according to the procedures described in the following articles, notwithstanding other and additional provisions of non-derogated provisions of law and regulations.

Shareholders who at the time of the presentation of the lists 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 the presentation of lists for the appointment of the Board of Directors of companies with shares listed on regulated markets (Articles 144-*quater* and 144-*sexies* of CONSOB Regulation 11971) may present a list for the appointment of auditors. The possession of the minimum quota is determined with reference to the shares registered in the shareholder's name as at the date when the list is submitted to the Company. The corresponding certification may be produced even after the filing of the list, as long as this is done within the time set for the publication of the list.

The lists must be filed at the Company's registered office, according to the procedures established by the applicable regulations, at least 25 (twenty-five) days before the date of the Shareholders' Meeting called to decide on the appointment 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 Shareholders' Meeting according to the procedures imposed by the applicable regulations.

In case only one list is filed as at 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 itself, either separately or jointly, own a number of shares equal to at least one half of the minimum quota required in the present article.

Each list:

- must contain the names of one or more candidates for the position of a statutory auditor and one or more candidates for the position of alternate auditor, marked in each section ("statutory auditors" section and "alternate 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 to or higher than 3 (three), it must contain a list of candidates in both sections guaranteeing the composition of the Board of Statutory Auditors, both in the statutory component and in the alternate component, complying with the applicable legal and regulatory provisions regarding gender equality. If the application of the criterion of distribution between genders does not yield a whole number, the result must be rounded up to the next whole number;

- it 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 provisions; (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; and (iv) any other declarations, information and/or documents required by law and the applicable regulatory provisions.

Each shareholder, as well as the shareholders belonging to the same group and shareholders who signed a shareholders' agreement relevant for the purposes of Article 122 of the 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 Statutory 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) alternate auditor are taken from the list that obtained the highest number of votes (“The Majority List for the Board of Statutory 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 Statutory Auditors, and the second alternate auditor (“**Minority Alternate 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 procedures, including the upward rounding to the next whole 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 alternate auditor of the most-represented gender elected as the last in the progressive order from the Majority List is excluded and replaced by the next candidate to the position of the statutory or alternate 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 alternate auditors indicated on the list as candidates for such positions are elected in accordance with the applicable legal and regulatory provisions, also regarding gender equality, including the rounding up to the next whole number 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 appoint the Board of Statutory Auditors with the procedures described in this article, the three statutory auditors and the two

alternate auditors are appointed 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 whole number in case the application of the gender distribution criterion does not yield a whole number.

In case a statutory auditor terminates their office for any reason, notwithstanding the applicable legal and regulatory provisions regarding balance between genders, the following occurs: (i) in case a statutory auditor elected from the Majority List for the Board of Statutory Auditors terminates their office, they are replaced by an alternate auditor from the Majority List for the Board of Statutory Auditors; (ii) if a Minority Auditor or the Chairman of the Board of Statutory Auditors terminates their office, they are replaced by An Alternate 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 appoint a new auditor according to the ordinary procedures and majorities, without application of the list vote mechanism, notwithstanding the compliance with applicable legal and regulatory provisions regarding the balance between genders (male and female).

#### 14. COMPOSITION AND FUNCTIONING OF THE BOARD OF STATUTORY AUDITORS (PURSUANT TO ARTICLE 123-BIS, PARAGRAPH 2, LETTER D) OF THE TUF)

The Board of Statutory Auditors in place as at the date of the Report consists of 3 (three) statutory auditors and 2 (two) alternate auditors.

The Board of Statutory Auditors in office was appointed by the Issuer's Ordinary Shareholders' Meeting of 6 June 2013, and supplemented by the Ordinary Shareholders' Meetings of 6 November 2014 and 22 December 2014, and shall remain in office until the approval of the financial statements as at 31 December 2015.

It should be noted that the Board of Statutory Auditors in office was appointed prior to the Listing Start Date and, therefore, without applying the list vote.

Therefore, as at the date of this Report, the Board of Statutory Auditors in office is composed as follows

Position	Members	In office from	In office until	List (M/m)*	Independence as per Code	(%)**	Number of mandates held***
Chairman	Francesco Perrini	06/06/2013	Approval of the 2015 financial statements	N.A.	x	100%	2
Statutory Auditor	Stefania Bettoni	06/11/2014	Approval of the 2015 financial statements	N.A.	x	100%	0
Statutory Auditor	Giuliano Foglia	06/11/2014	Approval of the 2015 financial statements	N.A.	x	100%	0
Alternate Auditor	Beatrice Gallì	22/12/2014	Approval of the 2015 financial statements	N.A.	x	N.A.	N.A.
Alternate Auditor	Luca Zoani	06/11/2014	Approval of the 2015 financial statements	N.A.	x	N.A.	N.A.
<b>Number of meetings during the year of reference:</b> 14 - average 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 Statutory Auditors (number of times present/number of meetings held during the actual period of mandate of the person in question).

\*\*\* This column indicates the number of director or auditor positions held by the person in question relevant for the purposes of Article 148-bis of the TUF (including the Issuer). The complete list of positions is published by CONSOB on its website pursuant to Article 144-quinquiesdecies of the Issuer Regulation.

For more information regarding the members of the Board of Statutory Auditors, please refer to the Issuer's website, [www.banzai.it](http://www.banzai.it), in the Governance/Board of Statutory Auditors section, which provides the curriculum vitae of the auditors, detailing their professional characteristics.

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As regards the remuneration paid during the year to the members of the Board of Statutory Auditors, by any means and form, please refer to the information in section 2 of the Remuneration Report published pursuant to Article 123-ter of the TUF and available on the Issuer's website, [www.banzai.it](http://www.banzai.it), in the Investor/Corporate Governance/Shareholders' Meetings section.

During the financial year, 14 meetings of the Board of Statutory Auditors were held on the following dates: 11 February 2015, 12 March 2015, 18 March 2015, 27 March 2015, 27 April 2015, 14 May 2015, 20 July 2015, 31 July 2015, 28 September 2015, 22 October 2015, 29 October 2015, 12 November 2015, 24 November 2015 and 22 December 2015.

The average duration of the meetings was approximately 1.5 hours.

For the current year (2016), in addition to the meetings already held on 26 January 2016 and 22 February 2016, regular meetings are planned to be held at least quarterly during this financial year.

The Board of Statutory Auditors, on 11 February 2015 and 27 March 2015, verified the independence requirements of its members, already certified upon their appointment, on the basis of the criteria provided by the Code regarding the independence of directors.

The Board of Statutory Auditors, in carrying out the activities within its area of competence, coordinated with the Remuneration Committee, the Control and Risk Committee and the Internal Audit department.

The Issuer does not provide for a specific obligation for auditors to promptly inform the other members of the Board of Statutory Auditors and Chairman of the Board regarding the nature, terms, origin and extent of their interest, in the event that the auditor has, on their own behalf or on behalf of third parties, an interest in a certain transaction of the Issuer; this is due to the Issuer believing that such reporting obligation is an ethical requirement for individuals who hold an office as a member of the auditing body.

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Pursuant to Article 22 of the Bylaws, the meetings of the Board of Statutory Auditors may be held with attendees located in several places, connected by audio or video, under the same conditions established for the Board of Directors.



## **15. RELATIONS WITH SHAREHOLDERS**

Information in relations with Shareholders is assured by providing ongoing, timely and relevant company documentation on the Issuer's website, [www.banzai.it](http://www.banzai.it) in the Investor relations and Governance sections.

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

Furthermore, the main documents regarding Corporate Governance, the organisation model pursuant to Legislative Decree 231/2001 and the Code of Ethics are available on the aforementioned website.

In accordance with the provisions of Article 2.2.3, paragraph 3, letter i) of the Stock Exchange Regulation, on 10 November 2014, the Investor Relations department was established in order to maintain relations with shareholders and institutional investors, and which may carry out specific tasks in the management of price-sensitive information and relations with CONSOB and Borsa Italiana. This position is held by Micaela Ferruta (contact: [investor.relations@banzai.it](mailto:investor.relations@banzai.it)).

Information in relations with Shareholders is assured by providing ongoing, timely and relevant company documentation on the Issuer's website, [www.banzai.it](http://www.banzai.it), in the Investor relations and Governance sections. Specifically, all press releases distributed to the market, regular financial reports of the Company approved by the competent corporate bodies (annual financial report, biannual financial report, interim financial statements) and documents distributed at meetings with professional investors, analysts and the financial community are freely available in Italian and English to investors on the aforementioned website. Also available on the Issuer's website are the Bylaws, the documents provided for the Shareholders' Meetings, the communications regarding Internal Dealing, the Annual Report on the corporate governance system and any other document whose publication on the Issuer's website is required in accordance with the applicable regulations.

**16. SHAREHOLDERS' MEETING (PURSUANT TO ARTICLE 123-BIS, PARAGRAPH 2, LETTER C) OF THE TUF)**

Pursuant to Article 10 of the Issuer's Bylaws, the eligibility to intervene at the Shareholders' Meeting and the exercise of voting rights are regulated by the applicable regulations.

In particular, the eligibility to participate at the Shareholders' 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 scheduled Ordinary and Extraordinary Shareholders' Meeting, and received by the Company by the time indicated by law.

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

Pursuant to Article 9 of the Bylaws, the meeting is called, pursuant to the law, with a notice published on the Company's website and with other procedures described by the applicable legislative and regulatory provisions.

Both Ordinary and Extraordinary Shareholders' Meetings are held in one session in accordance with Article 2369, paragraph 1 of the Civil Code.

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

Pursuant to Article 127-ter of the TUF, those holding voting rights are entitled to ask questions regarding the items on the agenda, even before the Shareholders' Meeting. Questions received beforehand shall be answered at the Shareholders' 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 Shareholders' 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 Shareholders' Meeting. In such case the answers are provided at least two days before the Shareholders' Meeting, also through publication on a dedicated section of the Company's website.

Pursuant to Article 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 Deputy Chairman, if appointed, 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 Article 10 of the Bylaws, those holding voting rights may be represented in accordance with the law by a proxy issued according to the procedures described in the applicable regulations. The proxy may also be sent to the Company electronically via e-mail according to the procedures indicated in the convocation notice. By means of 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 on some or all proposals to the agenda, under the terms and with the procedures determined by law.

The legal and statutory provisions must be observed for the Ordinary and Extraordinary Shareholders' Meeting to be deemed to have been validly constituted, as well as its resolutions.

The Shareholders' Meeting of 27 April 2015 approved a specific regulation governing meetings.

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During the year two Shareholders' Meetings were held on 27 April 2015 and on 25 November 2015. During the Shareholders' Meetings, the Board referred to activities carried out and scheduled and it was undertaken to provide Shareholders with adequate information regarding the necessary items so that they may make informed decisions regarding Shareholders' Meeting resolutions.

For the current year (2016), one Ordinary Meeting of the Issuer is scheduled for 14 April 2016 to approve the financial statements as at 31 December 2015.

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As regards issues not described in the Report concerning Shareholders' rights, please refer to the applicable legislative and regulatory provisions in force *pro tempore*.

**17. ADDITIONAL CORPORATE GOVERNANCE PRACTICES (PURSUANT TO ARTICLE 123-BIS, PARAGRAPH 2, LETTER A) OF THE TUF)**

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

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

Since the end of the year there have been no other changes in the corporate governance structure other than those reported in the specific sections of this Report.

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