

Title	Direction and coordination Guidelines
Area	Legal and Corporate Affairs Department

Code	LEG 03
Issue Date	April 2013
Revision Date	July 2019
Edition	2
Classification	Internal use



FIERA MILANO

Direction and Coordination Guidelines

This document contains a true translation into English of the original report in Italian “LINEE GUIDA DIREZIONE E COORDINAMENTO”. However, for information about Fiera Milano Group reference should be made exclusively to the original report in Italian. The Italian version of the “LINEE GUIDA DIREZIOE E COORDINAMENTO” shall prevail upon the English version.

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1. Premises

1.1 General framework

- 1.1.1. Fiera Milano S.p.A. (hereinafter also the "**Fiera Milano**", the "**Company**", the "**Controlling company**" or the "**Parent Company**"), issuer of shares quoted on a regulated market, has adopted a corporate governance system in accordance with the law and the CONSOB regulations in force, consistent with the Self-Regulatory Code for Companies quoted on the Italian Stock Exchange managed by Borsa Italiana S.p.A. and with national and international best practice.
- 1.1.2. The system of corporate governance adopted by Fiera Milano complies with existing regulations, in order to maximise shareholder value, control business risk, ensure transparency in its dealings with the market and simultaneously in the interests of all shareholders. It involves a system of regulations laid down by the Code of Business Ethics of Fiera Milano Group (hereinafter also the "**Code of Business Ethics**") which represents the general framework within which the present Direction and Coordination Guidelines are to be adopted (hereinafter also the "**Guidelines**").

1.2. Scope of application

- 1.2.1. Fiera Milano carries out direction and coordination activities with respect to its Italian subsidiaries (hereinafter, the "**Subsidiaries**"), in accordance with the current regulatory provisions.
- 1.2.2. The provisions contained in these Guidelines are addressed to all the Subsidiaries subject to the direction and coordination of Fiera Milano, which are required to promptly adapt their practices to these Guidelines.
- 1.2.3. Taking into consideration the Group's entrepreneurial and strategic structure and in order to optimize the synergies arising from membership of the Group, and at the same time emphasizing the prerogatives of each individual company, Fiera Milano has adopted the present Regulations, which govern the institutional and operational mechanisms through which Fiera Milano Group (hereinafter, the "**Group**"), applies the direction and coordination model to its own Subsidiaries.
- 1.2.4. The principles and rules established by these Guidelines must therefore be observed and implemented by all Group employees. Responsibility for the implementation of these Guidelines lies with the individual competent bodies and relevant departments, according to the specific stages of the process governed by the Guidelines themselves.

1.3. Scope and objectives

- 1.3.1. The present Guidelines, drawn up at Group level, cancel and replace the previous "Regulations on the exercise of the power of direction and coordination by the Parent Company". They aim to identify the functions and

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control bodies within each company in order to identify the necessary connections that exist between them to work together effectively and efficiently with one another, exchanging all useful information to fulfill its tasks in the interests of each company of the Group.

1.3.2. The Guidelines, in particular, guarantee the homogeneous corporate governance through the identification of core principles, the application of which (i) enhances the Parent Company's strategic and governance functions; (ii) centralizes certain functions and institutionalized its support activities and (iii) identifies the precise responsibilities of the controlling company to each individual subsidiary, in a framework of unequivocal and reciprocal acceptance of their duties.

1.3.3. In this context, each Group company promotes the culture of internal control and risk management, promoting: i) the efficiency and effectiveness of business processes, ii) the proper management of current and future risks, iii) the timeliness of the reporting system regarding corporate information, iv) the reliability and integrity of accounting and management information, v) the safeguarding of assets, vi) the compliance of the company's business with current legislation, company directives and procedures, vii) operational correctness and viii) respect for integrity and ethical values by all staff; also ensuring that all the Functions and Bodies appointed to control are not hindered in the exercise of their functions and checks and establish fruitful collaboration relationships with each other taking care not to alter, even in substance, the useful responsibility of the corporate bodies and internal audit.

1.4. Group interests

1.4.1. The organization of the Group for the exercise of the business activity is adopted to combine the advantages of the economic unit of the large enterprise with those offered by the articulation in several formally distinct and autonomous organizational structures. The main point of attention that a Group organization includes is the need to balance the needs of the latter with respect for the legal autonomy of the individual companies belonging to the Group itself. In this regard, these Guidelines aim to ensure that the direction and coordination activity adequately contemplates the interests of the Group and at the same time of the subsidiaries and their shareholders.

1.4.2. The business activities of each Group companies, subject to direction and coordination by Fiera Milano, are conducted in accordance with a unitary design for the pursuit of an economic objective that is common to all Group companies (hereinafter "Group Interests"), which is to operate as an integrated operator in the exhibition industry with the objective of maximizing its shareholder value.

1.4.3. Al fine di conseguire l'Interesse di Gruppo, il governo unitario e la gestione integrata di tutte le fasi caratteristiche del *business* fieristico e convegnistico devono ispirarsi a principi organizzativi e gestionali (cd. Principi Cardine) che

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Fiera Milano e le società del Gruppo riconoscono, accettano e condividono.

- 1.4.4. Fiera Milano's actions must respect the correct corporate and entrepreneurial management of the companies subject to its direction and coordination, with regard for the equitable and balanced consideration of the various interests involved.
- 1.4.5. Regard for the balanced treatment of the various interests involved is based on the theory of "compensating advantages" according to which each individual operation must be examined ex ante by each company, in the light of any other advantage (real or probable) obtainable by the said company in its pursuit of Group policy. Operations carried out by Directors must not therefore be considered in isolation, but in the broadest possible context with regard to economic, capital and financial expectations, that may be derived, directly or indirectly, from the economic, capital and financial strategies of the whole Group.

1.5. Procedures and instruments for the proper exercise of the activities of direction and coordination

- 1.5.1. The present Guidelines govern the activities of direction and coordination by the Parent Company through the identification of procedures and instruments consistent with the Core Principles acknowledged, accepted and shared by Fiera Milano.
- 1.5.2. In particular, in order to ensure the concrete implementation of the rules contained in the present Guidelines, several instruments have been identified:
- institutional instruments, related to duties and relationships between the company's administration and control bodies (so-called "**Instruments of Corporate Governance**"). The Instruments of Corporate Governance are regulated by the provisions of the section "Direction and coordination – Institutional Corporate Governance" contained in the Guidelines.
 - operating instruments, involving the explicit ways in which the Parent Company manages and coordinates activities (so-called "**Operating Instruments**"). The Operating Instruments are regulated by the provisions of the section "Direction and Coordination – Operational administration" contained in the Guidelines.

1.6. Procedures for adoption of the Regulations by Group Companies

- 1.6.1. These Guidelines take effect from the date of adoption indicated in the header and are made available on the Group's intranet in the "Procedures" section.
- 1.6.2. In order to ensure its full effectiveness, the present Guidelines and any amendments or changes thereto, are presented for approval to the Boards of Directors of the individual companies that make up the Group.

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- 1.6.3. This was done so that each of them, autonomously, might adopt it as the basis for their own operations and the basis for the fiduciary relationship established respectively with the members of the administrative and control bodies or in their working relationships with their employees, since compliance with the present Regulations is an essential part of the contractual obligations of the latter in accordance with article 2104 of the Italian Civil Code. At the first useful meeting following the approval by the respective administrative body, the Guidelines are presented, for information, to the shareholders of the individual companies that make up the Group.
- 1.6.4. Any exceptions to the application of the rules contained in these Guidelines must be motivated to the CEO of Fiera Milano (hereinafter, the "**Chief Executive Officer**" and / or the "**CEO**"). Any deviations found as well as any critical issues found in the functioning of these Guidelines which are the subject of reporting to the competent Functions and the CEO, will also be examined on the merits in order to evaluate the application of any penalties.

2. Direction and coordination – Institutional Corporate Governance

2.1. The Board of Directors of the Parent Company

- 2.1.1. The Board of Directors of the Parent Company is the collective body with the power to impose strategic, management and supervisory guidelines for the achievement of predetermined common objectives. Therefore, it examines and approves in advance any operation by Subsidiaries when these operations are deemed to have significant strategic, capital or financial implications for the Group.
- 2.1.2. The definition of strategic guidelines is carried out by the Board of Directors at the proposal of the Chief Executive Officer both in accordance with the laws, regulations and statutes in force and in accordance with the principles of correct corporate and entrepreneurial management, while constantly seeking to maintain an equitable balance between the various interests involved and in pursuit of the organic governance of the activities of coordination between the Parent Company and the companies it controls in the pursuit of the best interests of the Group.
- 2.1.3. The has the responsibility to report each of the aforementioned strategic guidelines to the Board of Directors of each individual subsidiary¹ and to refer

¹ By using such instruments as (i) sending the appropriate documentation for discussion/adoption to the relevant headquarters (ii) formulating requests for information or documents; (iii) organizing regular meetings with the management of subsidiaries, (iv) signing specific service contracts (i.e. shared services); (v) adopting procedures to manage regular information flow.

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regularly to his own Board of Directors with regard to initiatives undertaken by these Companies and the results achieved. In order to fulfil these obligations, the CEO checks the actual implementation of the organizational and procedural guidelines defined by the parent company for the Subsidiaries, in order to guarantee coordination and consistency of action at Group level.

2.1.4. The Parent Company establishes the guidelines that must be observed by the Subsidiaries during the process of drafting industrial plans and budgets. It is the responsibility of the Board of Directors of each subsidiary to send to the Parent Company the information and forecasts incorporating the aforementioned guidelines, and to operate on the basis of annually approved budgets and industrial plans, and to provide regular progress reports. The Parent Company will make regular checks to ensure that its subsidiaries are following the guidelines issued with regard to industrial plans and annual budget and the variance from them in each period under review.

2.2. The Board of Directors of companies subject to direction and coordination

2.2.1. The Boards of Directors of companies subject to management and coordination, in accordance with prevailing laws, regulations and statutes, will be collective bodies in order to ensure the efficient management of possible conflicts of interest.

2.2.2. The appointment of individual Directors will take place following a careful and detailed examination of each candidate's professional profile, qualifications and experience, in accordance to the "Regulation for the appointment of corporate bodies of Subsidiaries Companies".

2.2.3. Notwithstanding the power of Fiera Milano to issue directives and coordinate the activities of Group companies, it is still the responsibility of the Board of Directors of each Subsidiary to provide valuations regarding: (i) the adequacy of the organizational, administrative and accounting structure; (ii) the strategic, industrial and financial plans of the company (iii) the general management trend, taking into account the information provided by delegated bodies. In order to comply with this duty, each Board of Directors will be obliged to solicit the support of the Parent Company and to ask that it provide any information necessary or useful for complete and adequate evaluations to be made.

2.2.4. The administrative bodies of each Subsidiary must ensure compliance with instructions, directives, procedures and commands issued by the Parent Company to ensure the effective implementation of activities of direction and

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coordination.

- 2.2.5. The Board of Directors of the Subsidiary, and the CEO operating on its behalf, have a duty to report all significant operations² to the board member recognized by and representing the Parent Company, to allow it to comply with article 2381 of the Italian Civil Code². The foregoing also applies where the company that exercises direction and coordination did not influence the decision regarding transactions of Greater Importance with Related Parties³.
- 2.2.6. It is also the responsibility of the individual administrative bodies of the Group companies to ensure an efficient and timely circulation of the information subject to the functional information flows in order to allow the Parent Company to correctly exercise its direction and coordination power. The aforementioned functional information flows may be disciplined, in the contents, in the periodicity and in the concrete modalities, in specific sections respectively dedicated to the operating regulations of the intra-Group operating committees or, alternatively, may be identified at the time of the organizational definition of the functional reporting between functions of the Parent Company and corresponding functions of the Subsidiaries.
- 2.2.7. Without prejudice to the periodic disclosure obligations, the directors of the subsidiaries must promptly notify the delegated bodies of the parent company of events and operations that are capable of significantly affecting the profitability or in any case the operations of their company.

2.3. Correct and transparent exercise of company business

- 2.3.1. The issue of conflict of interest and the correct and transparent exercise of corporate activity represents a fundamental node within the adoptable precautions by the legislator for correct corporate management. In this regard: (i) art. 2391 cod. civ. imposes maximum transparency in any case in which a director has an interest, on his own or others' behalf, in a particular transaction, facilitating the decision-making of the board; (ii) art. 2391-bis cod. civ. requires the administrative bodies of companies that make use of the risk capital market to adopt rules that ensure transparency and procedural and substantial correctness of transactions with related parties.
- 2.3.2. To this end, Fiera Milano has adopted a "Procedure for Related Party Transactions" aimed at ensuring the transparency and substantial and procedural correctness of related party transactions carried out directly by Fiera Milano or through its Subsidiaries⁴.

² Cfr. Procedure for Related Party Transactions.

³ Cfr. Attachment A of the Procedure for Related Party Transactions

⁴ An entity is considered a Related Party of Fiera Milano if:
a) directly or indirectly, also through subsidiaries, trustees or third parties:
1. controls Fiera Milano

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2.3.3. Fiera Milano has also adopted a procedure for the internal management and the external communication of privileged information, which has implemented the provisions of Regulation (EU) no. 596/2014 relating to market abuse. Therefore, if a related party transaction falls within the scope of the procedure, a press release is disclosed to the public pursuant to the procedure. Disclosure Obligations of the market are identified in detail in the "Procedure for Related Party Transactions" to which reference is made in full.

2.3.4. Finally, the Parent Company provide each of its Subsidiaries with everything necessary or useful for it to analyze any operation, by indicating the reasons and the interests that form the basis of the evaluation of any decision – in accordance with article 2497-ter of the Italian Civil Code- for any operation carried out in the context of direction and coordination. It will therefore be the Subsidiary's responsibility to ensure that: (a) whatever decision is taken collectively by the Board of Directors, the reasons and information required by article 2497-ter of the Italian Civil Code are made known before the resolution is approved and that these are reported in the minutes; (b) whenever a decision is made directly by the delegated person (the CEO or General Manager), that the latter must report it to the first available Board Meeting– amongst the communications – of the infra-group transactions carried out, and provide the underlying reasons, motivations and interests, in order that they are promptly recorded in the minutes.

2.3.5. However, where the subsidiary's decisions relate to: i) operations that are carried out as part of the normal management of the company and under prevailing market conditions; ii) operations carried out autonomously, even if the implications of the operation for the company are uneconomic, it must be declared that the provisions of article 2497-ter are not applicable in this case.

2.4. The Board of Statutory Auditors of the Parent Company and its

-
- 2. is controlled by Fiera Milano
 - 3. shares the same controlling entity with Fiera Milano
 - 4. holds a share in Fiera Milano such that it can exercise significant influence over the latter
 - 5. exercises control over Fiera Milano jointly with other subjects
 - b) is an associated company of Fiera Milano
 - c) is a joint venture in which Fiera Milano is a participant
 - d) is one of the executives with strategic responsibilities of Fiera Milano, of the subsidiaries or of its parent company
 - e) is a close family member of one of the subjects indicated in points (a) or (d) above
 - f) is an entity in which one of the subjects referred to in letters (d) or (e) exercises control, joint control or significant influence or holds, directly or indirectly, a significant share, however not less than 20 % of voting rights
 - g) is a supplementary pension fund, collective or individual, Italian or foreign, set up in favor of the employees of the Company, or any other entity related to it.

For the purposes of determining the subjective correlation perimeter for Fiera Milano, the definition of Related Party contained in this paragraph is applied by assessing the specific circumstances of the specific cases, as well as having regard to the notions contained in the international accounting standard IAS 24, adopted according to the procedure of which art. 6 of Regulation (EC) no. 1606/2002, and to the interpretations dictated by the competent bodies, provided that they are applicable to IAS 24.

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Subsidiaries

- 2.4.1. The Board of Statutory Auditors of Fiera Milano carries out a legality and legitimacy check, verifying compliance with the law and the Articles of Statute, compliance with the principles of correct administration, the adequacy of the organizational structure, for the aspects relating to the Board of Statutory Auditors, of the internal control system and the administrative-accounting system as well as the reliability of this system in correctly representing management events, reporting any significant events to the Board of Directors and to the Shareholders' Meeting.
- 2.4.2. The Board of Statutory Auditors of the Parent Company is also responsible for supervising the most significant transactions, by characteristics and dimensions, carried out by the Subsidiaries, on the methods for implementing the corporate governance rules, on the auditing of the annual and consolidated accounts, in the role of the Internal Audit Committee of the audit, as well as on the operations in which a director has an interest in conflict, on the basis of the information received from the administrative body and / or by the delegated subjects. In addition, Fiera Milano Board of Statutory Auditors monitors the adequacy of the provisions issued by the Company to its Subsidiaries for the fulfillment of the disclosure to the public.
- 2.4.3. Fiera Milano Board of Statutory Auditors participates in the meetings of the Shareholders' Meeting, the Board of Directors and the Advisory Committees (hereinafter the "**Control and Risk Committee**" and the "**Appointment and Remuneration Committee**"), as indispensable tools available to auditors for the exercise of their supervisory and control functions. This participation makes it possible to evaluate whether the proposals of the Board of Directors or the Advisory Committees comply with the law and the articles of the Statute, as well as with the principles of correct administration.
- 2.4.4. In the case of a single-member administrative body (sole director) or managing director to whom all powers of ordinary and extraordinary administration have been conferred, in the absence of periodic meetings of the administrative body or resolving them into a simple disclosure of decisions and management operations already taken or executed, the exercise of control by the Statutory Auditors may manifest itself through specific requests for information on the performance / conditions of management of the administrative body and delegated subjects.
- 2.4.5. It is recommended that at least one member of the Board of Statutory Auditors of the Parent Company be appointed as auditor in the Boards of Statutory Auditors of the Italian subsidiaries (in particular of the 100% Subsidiaries). This rationalization and simplification operation allow the creation of important synergies to ensure greater effectiveness and efficiency of the control system for the benefit of the entire Group.

2.5. The supervisory Board of the Parent Company and its Subsidiaries

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- 2.5.1. The Supervisory Board (hereafter "**SB**"), established pursuant to Legislative Decree n. 231/2001, has autonomous powers of initiative and control over the activities of the respective company and is responsible for supervising the effectiveness and adequacy of the Organization Management and Control Models (hereinafter, "**Model 231**" or "**Model**") and on the maintenance over time of the requirements of solidity and functionality of the same (art. 6 Legislative Decree 231/2001).
- 2.5.2. The members of each Supervisory Body are appointed by the respective Boards of Directors of the companies. This Body has autonomy in spending which allows it to correctly perform its duties.
- 2.5.3. The operating methods of each SB are reported in a specific Regulation approved by the Body itself (see SB Regulation drawn up by each Group company). The SB has free access to all company documentation in compliance with current legislation and can request all the recipients of the Model and, where necessary, the Company's supervisory bodies, all data and information relevant for the performance of its activity of supervision.
- 2.5.4. It is recommended that at least one member of the Parent Company's Supervisory Body is appointed as a member of the Supervisory Body of the Subsidiaries (in particular of the 100% subsidiaries)⁵. This rationalization and simplification operation allows the creation of important synergies to ensure greater effectiveness and efficiency of the control system for the benefit of the entire Group.

2.6. The Control and Risk Committee of the Parent Company

- 2.6.1. The Control and Risk Committee is appointed within the Board of Directors, acting for the benefit of all the companies belonging to the Group. The Committee is composed of Non-Executives and Independent Directors pursuant to Section 17.6 of the By-Laws.
- 2.6.2. The Control and Risk Committee appointed by Fiera Milano carries out consultative, proposal and preliminary functions in favor of the Board of Directors according to the provisions of the Control and Risk Committee Regulation (see Regulation). The Board of Statutory Auditors of the Parent Company attends the meetings of the Control and Risk Committee, which is then invited to update the Boards of Statutory Auditors of the Subsidiaries.
- 2.6.3. The Chairman of the Committee informs the Board of Directors about the activities carried out and the items of the Committee meetings, reporting periodically to the Board. In order to facilitate the discussion and reply promptly to the questions from the Committee participants, representatives of the Fiera Milano Departments can be invited to the meetings; the Head of

⁵ As stated in the "Linee guida in materia di modalità di attuazione dei modelli organizzativi ex D.lgs. 231/01 delle Società controllate del gruppo Fiera Milano".

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Company Secretarial, Governance and Compliance and the Director of Internal Control are invited on a permanent basis.

2.7. The Appointments and Remuneration Committee of the Parent Company

- 2.7.1. In compliance with current applicable provisions, an Appointments and Remuneration Committee is appointed within the Fiera Milano Board of Directors. The Committee is composed of at least three Non-Executive Directors, the majority of whom are Independent pursuant to Section 17.6 of the By-Laws.
- 2.7.2. The Committee appointed by Fiera Milano carries out preliminary consultative and investigative functions, relating to both appointments and remunerations matters in favor of the Board of Directors according to the provisions of the Appointments and Remuneration Committee Regulation (see Regulation). The Board of Statutory Auditors of the Parent Company attends the meetings of the Committee, which is then invited to update the Boards of Statutory Auditors of the Subsidiaries, as well as the Director of Human Resources.
- 2.7.3. The Chairman of the Committee informs the Board of Directors about the activities carried out and the items of the Committee meetings, reporting periodically to the Board. In addition to the above, in carrying out its functions, the Committee works with the Board of Directors and with the Departments of Fiera Milano and companies belonging to the Group and, in particular, with the Director of Human Resources and the Head of Company Secretarial, Governance and Compliance.

2.8. Internal Audit Department of the Parent Company

- 2.8.1. The Internal Audit Department is appointed by the Parent Company and it carries out activities also in support of the Subsidiaries. It is not responsible for any operating area and reports to the Board of Directors in the person of the relevant Chairman, in order to guarantee independence and autonomy.
- 2.8.2. The Internal Audit Department carries out independent and assurance third-level control activities, with the scope to monitor and evaluate the effectiveness and efficiency of the internal control system and the possible needs to be updated, also granting support and advice to other corporate Functions. For this reason, it has direct access to any information useful to carry out its activity (see Internal Audit Manual).
- 2.8.3. According to the relevant best practice, the Board of Directors approve the Internal Audit Manual, which defines the scope, powers and responsibilities of the Internal Audit Department. The Internal Audit Department prepares an annual Audit Plan – based on the opinion of the Chairman of the Board of Directors, the Control and Risk Committee and the Board of Statutory Auditors

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– that is submitted to the Board of Directors for the relevant approval, as well as periodic reports including adequate information on its activity, on the methods adopted for the management of risks, as well as on compliance with the plans defined for their containment.

2.9. The Risk Management Function of the Parent Company

2.9.1. The Risk Management Function, appointed within the Parent Company, is responsible for the systematic and proactive identification of the major risks to which the Group – and any Subsidiary – is exposed in carrying out its business and in the achievement of its goals, in order to evaluate possible negative effects in advance, take appropriate mitigation actions and monitor the evolution over the time of possible exposures.

2.9.2. The Risk Management Function in carrying out its activity is inspired by internationally recognized standards in the *Enterprise Risk Management* sector (hereinafter, "**ERM**")⁶, in order to provide Management and the Board of Directors with interesting information on risk factors, uncertainty and opportunity.

2.10. Compliance Function of the Parent Company

2.10.1. The Compliance Function is set up in the Parent Company's Legal and Corporate Affairs Department. In carrying out its activity, this Function works as a second-level control, carrying out a role of defense and monitoring compliance, with the responsibility to concur in the definition and implementation of a structured risk analysis and management process in the areas of its competence and monitor their effective implementation. The Compliance Function therefore has a scope to support the development and implementation of an integrated Compliance system which, through effective relations between the competent Departments/Functions, from time to time involved, encourage synergies in the management of the internal control systems of the Group, in order to prevent the risk to incur in judicial or administrative sanctions, property losses or reputational damages, as a consequence of legal and regulatory breach (see Compliance Manual).

2.10.2. The Compliance Function, in carrying out its activities, works transversely to the entire corporate organization, working together with the other Departments/Functions having first level responsibilities, with reference to the management of items relevant for Compliance, as well as with the Internal Audit Department (third level control) for the planning and carrying out of audit activities.

⁶ Overall, the *COSO ERM Framework - Integrating with Strategy and Performance* (2017).

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2.11. The Financial Reporting Officer pursuant to Law 262/2005

2.11.1. The Board of Directors appoints the Financial Reporting Officer responsible for the activities set forth in the administrative 262 accounting control model.

3. Direction and coordination – Operational administration

3.1. Centralization of functions

3.1.1. The management activities carried out by Fiera Milano to ensure the unitary direction of the Group is explicitly recognized in a series of direction and coordination activities applied to the companies of the Group.

3.1.2. The coordination of the Group, in particular, may allow for the centralization of functions by the Parent Company, management of which may be exercised, in the Group's interests, on behalf of Subsidiaries in order to rationalize and optimize resources (i.e. by implementing projects aimed at centralizing activities as part of a shared services strategy).

3.1.3. In accordance with the Principles of operation, of development of responsibilities and operating excellence, the centralization of functions at a Parent Company level – without prejudice of Subsidiaries management and operational autonomy – allows (i) the realization of economies of scale by taking advantage of increasingly high quality professional and specialist services; (ii) greater management cohesion; and (iii) the ability to focus resources on the core business.

3.1.4. Centralization by the Parent Company may relate to support and staff functions as well as to Group business functions. In particular, where decisions regarding centralisation have been made, the Parent Company, with the support of its competent Departments and Functions, may establish strategic guidelines and general management policies, define procedures, identify information flows and the operating instruments to be used in realising them, define the procedural set presented and approved by each Subsidiary, as well as, where applicable, it may carry out the activities and provide services that comply with the terms and conditions established between the parties through the signing of specific infra-group service correlated through the proxyholders system.

3.2. Infra Group operating Committees

3.2.1. In order to ensure the unitary government and operational integration of the Group, the Parent Company can set up infra-group operating committees, on an *ad hoc* basis if necessary, with the aim to:

- monitor the implementation of strategies, the development of plans and the related results achieved;
- guarantee the coordination of business activities and the government of the related subjects across the board;

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- reinforce operating synergies between the various functions involved in the technological, business and support functions;
 - encourage the integrated development of inter-company processes.
- 3.2.2. Fiera Milano defines the position within the Group organisation, the composition and the specific operating regulations of the infra-group operating committees and it also formalises the related setting up of the committees by issuing the appropriate communications or equivalent organisational documents, and provides the committees with operational rules or instructions, disclosed to the all Group.
- 3.2.3. The infra-group operating committees may be “permanent” or “temporary”, the former having an indeterminate life, and the latter a duration related to the achievement of the objectives for which they were set up.
- 3.2.4. The composition of the aforementioned operating committees, while acting as interlocutors at a Group level, may be “intercompany” or “central”, where they are made up respectively of members belonging to more than one company of the Group or members from the Parent Company alone.
- 3.2.5. The general criteria to be applied in defining the operating regulations of the inter-departmental teams are covered by the Group Policy issued by Fiera Milano.

3.3. Group objectives of the performance management system

- 3.3.1. Fiera Milano defines the management and operating policies of personnel at the Group level, while each Subsidiary is responsible for implementing the aforementioned policies.
- 3.3.2. Among these policies, the Parent Company can introduce incentive schemes tied to the achievement of the consolidated objectives established at the Group level.
- 3.3.3. The aforementioned schemes are defined by the Human Resources Department with the agreement of the Fiera Milano CEO.

3.4. Mechanisms for the Segregation of Duties in inter- company processes

- 3.4.1. The implementation of the Principles of Segregation of Duties, in defining organisational roles and company processes, represents one of the fundamental components of the whole corporate internal control system. In particular, the centralisation of some activities in the Parent Company involves the adoption of mechanisms for the Segregation of Duties in inter-company processes, in terms of separation of roles and responsibilities between Parent Company functions and the functions of Group companies.

Title	Direction and coordination Guidelines
Area	Legal and Corporate Affairs Department

Code	LEG 03
Issue Date	April 2013
Revision Date	July 2019
Edition	2
Classification	Internal use

3.4.2. The adoption of mechanisms for the Segregation of Duties in inter-company processes allows:

- the introduction of internal control orders of a “preventative” nature;
- the attribution of a range of specific responsibilities as part of the inter-company processes;
- the rational use of resources, to reduce inefficiency associated with the duplication of activities in the various administrative, technical and business areas.

3.4.3. The formalization by the Parent Company of this separation of roles in inter-company processes can be implemented through: i) the issue of Group policies ii) the granting of operational mandates to Departments and Functions, iii) the execution of infra- group service contracts and the granting of related proxies.

3.5. Group Policy

3.5.1. Group policies may be issued by Fiera Milano in order to implement, initiate and integrate general areas of direction and coordination by the Parent Company.

3.5.2. As a general principle, the principles and criteria set forth in the Group Policy issued by the Parent Company must be complied with and implemented by the Subsidiaries.

3.5.3. The Group Policy system constitutes, for Fiera Milano and for its Subsidiaries, the reference for the issue and updating of its internal procedures and instructions. In particular, the Risk Management Function, with the help of the Working Group, verifies the full implementation of the Parent Company's Procedures/Policies for each Italian Subsidiary and it acts as a diligent part in starting the process, where necessary, of drafting and issuing ad hoc Procedures/Policies for each Italian Subsidiary alienated to the principles indicated in the Procedures/Policies issued by the Parent Company.