



FIERA MILANO

**Guidelines on the composition of the new Board of Directors
of Fiera Milano S.p.A.
for 2020-2022**

in accordance with Application Principle 1.C.1 para. h)
of the Code of Self Governance of Borsa Italiana S.p.A.

July 2018

Rho, 11 February 2020

This document contains a true translation in English of the document in Italian "ORIENTAMENTI SULLA COMPOSIZIONE DEL NUOVO CONSIGLIO DI AMMINISTRAZIONE DI FIERA MILANO S.P.A. PER IL TRIENNIO 2020-2022". However, for information about Fiera Milano reference should be made exclusively to the original document in Italian. The Italian version of "ORIENTAMENTI SULLA COMPOSIZIONE DEL NUOVO CONSIGLIO DI AMMINISTRAZIONE DI FIERA MILANO S.P.A. PER IL TRIENNIO 2020-2022" shall prevail upon the English version.

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1. Introduction.Purpose of this document

Art. 1, Application Principle 1.C.1 para. h) of the Code of Self-Governance of Borsa Italiana S.p.A. issued in July 2018 (the "**Code of Self-Governance**") was adopted by Fiera Milano S.p.A. ("**Fiera Milano**" or "**Company**") on the date it started the process of assessing the Board of Directors. The principle requires that on conclusion of the self-assessment process, the Board of Directors should express *"to the shareholders, before appointing the new Board, guidelines on the managerial and professional roles whose presence on the Board is considered appropriate, also taking into account the diversity criteria recommended in Article 2"*. In other words, the self-assessment carried out at the end of the term of office is intended among other things to identify the optimal quali-quantitative composition of the executive body in order to provide the shareholders with useful indications on identifying candidates for directorships.

The comments on Article 2 of the Code of Self-Governance read as follows: *"the Committee hopes that, when submitting the lists and subsequently appointing the directors, the shareholders will consider – also in view of the opinion expressed by the Board on the issue of diversity and the related criteria identified by the issuer - the candidates' professional characteristics, experience, managerial background and*

gender, considering the size of the issuer, the complexities and specific characteristics of its industry, and the size of the board of directors".

For the year 2019, as indicated in Article 1, Application Criteria 1.C.1g) of the Code of Self-Governance, the board of directors of Fiera Milano conducted its self-assessment process with regard to the functioning, size and composition of the Board and of the internal committees. The process was led by the Chairman of the Board of Directors with the support of the Corporate Administration, Governance and Compliance function of the Company, and the support of the Nominations and Remuneration Committee with regard to the guidelines on the composition of the new Board.

The directors were asked to compile anonymous questionnaires to assess the adequacy of the functioning, composition and size of the board of directors and of its internal committees. They were also asked about the expertise and soft skills considered to be most relevant to the position of member of the Board of Directors of Fiera Milano. The results of the self-assessment were considered during the Board meeting held on 11 February 2020.

As the mandate is due to expire at the meeting of shareholders called to approve the financial statements for 31 December 2019, the company's Board of Directors, in accordance with the above provisions and taking into account the provisions of law and regulations currently in force as well as the company's bylaws and the internal regulations of the Board of Directors (the "**Regulations**"), thus intends, in this document, to provide the shareholders with their guidelines regarding the qualitative composition of the new Board of Directors.

This document is thus intended to provide the shareholders with the guidelines that emerged during the self-assessment of the Board of Directors currently in office, having regard to the size, experience and skills considered to be most relevant to assure the effective operation of the Company, also in the light of the context in which it carries on its business, which encompasses both Italy and the international scene.

2. Number of members of the Board of Directors of Fiera Milano

Article 14 of the Company's bylaws provides that the Board of Directors should have at least 3 and no more than 9 members, including the Chairman.

The meeting of shareholders will therefore be asked firstly to identify the number of members of the Board in accordance with the regulations on gender balance.

The members of the Board of Directors will be appointed on the basis of lists presented by the shareholders. If the lists contain three or more candidates, they must include candidates from both genders. At least one third of the candidates must come from the least-represented gender.

The current size of the Board of Directors – which is also within the limits of the maximum provided for in the bylaws – is considered to be adequate¹: the presence of a number of professionals from different backgrounds, without the number of members being too large, is a guarantee of adequate debate and efficiency in decision-making processes.

3. Qualitative composition of the Board of Directors of Fiera Milano

It must be remembered that according to article 14.1 of the bylaws the directors must meet the professionalism and integrity requirements stipulated in the applicable laws, otherwise they cannot be elected. Should they lose those requirements, they must resign from office.

The bylaws also require the board of directors to guarantee an adequate level of diversification in terms of experience, skills, age, gender and international background.

i. LIMITS ON DIRECTORSHIPS

With regard to the number of directorships, the bylaws refer to the provisions of the Regulations, which in all cases are subject to any stricter legal or regulatory requirements. In particular, the Board of Directors has set a limit on the number of

¹ It is out-lighted by just one director – notwithstanding that this is an item included in the bylaws – that the number of the directors could be increased in a small amount in order to achieve more flexibility according to the duties of the internal commitments, with reference to potential change in their members.

directorships held by its members, and has distinguished various cases considering the role each member plays, as detailed below:

1. CEO

- No executive position and no more than 2 non-executive or control positions in listed companies or in banks, insurance or financial companies or those of a large size;
- No more than 5 positions in total.

2. Chairman

- No executive position and no more than 3 non-executive or control positions in listed companies or in banks, insurance or financial companies or those of a large size in which Fiera Milano S.p.A. does not hold an investment;
- No more than 5 non-executive or control positions in the same companies if they have positions in companies in which Fiera Milano S.p.A. has an investment;
- No more than 8 positions in total.

3. Non-executive director

- No more than 3 executive positions;
- Where executive positions are held, no more than 5 in listed companies or in banks, insurance or financial companies or those of a large size;
- Where there are no executive positions, no more than 7 in listed companies or in banks, insurance or financial companies or those of a large size;
- No more than 10 positions in total².

² Please note that:

- Executive positions refer to the following offices:
 - CEO,
 - Member of the Board of Directors,
 - Chairman of the Board of Directors or of the Supervisory Board,
 - Director General.
- Non-executive or control positions refer to the following offices:
 - Member of the Board of Directors without delegated powers,
 - Member of the Supervisory Board,
 - Member of the Board of Statutory Auditors.
- Multiple positions of administration, direction and control within the same Group (outside of the Fiera Milano Group), up to a maximum of 4 they are considered in each case equivalent to 1 executive position in a listed company and in a bank, insurance or

Respect for the requirements set in relation to the number of directorships must be verified at the time of the appointment and each year thereafter (article 14.1 of the bylaws).

As the limits on the number of directorships are intended to ensure that the candidates can dedicate the necessary time to adequately fulfilling their duties as a member of the Board of Directors, the Board considers that the limitations already set in the Regulations are adequate, and each member is personally responsible for guaranteeing the quality of their contribution to the Board.

ii. INDEPENDENCE

In addition, according to the provisions of article 14.2 of the bylaws, the Board of Directors must for the most part be formed of directors who meet the independence requirements as laid down by law, and in accordance with the provisions of the Code of Self-governance. The bylaws thus impose a stricter limit compared to the Code of Self-governance, according to which one-third of the members of the Board of Directors must be independent. The independent directors must also have professional skills that guarantee a high level of dialogue within the Board of Directors, and must assure an effective contribution to the taking of decisions. Respect for the requirements set in relation to the directors' independence must be verified at the time of the appointment and each year thereafter. The principle of substance over form will prevail. Together with the lists, declarations from the candidates must be filed, in relation to their compliance with the independence requirements and the directorships they hold in other companies, including non-listed companies.

The current ratio between independent and non-independent directors (six independent directors out of nine) is currently adequate.

financial company or company of a large size; if there are more than 4 they are considered equivalent to 2 in listed companies or in banks, insurance or financial companies or those of a large size.

- Companies of a large size refer to companies with:
 - Consolidated revenues of more than €500 million
 - or
 - More than 500 employees.
- In addition to the other incompatibilities provided for by law, the rule of incompatibility with political or trade union office remains unaffected.

iii. ADDITIONAL REQUIREMENTS

Those accepting a position as a member of the Board of Directors of Fiera Milano must not only meet the professionalism requirements, but must also have knowledge or experience of preferably two or more of the following areas:

- Knowledge of the trade fair industry and of the management techniques and risks connected to this activity;
- Experience in business management and/or company organisation;
- The ability to read and interpret financial reports ;
- Competence in corporate governance (auditing, legal, corporate affairs etc.);
- International experience and knowledge of foreign markets;
- Knowledge of pay packages;
- Management of business risks.

On this basis, during the self-assessment process conducted at the end of 2019, ahead of the appointment of the new board, the company's Board of Directors identified further skills, experience and professional abilities which are considered relevant in order to enable the proper management of Fiera Milano, in consideration of the company's specific industry and its international nature.

In addition to the experience already outlined above, in view of the company's current governance structure and the issues it will have to face in the future, the new Board of Directors' members should also have the following additional skills:

1. Competence in the field of new ICT technologies and digital transformation;
2. Competence in M&A, aggregation, conversion and change, aimed at the growth of the Company;
3. Competence in the field of corporate social responsibility;
4. Knowledge of the B2B sector, also in an international context;
5. Competence in trade fair district management.

The Board of Directors considers that these skills will ensure an adequate management of the future challenges that the new Board will have to face. These can be summarised as follows:

1. digitalization;
2. extraordinary transactions aimed at growth through organic and non-organic lines;

3. actions to support the strategic plan;
4. development on the international markets;
5. maintaining a high focus on auditing and internal controls.

iv. SOFT SKILLS

It has also been found that having certain soft skills is decisive, to ensure the optimal functioning of the Board of Directors. Particularly important among these skills are the following:

1. Speed of analysis and decision-making;
2. Relational and leadership abilities;
3. Independence of judgement;
4. Strategic vision;
5. The ability to motivate and grow human resources;
6. Attention to local interests.

During the self-assessment process the Board of Directors of Fiera Milano also identified specific experience, expertise and/or professional skills which have been indicated as being relevant to specific roles within the company's Board of Directors.

In particular, the requirements that will distinguish the Chairman of the Board of Directors and the CEO have been listed below.

- ✓ Chairman of the Board of Directors
 - Ability to manage the Board;
 - Aptitude for institutional relations;
 - Aptitude to take on a guarantor role.

- ✓ CEO
 - Successful experience as a General Manager in industry and in the service sector;
 - Proven international experience;
 - Experience in listed companies.