



# REPORT ON CORPORATE GOVERNANCE AND OWNERSHIP STRUCTURE

pursuant to Article 123-*bis* of Legislative Decree 58 of 24 February 1998

Issuer: Davide Campari-Milano S.p.A.  
Website: [www.camparigroup.com](http://www.camparigroup.com)  
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## 1. Issuer profile

Davide Campari-Milano S.p.A. (the 'Company' and, together with its subsidiaries, the 'Group') has adopted as its model of corporate governance the provisions of the latest version of the Code of Conduct for Listed Companies (the 'Code'), which incorporates the amendments approved by the Corporate Governance Committee in July 2014 (the amendments made to the Code in July 2015 will be applied in 2016).

This report on corporate governance and ownership structure (the 'Report') was prepared with reference to the 'Format for corporate governance and ownership structure reporting', issued by Borsa Italiana in January 2015.

The aim of the Report is to provide the market and shareholders with information pursuant to Article 123-bis of Legislative Decree 58 of 24 February 1998 (the 'TUF'), as well as full disclosure on the corporate governance model used by the Company and on compliance with the recommendations of the principles and application criteria of the Code during financial year 2015 (the 'Financial Year').

The Company has a traditional administration and control model, consisting of a management body (the Board of Directors) and a control body (the Board of Statutory Auditors).

The Board of Directors is the central body of the Company's corporate governance system.

In accordance with article 14 of its articles of association (hereinafter the 'Articles of Association'), the Company is run by a Board of Directors consisting of between three and fifteen members; it is appointed by the ordinary shareholders' meeting, which also determines the number of members.

The Board of Directors is the body vested with the widest-ranging powers to define strategy in order to ensure the proper and efficient management of the Company, so that it can achieve its corporate purpose and create shareholder value in the medium to long term.

The Board of Directors is therefore responsible for setting out strategic and management guidelines for the Company and for monitoring general performance, as well as defining the corporate governance rules and reviewing internal audit procedures, with a view to identifying and managing the main business risks.

The Board of Statutory Auditors is responsible for compliance with the law and with the Articles of Association. It ensures that the principles of correct administration are applied, and specifically that the internal control and risk management system and the organisational, administrative and accounting procedures are appropriate and function properly.

Article 27 of the Articles of Association stipulates that the Board of Statutory Auditors shall comprise three Statutory Auditors and three Alternate Auditors.

The accounts are audited by an independent auditing company.

The shareholders' meeting is responsible for approving (i) at ordinary sessions, the annual accounts, the appointment and removal of members of the Board of Directors and the appointment of members of the Board of Statutory Auditors, the remuneration of Directors and Auditors, the engagement of independent auditors and the conferral of responsibilities on Directors and Auditors, and (ii) at extraordinary sessions, changes to the Articles of Association.

The Group observes the principles of integrity, loyalty, honesty and impartiality in carrying out its business and those of confidentiality, transparency and completeness in managing corporate information.

In February 2004, the Company adopted a Code of Ethics, which it will constantly update, in which it clearly and explicitly sets out the above-mentioned principles and the mission and values according to which the Group's employees must operate.

For a complete description of the policies relating to sustainability and social responsibility, such as rules of conduct that are key to the Group's growth, please refer to the relevant section of the annual financial statements.

## 2. Information on ownership structure (pursuant to Article 123-bis of the TUF) at 31 December 2015

### a) Structure of the share capital

Amount of subscribed and paid-up share capital: € 58,080,000.00.

Categories of shares comprising share capital:

Category	Number of shares	% of share capital	Listed (specify markets)/non-listed	Rights and obligations
Ordinary shares	580,800,000	100%	Listed on the Italian stock market (FTSE MIB index)	See the following articles of the Articles of Association: article 5 (nominal value), article 6 (voting rights), article 8 (option rights), article 9 (new shares), article 11 (attendance at shareholders' meetings), article 12 (appointment of secretary), article 13 (withdrawal rights), article 14 (appointment of the Board of Directors), article 27 (appointment of the Board of Statutory Auditors), article 30 (advance dividend payments), article 31 (dividend payments), article 32 (domicile) and article 33 (liquidation).

### b) Restrictions on the transfer of securities

There are no restrictions on the transfer of securities, except for those relating to internal dealing regulations and disclosure requirements as described in the procedure of the same name approved by the Company.

### c) Key shareholdings

Key shareholdings according to the communications pursuant to Article 120 of the TUF, at 31 December 2015 and at the date of approval of the Report, were as follows:

Declarer	Direct shareholder	% of ordinary share capital	% of share capital with voting rights
Rosa Anna Magno Garavoglia	Alicros S.p.A.	51.00%	51.00%
Andrew Brown	Cedar Rock Capital Ltd	10.84%	10.84%

### d) Securities conferring special rights

No securities conferring special rights have been issued.

Article 6 of the Articles of Association, as amended by the shareholders' meeting of 28 January 2015, allows shareholders to attain increased voting rights according to the conditions set out in the article.

### e) Employee share ownership: mechanism for exercising voting rights

There is no mechanism for employees to own shares.

### f) Restrictions on voting rights

There are no restrictions on voting rights.

### **g) Shareholders' agreements**

The Company is not aware of any shareholders' agreements pursuant to Article 122 of the TUF.

### **h) Change of control clauses (pursuant to Article 123-bis, para. 1(h) of the TUF) and statutory provisions regarding tender offers (pursuant to Articles 104, para. 1-ter, and 104-bis, para. 1 of the TUF)**

As part of their commercial activities, the Company and its subsidiaries are party to distribution or joint-venture agreements which, as is usual in international agreements, contain clauses granting each of the parties the power to terminate the agreement (except in certain specified cases) in the event of a direct and/or indirect change in control of the other party.

The loan agreements (private placement agreements) and bond issues also contain such clauses.

The Company does not derogate from the passivity rule provisions of Article 104, paras. 1 and 2 of the TUF, and the Articles of Association do not provide for application of the neutralisation rules of Article 104-bis, paras. 2 and 3 of the TUF.

### **i) Powers to increase the share capital and authorisation of share buybacks**

The extraordinary shareholders' meeting of 30 April 2015, amending article 5 of the Articles of Association, conferred on the Board of Directors, for a period of five years, the power to increase the Company's share capital in one or more transactions, against payment and/or free of charge, up to a total nominal value of € 100,000,000.00, via the issue of new shares, and the power to issue, in one or more transactions, bonds that are convertible into shares and/or securities (not only bonds) which allow the subscription of new shares up to a total nominal value of € 100,000,000.00, but in amounts which, on each occasion, do not exceed legally established limits for bond issues; the said article also establishes the procedures for exercising these powers.

The powers granted to the Board of Directors can also be exercised with the limitation and/or exclusion of rights of first call according to the conditions expressly indicated in article 5 above.

The shareholders' meeting of 30 April 2015 authorised the purchase and/or sale of own shares to meet two separate requirements.

The first relates to the need to allow the Board of Directors, whenever it deems appropriate, to purchase and/or sell own shares (i) with a view to possible future acquisitions and/or strategic alliances, including via share exchanges; (ii) in the event that listed shares fluctuate beyond normal movements linked to stock market trends and in line with market practices (including to support liquidity and normal trading); and lastly, (iii) to meet investment needs if such a transaction becomes financially expedient due to the performance of the shares and/or the amount of cash available.

The second relates to the need to allow the Board of Directors to replenish, via purchases and/or sales of own shares on the market, in any quantity it deems appropriate, the reserve of own shares for the stock option plan for the Group's management, as well as to manage implementation of the plan with the allocation of new stock options and/or the granting of stock options to beneficiaries who meet the conditions for the early exercise of options.

Authorisation has been granted until 30 June 2016 to purchase ordinary shares of the Company on one or more occasions. The shares acquired must not exceed the total share capital provided for in Article 2357 of the Civil Code, also taking into account the own shares already held by the Company. The Board of Directors is also authorised to sell, on one or more occasions, the total quantity of own shares held.

With the exception of own shares sold for the purposes of the stock option plan, which are sold at the prices established under the plan, the maximum and minimum price for any other purchase or sale of own shares is set by the Board of Directors (this task may be delegated to one or more Directors) according to the following objective criteria: the unit purchase or

sale price shall not be more than 25% lower or more than 25% higher than the average reference price recorded in the three stock market sessions prior to each transaction. At the close of the Financial Year, the Company held 1,721,446 shares.

#### **I) Management and coordination activity**

The Company is not subject to management and coordination activity by other companies, pursuant to Articles 2497 *et seq* of the Civil Code.

### **3. Compliance**

On 8 November 2006, the Board of Directors voted to adopt the Code and to adopt all subsequent amendments to the Code. The Board of Directors that approved the Report also voted to adopt the changes made to the Code in July 2015.

The Code, including its most up-to-date version, is available to the public on the website of the Corporate Governance Committee at <http://www.borsaitaliana.it/comitato-corporate-governance/codice/2015mk.pdf>.

The Company and its strategic subsidiaries are not subject to non-Italian legislation that could influence the Company's corporate governance structure.

### **4. Board of Directors**

#### **4.1. Appointment and replacement**

As provided for in article 15 of the Articles of Association, the Board of Directors is appointed by the shareholders' meeting on the basis of lists submitted by ordinary shareholders, which may contain a maximum of 15 candidates, numbered sequentially. Pursuant to Article 147-*ter*, para. 1-*ter* of the TUF, any list that submits at least three candidates must contain a number of candidates from the less-represented gender that at least equals the legal minimum applicable at the time.

Directors are elected as follows:

- the number of Directors, which shall, however, be no lower than three and no higher than 15, shall be determined as the number of candidates included in the list obtaining the majority of the votes cast;
- all the Directors to be appointed, except one, shall be selected in sequential order from the list that obtained the majority of the votes cast;
- the remaining Director shall be selected from the list that obtained the second-highest number of votes at the shareholders' meeting and must not be linked in any way, either directly or indirectly, with the shareholders who submitted or voted for the list that obtained the highest number of votes.

If, following the application of the above procedure, the minimum number applicable at the time is not reached for the less-represented gender, then the place of the last candidate of the more-represented gender on the majority list will be taken by the next candidate of the less-represented gender on the same list.

The Directors are thus appointed via a list voting system that also provides for the election of at least one member of the Board of Directors by minority-interest shareholders in compliance with Article 147-*ter*, para. 3 of the TUF.

Lists obtaining a number of votes totalling less than half the qualifying percentage will not be taken into account, pursuant to article 15 of the Articles of Association, as permitted by Article 147-*ter* of the TUF.

If only one list has been submitted and this obtains a relative majority of the votes at the shareholders' meeting, the candidates will be appointed as Directors in sequential order up to the total number of candidates listed, which in any event shall be no lower than three and no higher than 15.

If no list has been submitted, the shareholders' meeting shall appoint the Board of Directors by legal majority.

If the shareholders' meeting is called to appoint new Directors to replace one or more former Directors, the shareholders' meeting shall appoint them by legal majority. The mandate of any Director thus appointed shall expire at the same time as those of the Directors in office at the time of his/her appointment.

If, during the financial year, one or more Directors cease to hold office, they shall be replaced according to legal requirements.

In the event that, for any reason, the number of Directors appointed by the shareholders' meeting falls to less than half its previous level, the entire Board of Directors shall tender their resignations and a shareholders' meeting shall be urgently convened to appoint a new Board.

Only shareholders that meet the maximum permitted investment in the Company, in accordance with legislation and regulations in force at the time, are entitled to submit lists.

Therefore, in accordance with Consob Resolution 19499 of 28 January 2016, issued pursuant to Article 144-*septies* of Consob Regulation 11971 of 14 May 1999 (the 'Issuer Regulation'), the shareholding requirement for the submission of candidate lists for the election of the Directors and Auditors is 1% of the share capital.

The submission, deposit and publication of lists are subject to the law and/or regulations in force.

Proposals for Director appointments must be presented in the form of lists, together with detailed CVs for each candidate, as well as certification that the candidates fulfil the requirements of the post.

To guarantee the minimum number of independent Directors required by law, a declaration of the compliance with independence requirements, pursuant to the Code and to Article 148 of the TUF, must also be submitted with each list for at least one candidate on the list or, if the list contains more than seven candidates, for at least two candidates on the list.

Compliance with these requirements is stated in the notice of meeting published in accordance with the time scale and procedure prescribed by the law.

The Articles of Association do not specify independence requirements beyond those set for Auditors in accordance with Article 148 of the TUF, although the adoption of the Code by the Company implies that at least one third of the Directors must also satisfy the independence requirements of the Code.

The lists and the relative CVs are published by the legal deadlines on the Company's website.

### **Succession plans**

After consultation with the Remuneration and Appointments Committee, the Board of Directors concluded that the current succession plans of the executive Directors are unable to ensure, in the reality of corporate life, the timely replacement of Directors who stand down from their positions on or before the completion of their mandate, partly in view of the composition of the Company's shareholder structure.

It was decided that such documents can easily become abstract statements of principles, perhaps produced with the help of expensive consultants, and often containing obvious recommendations for requirements of ability, professionalism and integrity that persons performing these roles should necessarily possess, or unhelpful procedures, as complicated as they are expensive, for the selection of ideal candidates.

The Company took this decision expressly at the Board Meeting of 12 March 2013 and, thereafter, when approving subsequent Reports, believing it to be undoubtedly preferable, from the point of view of good corporate governance, for the Company not to incur expenses for activities that are of no clear benefit.

## **4.2. Composition**

The tables in Appendix 1 list the names of the members of the Board of Directors in office at 31 December 2015.

The Board of Directors was appointed at the Ordinary Shareholders' Meeting of 30 April 2013. It remains in office for the three-year period 2013-2015 and its mandate will expire at the Shareholders' Meeting to approve the financial statements for the year ended 31 December 2015.

Two lists were submitted at the Shareholders' Meeting of 30 April 2013: (i) Alicros S.p.A., the Company's controlling shareholder, submitted the following list of candidates:

1. Eugenio Barcellona;
2. Camilla Cionini-Visani;
3. Luca Garavoglia;
4. Thomas Ingelfinger;
5. Robert Kunze-Concewitz;
6. Paolo Marchesini;
7. Marco Pasquale Perelli-Cippo;
8. Stefano Saccardi;
9. Francesca Tarabbo;

which obtained 53.64% of the total votes and (ii) a list submitted by Cedar Rock Capital Ltd., holder of a 10.84% stake in the Company's share capital, with a single candidate:

1. Karen Guerra,

which received votes equal to 25.53% of the share capital.

Pursuant to Consob Resolution 18452 of 30 January 2013, issued in accordance with Article 144-*septies* of the Issuer Regulation, the shareholding requirement for the submission of candidate lists for the election of Directors and Auditors was 1% of the share capital.

The above lists were unrelated.

The list of elected candidates is the same as the list of Directors shown in Table 1, since no changes have occurred since the appointment.

The CVs of the Directors are available in the Investors section of the website [www.camparigroup.com](http://www.camparigroup.com), as appended to the list elected during the above-mentioned Shareholders' Meeting.

Directors who, at 31 December 2015, were Directors or Auditors of other companies listed on Italian and foreign-regulated markets, and/or of financial companies, banks, insurance companies or large companies, are listed below.

- Eugenio Barcellona: member of the board of directors of Angelini Finanziaria S.p.A., Fondazione Angelini and Fondazione Eni Enrico Mattei;
- Luca Garavoglia: member of the Board of Directors of Amplifon S.p.A. (until his resignation in January 2015) and Coesia S.p.A.;
- Camilla Cionini-Visani: member of the board of directors of Simest S.p.A.;
- Karen Guerra: member of the Board of directors of Amcor Ltd and Electrocomponents PLC;
- Thomas Ingelfinger: member of the board of directors of Beiersdorf A.G., Beiersdorf N.V., Beiersdorf S.p.A., Beiersdorf Nordic Holding AB.; member of the supervisory board of Beiersdorf A.G. (Germany);
- Robert Kunze-Concewitz: member of the board of directors of Luigi Lavazza S.p.A. and Yoox Net-A-Porter Group S.p.A.;
- Paolo Marchesini: member of the board of directors of Sella&Mosca S.p.A.;
- Stefano Saccardi: chairman of the board of directors of Campari Wines S.r.l. and Casoni Fabbricazione Liquori S.p.A. and member of the board of directors of Campari Australia Pty Ltd and Sella&Mosca S.p.A.

### **Maximum number of positions held in other companies**

The Board of Directors has set out general criteria for the maximum number of director and auditor positions in other companies that is compatible with an effective performance as a Director of the Company.

The following limits were defined by a Board resolution of 8 May 2007:

- executive Directors may not assume the position of executive director in other companies listed on regulated markets (whether in Italy or abroad), and/or in financial companies, banks, insurance companies or large companies, other than Davide Campari-Milano S.p.A. and companies directly or indirectly controlled by the same;
- executive Directors may assume the position of non-executive director in no more than five other companies listed on regulated markets (whether in Italy or abroad) that are financial, banking, insurance companies or large companies, other than Davide Campari-Milano S.p.A. or companies directly or indirectly controlled by the same;
- non-executive Directors (whether independent or not) may assume the position of Director and/or Auditor in no more than ten other financial companies, banks, insurance companies or large companies, of which no more than five may be companies listed on regulated markets (whether in Italy or abroad).

For the purposes of the foregoing, companies belonging to the same group count as a single entity.

Following its renewal, the Board of Directors shall check annually that all the Directors comply with the above-mentioned limits.

This check was carried out when the Report was approved.

### ***Induction Programme***

During the Financial Year, the Chairman of the Board of Directors did not propose any initiatives aimed at providing directors with adequate knowledge of the sector in which the Company operates, business performance and trends, or the regulatory and self-regulatory framework.

This decision was taken by the Chairman of the Board of Directors, who considered that the training and preparation of directors was adequate for the roles and functions required of them.

It is possible that in future some training initiatives may be organised on specific topics should the need arise.

In general, it is believed that a wide-ranging and detailed discussion at meetings of the Board of Directors on the topics to be resolved on could take the place of the above-mentioned training initiatives.

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

The Board of Directors held six meetings during the Financial Year.

The average duration of each meeting was about 2.5 hours.

Four meetings have been scheduled for the financial year 2016.

One meeting of the Board of Directors was held before the approval of the Report.

In accordance with the resolution of the Board of Directors of 12 March 2012, financial statements and reports must be submitted at least 48 hours in advance, except in cases of particular complexity or large quantities of documentation.

Members of the Board of Directors were provided with all the documentation and information needed to take decisions, normally within the above-mentioned timescale.

No non-members attended Board meetings, except for Gerard Ruvo, Chairman of Campari America, who attended some meetings.

According to the provisions of the Code, it is the exclusive responsibility of the Board of Directors to examine and approve the strategic, business and financial plans of the Company and the Group, and to regularly monitor their implementation.

The Board of Directors is also responsible for defining the Company's corporate governance system and the Group structure.

The Board of Directors assessed as satisfactory the organisational, administrative and general accounting procedures of the Company prepared by the Managing Directors, with particular reference to the internal control and risk management system.

The assessment was made at the meeting to approve the draft annual financial statements and the Report in light of the information contained in the accounting documents examined,

and in view of the information provided by the Chairman of the Control and Risks Committee in his own report to the Board of Directors.

The Board, following the recommendations made by the Control and Risks Committee, identified strategic subsidiaries, basing its assessment on the net sales generated by each company, irrespective of the capitalisation of same, as a proportion of total consolidated sales and taking into account the amount of capital invested and working capital.

Using the above criterion, the Board of Directors views the following companies as strategic on the date of approval of the Report:

- Campari America (Skyy Spirits, LLC);
- Campari do Brasil Ltda.;
- Campari Deutschland GmbH;
- J. Wray & Nephew Ltd.

The Board of Directors also assessed as satisfactory the organisational, administrative and general accounting procedures of the above-mentioned strategic subsidiaries.

This assessment was given at the meeting to approve the draft annual financial statements and this Report, after examination of the accounting documents submitted and in view of the information on these companies provided by the Chairman of the Control and Risks Committee in his own report to the Board of Directors.

The Board of Directors determined the remuneration of the Managing Directors after examining the proposals made by the Remuneration and Appointments Committee and following consultation with the Board of Statutory Auditors.

The shareholders' meeting of 30 April 2013, which re-appointed the Board of Directors, resolved to award each Director annual compensation of € 25,000.00 for each financial year, before any legally required deductions.

The Board of Directors assessed general management performance, paying particular attention to information provided by the delegated bodies and regularly comparing results achieved with results forecast.

In view of the limits of the mandates given to the Managing Directors, however, Company transactions of major importance in terms of strategy, finances or assets were examined and approved in advance.

In the case of subsidiaries, as part of ordinary practice and following the adoption of the Code, the Board of Directors also examined and approved in advance transactions of strategic importance to the Company's activities.

However, it was agreed with the above-mentioned key subsidiaries that transactions of major strategic, economic, capital or financial importance are those listed below, for which prior examination and approval by the Company's Board of Directors is required:

- the purchase or sale of shares, units or investments from or to parties not belonging to the Group;
- the purchase or sale of brands from or to parties not belonging to the Group;
- the purchase or sale of assets with a value in excess of € 5,000,000;
- the signing of contracts with a duration of over ten years;
- any transaction that, although not exceeding the above-mentioned limits, is however considered to be important in terms of the strategy, assets and finances of the subsidiary in view of the transaction's purpose and its specific characteristics.

The Board of Directors is responsible for prior examination and approval of transactions of the Company and its subsidiaries where one or more Directors has an interest, either on their own account or on behalf of third parties, as provided for in the procedures for transactions with related parties (Related Party Procedures) approved by the Board of Directors on 11 November 2010 and in force from 1 January 2011, pursuant to Consob Resolution 17221 of 12 March 2010 (Regulation for Related Party Transactions).

See section 11 below for a summary of these procedures.

The Board of Directors has not assessed the size, composition and operation of the Board itself and of its committees, and has not issued guidelines on what professional profiles would be appropriate for its members, preferring to leave this assessment to the shareholders at the time of the Board's re-appointment.

The Board of Directors held the view that the actual application of such assessments does not provide any significant benefits.

It appears somewhat unlikely that those carrying out a self-assessment would give a negative opinion about the functioning of their own board or push for an opportunity to introduce new professional profiles without implicitly admitting that the current Directors did not possess the qualities needed to carry out their duties.

Equally, the Board of Directors does not plan to entrust this assessment to a consultancy company, since this would certainly not satisfy the need for third-party independent judgement, but would generate a cost for the Company.

The Company took this decision expressly at the Board Meeting of 12 March 2013 and, thereafter, when approving subsequent Reports, believing it to be undoubtedly preferable, from the point of view of good corporate governance, for the Company not to incur expenses for activities that are of no clear benefit.

The shareholders' meeting has not given general or advance approval to exemptions to the non-competition clause contained in Article 2390 of the Civil Code, except in the case of all the direct and indirect subsidiaries of the Company and of its associates and affiliates and companies subject to the joint control of the Company.

No agreements have been made regarding compensation for non-competition obligations.

#### **4.4. Delegated bodies**

##### **Managing Directors**

The Board of Directors awarded managerial mandates to Robert Kunze-Concewitz, Paolo Marchesini and Stefano Saccardi. The financial limits and nature of these mandates is summarised as follows:

- with sole signature:

- purchasing and selling products, semi-finished goods, raw materials and services pertaining to the corporate purpose, and coordinating all related commercial activity up to a maximum limit of €2,500,000.00 per agreement and per financial year;
- signing and terminating agreements in respect of agents, business procurement, mediation, commission, distribution, brand licensing, administration, tenders, deposits, loans of assets, advertising, insurance, freight and transport, sponsoring, insurance and leasing, up to a maximum of €2,500,000.00;
- calling in and collecting loans, sums of money and anything else owed to the Company and issuing the relevant receipts;
- opening, managing and closing current accounts in any currency at any bank or post office in Italy and abroad; issuing and endorsing bank cheques on current accounts in the Company's name in any currency and using sums in these accounts up to a maximum of €15,000,000.00 per transaction;
- arranging and using lines of credit, provided that these are not secured with real guarantees, and signing agreements for loans to or from subsidiaries, up to a maximum of €30,000,000.00 per loan;
- purchasing and selling shares and bonds, foreign or supranational Italian government securities and other financial products, including structured products, and marketable securities of any kind, up to a maximum of €15,000,000.00 per transaction;
- purchasing and selling property for a total of up to €5,000,000.00 in any financial year;
- representing the Company in all its dealings with administrative and fiscal authorities and with any legal authority;

- with joint signature:

- signing the types of purchasing agreement listed under the first point, for sums of between €2,500,000.00 and €15,000,000.00;
- signing types of agreement listed under the second point, for sums of between €2,500,000.00 and €10,000,000.00;
- using sums, in current accounts opened with any bank or post office in Italy or abroad and in any currency, of between €15,000,000.00 and €50,000,000.00 per transaction;

- arranging and using lines of credit, provided that these are not secured with real guarantees, and signing agreements for loans to and from subsidiaries, for sums of between € 30,000,000.00 and € 150,000,000.00 per loan;
- purchasing and selling shares and bonds, foreign or supranational Italian government securities and other financial products, including structured products, and marketable securities of any kind, up to a maximum of € 30,000,000.00 per transaction;
- purchasing and selling property for a total of up to € 20,000,000.00 in any financial year;
- authorising extraordinary maintenance of corporate property for a total of up to € 10,000,000.00 in any financial year.

#### **Chairman of the Board of Directors**

In view of the nature of the duties to be carried out vis-à-vis third parties, the Chairman of the Board of Directors has been granted powers to represent the Company at institutional level. The Board of Directors has conferred on the Chairman of the Board of Directors the power to represent the Company when dealing with associations, federations and confederations whose goal is to safeguard the interests of the alcoholic and non-alcoholic drinks industry category and to represent business matters in relations with consumers and related associations, with local communities, national, European and other foreign institutions, the public administration, and non-recognised associations, including those of a political nature. The Chairman of the Board of Directors does not hold principal responsibility for the management of the Company and is not the controlling shareholder; due to his specific role in developing the business strategy he qualifies as an executive director.

#### **Executive Committee**

The Board of Directors has not established an executive committee.

#### **Reporting to the Board of Directors**

Pursuant to article 19 of the Articles of Association, the Managing Directors reported on at least a quarterly basis to the Board of Directors and the Board of Statutory Auditors on the activities carried out in relation to their mandates, on major transactions entered into by the Company or Group companies and on transactions in which they had a personal interest or an interest on behalf of a third party.

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

There are no executive Directors other than the Managing Directors and the Chairman of the Board of Directors.

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

The Board of Directors:

- at the first meeting of the Board following its re-appointment, verified the existence of the independence requirements stipulated in the Code for the Directors that were stated to be independent when the candidate lists were submitted, notifying the market of the outcome of this assessment via a press release, pursuant to Article 3 of the Code;
- also assessed whether each of these Directors satisfied the criteria for independence stipulated in the Code when the Report was approved;
- in carrying out these assessments, applied all the criteria set out in the Code and the TUF, specifically verifying that Directors have no commercial, financial or professional relations with the Company.

The Board of Statutory Auditors verified that the criteria and assessment procedures adopted by the Board of Directors to assess the independence of its members were correctly applied, agreeing with the conclusions reached by the Board of Directors.

These assessments were acknowledged during the approval of the Report as well as in the report of the Board of Statutory Auditors to the shareholders' meeting, pursuant to Article 153 of the TUF.

The independent Directors did not consider it necessary to meet during the Financial Year. Indeed, the independent Directors judged the information flow received from the executive Directors to be complete or such as to provide appropriate knowledge of the main corporate information enabling them to take well-informed advisory decisions.

It is clearly understood that the independent Directors are free at all times to meet or consult each other informally, should they deem this to be appropriate. The Company will give notice of any formal meetings of the independent Directors when these are held.

Directors who are classed as independent when appointed are not expressly required to maintain their independence for the duration of their mandates and, in such cases, should resign and submit that decision to the Company for assessment, except where otherwise stipulated by Article 147-ter of the TUF.

#### **4.7. Lead independent director**

The Board of Directors has not designated an independent Director as Lead Independent Director since the Chairman of the Board of Directors does not hold principal responsibility for the management of the Company and does not directly and personally control the Company.

### **5. Handling of company information**

At the suggestion of the Managing Directors, the Board of Directors has adopted a 'Procedure for the Handling of Confidential Information'.

This procedure defines internal responsibilities for the handling of confidential information, the rules of conduct for those who become aware of such information and the related procedures for disclosing information, including to the press.

The procedure applies to Directors, Auditors and employees of the Company and other companies belonging to the Group.

Management of confidential data is the responsibility of the Managing Directors of Group companies. The task also falls to the Chief Executive Officer, the General Counsel and Business Development Officer as regards acquisitions and disposals, and to the Chief Financial Officer for financial information.

### **6. Board Committees**

Pursuant to article 22 of the Articles of Association, and to the Code, the Board of Directors has established a Control and Risks Committee and a remuneration committee which, for reasons of greater efficiency, has always included the functions of the appointments committee (the Remuneration and Appointments Committee).

Both committees are sub-groups of the Board of Directors and are responsible for providing advice and generating proposals.

No committees other than those provided for in the Code have been created.

### **7. Remuneration and Appointments Committee**

#### **Composition of the Remuneration and Appointments Committee**

The Remuneration and Appointments Committee consists of three non-executive Directors, from whom Eugenio Barcellona was elected as Chairman. As such, he is responsible for convening and coordinating meetings.

The majority of its members are independent and at least one member has adequate knowledge of accounting and finance. Since the Chairman's functions are purely organisational, the members of the Committee did not consider it necessary to restrict the role to one of the independent directors.

Committee members were granted specific annual compensation of € 12,500.00 for their activities.

### **Functions of the Remuneration and Appointments Committee**

The Remuneration and Appointments Committee carries out consultative and advisory functions for the Board of Directors, as regards the nomination and remuneration of executive directors and strategic directors of the Company and the Group.

With specific regard to appointments, the Remuneration and Appointments Committee:

- expresses its prior opinion on proposed new appointments and/or changes to the Group's senior appointments that the Managing Directors intend to submit to the Board of Directors;
- leads meetings with the Group's senior managers on a periodic basis;
- formulates opinions for the Board on the size and composition of the Board and may also give opinions on the professional profiles that would be appropriate within it.

With specific regard to remuneration, the Remuneration and Appointments Committee:

- submits proposals to the Board of Directors for determining the general policy regarding the remuneration of executive Directors, other Directors with specific duties and managers with strategic responsibilities;
- regularly assesses the adequacy, overall consistency and actual application of the general policy for the remuneration of executive Directors, other Directors with specific duties and managers with strategic responsibilities, obtaining, in regard to the latter, information provided by the Managing Directors and/or by the Company's offices;
- submits proposals to the Board of Directors regarding the remuneration of executive Directors and other Directors with specific duties, and the setting of performance objectives linked to the variable component of such remuneration, monitoring the application of the decisions adopted by the Board and checking, in particular, that performance targets have been met.

### **Activities carried out during the Financial Year**

The Remuneration and Appointments Committee met three times during the year. The meetings lasted about an hour and were minuted. By invitation, the Chairman of the Board of Directors and the Head of Group HR Director attended one of the meetings of the Remuneration and Appointments Committee. None of the other executive directors attended any of the above meetings (including those dealing with remuneration proposals).

The Remuneration and Appointments Committee also continued to hold periodic meetings with key managers. As planned, the Committee met during the year with the Managing Director Robert Kunze-Concewitz, the Head of Group HR Director and the managing directors responsible for the 'North Central Europe' and 'Wines' business units. The main activities carried out by the Remuneration and Appointments Committee during the Financial Year were as follows:

- assessing the consistency and reasonableness of certain amendments (requested by the Committee) to the general remuneration policy (with particular reference to short-, medium- and long-term incentive schemes);
- accurately calculating the variable component of the Managing Directors' remuneration relating to the 2014 target;
- formulating the 2015 target for the purposes of calculating the variable component of the Managing Directors' remuneration;
- preparing a draft remuneration report pursuant to article 123-ter of the TUF;
- proposing an increase based on the calculation of the Managing Directors' variable remuneration;
- approving the report on the stock option plan prepared for the shareholders' meeting on 30 April 2015;
- assessing the consistency and reasonableness of proposals to allocate stock options to managers other than Managing Directors;

The Remuneration and Appointments Committee has access to all company information and company departments necessary to perform its tasks.

During the Financial Year, financial resources of € 50,000.00 were made available to the Remuneration and Appointments Committee for the performance of their tasks; the Committee did not use the services of external consultants.

### **Activities planned for the current financial year**

One meeting was held in the current financial year before approval of the Report.

It is anticipated that approximately three meetings will be held in the current Financial Year.

Periodic meetings with key managers will also be held during the year. Currently, one meeting is planned with the managing director of the 'Asia Pacific' business unit.

Neither the Chairman of the Board of Statutory Auditors nor any other member of the Board of Statutory Auditors attended the meetings of the Remuneration and Appointments Committee.

### **8. Remuneration of Directors**

For complete information on the remuneration of Directors, please see the remuneration report based on the proposal of the Remuneration and Appointments Committee, approved by the Board of Directors during the same meeting that approved the Report.

This Remuneration Report will, pursuant to Article 123-ter of the TUF, be put to a consultative vote at the next shareholders' meeting and published on the website [www.camparigroup.com](http://www.camparigroup.com) in the Investors section.

The remuneration policy for executive Directors and other Directors with specific duties is determined by the Board of Directors, based on the proposal of the Remuneration and Appointments Committee, having obtained the view of the Board of Statutory Auditors.

Specifically:

- a) with the exception of the Chairman of the Board of Directors, who, in view of the particular nature of the role, receives only fixed remuneration, for other executive Directors the fixed and variable components are balanced in such a way that they are equal if the targets set have been reached in full; this balancing appears to be consistent with the strategic objectives and characteristics of the Company's activities;
- b) a maximum limit is set for the variable component, specifically when 120% of the specified target has been reached;
- c) on the other hand, the fixed component guarantees adequate and certain remuneration based on activities carried out, and is sufficient to remunerate the executive Directors even if the variable component is not paid due to failure to reach targets;
- d) the performance targets set for the variable component are pre-set and can be easily calculated on the basis of data in the Company's consolidated financial statements; this is based on profitability and cash generation indices that are completely consistent with the creation of value for shareholders in the medium to long term;
- e) the variable component is fully paid on the achievement of the stated objectives, which are measured based on the results for the Financial Year. The purpose of the variable component of remuneration is to provide a short-term incentive on an annual basis, while loyalty is fostered and incentives provided to executive Directors in the medium to long term through the allocation of stock options. For this reason, it does not seem appropriate to defer payment of a significant part of the variable remuneration;
- f) no specific compensation, other than that dictated by the law, is payable in the case of Directors standing down early from their positions; equally, no specific compensation is payable in the event of the non-renewal of a mandate.

There are no contractual agreements that allow the Company to request the partial or full repayment of remuneration paid (or to withhold amounts that have been deferred), calculated on the basis of data that is subsequently revealed to be manifestly incorrect. This is because the variable component, being calculated in the short term, is subject to timely checks and is also based on verified data such as that obtained from the financial statements; it is therefore considered superfluous to adopt a claw-back mechanism.

#### **Share-based remuneration plans**

The executive Directors are beneficiaries of the Company's stock option plans, with their regular issues, under the same conditions as for other beneficiaries.

Non-executive Directors are not the beneficiaries of any stock option plan.

Specifically:

- a) the plans have an exercise period of at least five years;
- b) the plans confer the right to purchase, at the end of the vesting period, shares in the Company at a price equal to the average for the thirty days prior to allocation. It is therefore only financially advantageous to exercise the option if, at the time it is exercised, the price of the Company's shares is higher than at the time of allocation, creating value for the shareholders;
- c) the Directors are not obliged to retain, to the end of their mandate, any shares purchased by exercising stock option plans since it is considered that the current incentivisation system, by way of stock option plans repeated over time and with exercise periods of at least five years, fosters in executive Directors a high degree of loyalty and participation in the medium- to long-term performance of the Company.

#### **Remuneration of executive Directors**

See above.

#### **Remuneration of non-executive Directors**

Remuneration of non-executive Directors is not linked to the financial performance of the Company and non-executive Directors are not eligible for share-based incentive schemes.

#### **Managers with strategic responsibilities**

The Company does not have this type of managers.

#### **Incentive-based mechanisms for the Head of Internal Audit and the manager responsible for preparing the Company's financial statements**

The incentive-based mechanisms for the Head of Internal Audit and the manager responsible for preparing the Company's financial statements are the same as those universally applicable to all managers in the Group.

These mechanisms are deemed to be compatible with the duties of the relevant managers, which is also the opinion of the Remuneration and Appointments Committee.

The long-term incentive-based systems consist of the allocation of stock options and therefore depend on the market performance of the shares, while short-term incentive-based systems depend on achievement of the Group's performance targets (which can be fully calculated from audited items in the accounts).

As regards this specific variable component, while it is true that – in principle – it may be desirable to adopt parameters that are completely unrelated to quantitative/accounting data, it is considered preferable to use the same incentive-based mechanisms for these managers as those used for the Group as a whole.

Note that: (i) the weight of this specific short-term variable component of remuneration seems to be in the right proportion to the fixed component and to long-term variable remuneration; (ii) the fixed component for the manager responsible for drawing up the financial statements was specifically increased; (iii) the adoption of an incentive-based system that is completely unrelated to quantitative/accounting parameters would give rise to an organisational and procedural workload whose implementation cost would seem not to be justified by the hypothetical benefits of such an alternative incentive-based system.

### **9. Control and Risks Committee**

The Control and Risks Committee held six meetings during the Financial Year, lasting about two hours on average.

Some people who attended the meetings were not members of the Committee but had been invited to attend by the Committee with regard to specific items on the agenda.

Six meetings are planned for the current Financial Year, including one held before approval of the Report.

The Control and Risks Committee consists of three Directors (all non-executive), the majority of whom are independent and from whom the Chairman, Thomas Ingelfinger, was elected.

Most members of the Control and Risks Committee have appropriate and extensive experience in accounting and finance, deemed as such by the Board of Directors when the Control and Risks Committee was formed.

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

The Control and Risks Committee carries out the following functions:

- it provides the Board of Directors with a preliminary opinion on the exercise of the duties assigned to the Board pursuant to the Code as regards internal control and risk management. This opinion is non-binding in the case of decisions relating to the appointment, termination and remuneration of the Head of Internal Audit and the resources made available to him/her;
- it assesses, in conjunction with the manager responsible for drawing up the company's accounting statements and the independent auditors, whether the accounting principles are being correctly and uniformly applied in the preparation of the consolidated financial statements;
- it expresses opinions, at the request of the relevant executive Director, on specific aspects of identifying the business risks;
- it examines periodic reports that assess the internal control and risk management system, and those of particular importance prepared by the internal audit function;
- it monitors the autonomy, adequacy, effectiveness and efficiency of the internal audit function;
- where the need arises, it asks the internal audit function to carry out checks on specific operational areas, notifying the Chairman of the Board of Statutory Auditors at the same time;
- it reports to the Board of Directors at least twice a year, when the annual financial statements and half-yearly report are approved, on activities carried out and on the adequacy of the internal control system;
- it identifies the key persons pursuant to Article 114 of the TUF, as stipulated by the Internal Dealing Procedure;
- pursuant to the Related Party Procedure, it expresses a non-binding opinion as to whether it is in the interests of the Company to carry out transactions of minor significance, as well as on the substantive suitability and probity of the related terms and conditions.

During the Financial Year, the Control and Risks Committee:

- assessed and expressed opinions on corporate risks brought to its attention by the Head of Internal Audit as part of the auditing activities carried out by the latter;
- examined the work plan drawn up for the Financial Year by the Head of Internal Audit, integrating and sharing its objectives;
- held a meeting with the auditing company to verify the financial audit activities carried out up to that date, ensuring that there was a continuous exchange of information between the Head of Internal Audit, the auditing company and the Board of Statutory Auditors;
- examined the auditing activities carried out by the internal audit function of J. Wray and Nephew Ltd.;
- examined the annual safety report for plants in Italy and, more generally, analysed the report on the quality, health and safety aspects, and environmental impact of all the Group's production plants;
- analysed the audit on fraud risks in Group companies;
- analysed the audit on the general conditions of efficiency and reliability of the internal audit function carried out by an external audit provider;
- reported to the Board of Directors on the work carried out in the first and second half of the Financial Year and gave its opinion on the adequacy of the internal control system.

The entire Board of Statutory Auditors usually attends meetings of the Control and Risks Committee.

Meetings of the Control and Risks Committee are run by the chairman and minutes are duly taken.

In carrying out its functions, the Control and Risks Committee has the power to access the information and business functions necessary to perform its duties and to use the services of external consultants, under the conditions established by the Board of Directors.

During the Financial Year, the Control and Risks Committee used external consultants to audit the Group's IT systems, given the complexity of this area and the specific technical skills needed for this type of audit.

A budget of € 150,000.00 was made available to the Control and Risks Committee during the Financial Year to enable it to carry out its duties.

## **10. Internal control and risk management system**

At its meeting on 20 December 2012, the Board of Directors specified the type and level of risk compatible with the Company's strategic objectives, defining its risk assessment plan in light of its strategic, business and financial plans.

On 11 September 2007, the Board of Directors established guidelines for the internal control and risk management system, so that the main risks faced by the Company and its subsidiaries could be correctly identified and appropriately measured, managed and monitored. It also established criteria for the compatibility of these risks with effective and proper management of the Company.

The key elements of the internal control and risk management system described in the above guidelines can be summarised as follows.

The Board of Directors intends to make the Company's internal control and risk management system an integral part of the operations and culture of the Group. To this end it is establishing information, communication, training, remuneration and disciplinary processes aimed at promoting effective risk management and discouraging conduct that goes against the stated principles of these processes.

Pursuant to article 21 of the Articles of Association and in light of the provisions set out in the Code, the main tasks of the Company's internal control and risk management system are as follows:

- to enhance the efficiency of Company operations, by facilitating an appropriate response to operational, financial, legal and other risks that may impede the achievement of business objectives;
- to ensure that its own internal and external reporting system is effective;
- to contribute to compliance with standards, regulations and internal procedures;
- to protect Company property from improper or fraudulent use or loss.

The following criteria have also been established to identify risks and are to be submitted to the Board of Directors for consideration:

- the nature of the risk, with particular reference to risks of a financial nature, risks relating to compliance with accounting standards and risks that may have a material effect on the reputation of the Company and the Group;
- a high probability that the risk will occur;
- limited capacity of the Company and Group to reduce the impact of the risk on operations;
- the risk is significant.

When it meets to approve the draft annual financial statements and the Report, the Board of Directors, having heard the report of the chairman of the Control and Risks Committee on the activities carried out by the Committee during the previous Financial Year, assesses the effective operation of the Committee and gives an opinion on its adequacy and efficiency.

For the Financial Year under review, the Board of Directors, pursuant to the procedure summarised above, ascertained that the internal control and risk management system had functioned effectively and that it was adequate and effective in relation to the characteristics of the Company and the risk profile adopted.

### **10.1. Director responsible for the internal control and risk management system**

The Board of Directors appointed Paolo Marchesini (Chief Financial Officer) as the Director responsible for supervising the functioning of the internal control and risk management system.

In this capacity, he performed the following tasks:

- identified the main business risks (strategic, operational, financial and compliance-related), taking into account the nature of the activities carried out by the Company and its subsidiaries, and periodically presented these to the Board of Directors for review;
- implemented the guidelines established by the Board of Directors for planning, establishing and managing the internal control system, and monitored its general adequacy, effectiveness and efficiency on an ongoing basis;
- adapted the system to changes in operating conditions, regulations and legislation.

The Director responsible for supervising operation of the internal control and risk management system has the power to ask the internal audit function to carry out checks on specific operational areas and on compliance with internal rules and procedures relating to the carrying out of business transactions, providing notification of this to the parties specified in the Code.

During the Financial Year, the Director responsible for supervising operation of the internal control and risk management system made use of the option described above.

This Director also has the power to report to the Control and Risks Committee or the Board of Directors on any problems and critical issues that have emerged during his activities or of which he has been notified, so that these bodies can take appropriate action.

Such circumstances did not occur during the Financial Year.

## **10.2. Head of Internal Audit**

On 30 April 2013, the Board of Directors, at the proposal of the executive Director responsible for supervising the operation of the internal control system and having sought the opinion of the Control and Risks Committee, appointed Antonio Zucchetti as Head of Internal Audit, determining his remuneration in line with company policy and assigning him the task of checking that the internal control system is always adequate, fully operational and functional.

The Head of Internal Audit does not have any operating responsibilities and reports to the Chairman of the Board of Directors, rather than to any managers working in operational areas, including administration and finance.

The Chairman of the Board of Directors can ensure a more timely and precise check of the activities carried out by the Head of Internal Audit than the Board of Directors, without, however, compromising the autonomy and independence of the Board.

This decision was taken without the formal approval of the Board of Directors in the belief that, in any case, it complied with the rationale of Article 7.C.5 of the Code.

The Head of Internal Audit:

- checks, both continuously and in relation to specific needs and in compliance with international standards, the efficiency and suitability of the internal control and risk management system, through an audit plan, approved by the Board of Directors, based on a structured process that analyses and prioritises the main risks;
- had direct access to all information needed to carry out his duties;
- produced regular reports containing full information concerning his/her activities, methods used to manage risks, compliance with plans created to contain these risks, as well as an assessment of the suitability of the internal control and risk management system, sending these reports to the Chairman of the Board of Statutory the Chairman of the Audit and Risks Committee and the Chairman of the Board of Directors, as well as to the Director responsible for the internal control and risk management system;
- checks any reports of breaches of the Code of Ethics and of the Organisational, Management and Control Model, pursuant to Legislative Decree 231 of 8 June 2001 (the 'Model'), that are sent to the e-mail address *organismo231@campari.com* and to 'Campari Safe Line', the whistleblowing service provided to the Group's employees and stakeholders;
- checked, in terms of the audit plan, the reliability of the IT systems, including the financial reporting systems.

During the Financial Year, the Head of Internal Audit prepared and sent a report on events of particular significance to the Chairman of the Board of Statutory Auditors, the Chairman of the Control and Risks Committee, the Chairman of the Board of Directors and the Director responsible for the internal control and risk management system.

The Head of Internal Audit was allocated a budget of € 572,000.00 to carry out his duties during the Financial Year.

The main activities carried out by the Head of Internal Audit during the Financial Year were as follows:

- audit of Campari Mexico S.A. de C.V.;
- audit of the methods of assessing and mitigating exchange rate risk;
- audit of the sales and marketing activities of Campari Rus OOO;
- audit of the sales terms and conditions of Campari Argentina S.A.;
- audit of the health and safety conditions at Stepanow S.R.O.;
- audit of the organisation and management methods of the Facility Management Department of the SEMEA business unit;
- audit of the internal control system of Campari Perù S.A.C.;
- audit of the sales and IT governance activities of Campari America;
- audit of the production activities of Campari Australia PTY Ltd;
- audit of the fraud risks to which Group companies are exposed.

The results of all the activities summarised above were reported to the Control and Risks Committee at the meetings held during the Financial Year.

Neither the internal audit function as a whole or any of its operating segments have been outsourced, except for the reporting of breaches of the Code of Ethics and the Model to Campari Safe Life, which is managed by an external operator.

### **10.3. Organisational model pursuant to Legislative Decree 231 of 8 June 2001**

On 11 November 2008, the Board of Directors approved the Model that came into force on 1 January 2009, and has since made sure it is updated with any relevant legislative amendments.

The Model is designed to prevent all offences described in the above decree, with a particular focus on offences against the public administration, corporate and financial offences and offences committed in breach of regulations on health and safety at work.

The boards of directors of the Italian subsidiaries adopted the Model approved by the Company and were placed within the remit of a single Group Supervisory Body.

In this way, the Company sought to strengthen its own supervision of internal organisation and control, raising awareness of transparent behaviour among recipients of the Model in order to adequately reduce the risk of these offences being committed.

The Model was drawn up in accordance with the guidelines for the creation of organisational, management and control models issued by Confindustria. Rather than the *ex novo* creation of an organisational system, it formalises pre-existing supervision, procedures and controls that are part of the broader and more organic internal control system already adopted by the Company in line with applicable regulations.

The Board of Directors has appointed Pellegrino Libroia, Enrico Colombo and Chiara Lazzarini as members of the Supervisory Body, i.e. members of the Board of Statutory Auditors, pursuant to Law 183 of 12 November 2011, having checked that they fulfil the legal requirements of autonomy, independence, professionalism and full-time availability.

The Board of Directors has decided that it is appropriate, in order to streamline the control system, to allocate the functions of the Supervisory Body to the Board of Statutory Auditors.

During the Financial Year, the Supervisory Body created a plan whose main goal was to examine procedures to safeguard health and safety in the workplace. It also updated the Code of Ethics and the Model in line with the new version of the 'Guidelines for creating organisation, management and control models pursuant to Legislative Decree 231/2001', issued by Confindustria, and incorporated the offence of money-laundering, submitting a proposal to the Board of Directors to adopt the necessary amendments.

The Model can be viewed on the Campari website, [www.camparigroup.com](http://www.camparigroup.com), in the Governance section.

### **10.4. Independent auditors**

PricewaterhouseCoopers S.p.A., which has its registered office at Via Monte Rosa 91, Milan, was appointed to audit the Company's accounts by the shareholders' meeting of 30 April 2010.

The appointment was made for the financial years 2010-2018.

#### **10.5. Manager responsible for preparing the Company's financial statements**

On 30 April 2013, the Board appointed Paolo Marchesini as the manager responsible for preparing the financial statements.

Paolo Marchesini is Managing Director of the Company as well as Chief Financial Officer.

Pursuant to article 21 of the Articles of Association, having heard the opinion of the Board of Statutory Auditors and the Control and Risks Committee, the Board of Directors may appoint one or more senior managers to prepare the financial statements and carry out the related functions required by law. Any employee with several years' administrative or financial experience in large companies may be appointed to this post.

The manager responsible for preparing the accounting statements, in his capacity as Chief Financial Officer, heads the Company's administrative structure, and is responsible for preparing all the accounting documents.

In view of the above, and of the powers conferred on Managing Directors, the manager responsible for preparing the financial statements:

- has direct access to all information necessary to produce accounting data without authorisation;
- has a dedicated budget;
- takes part in internal accounting-related processes;
- plays a role in creating and approving all company procedures that have a direct impact on the statement of financial position, income statement and cash flow statement, making particular use of IT systems;
- plays a role in defining and implementing administrative and accounting procedures for the preparation of financial statements, making use of the internal auditing structure and monitoring its effective application;
- uses information provided by the internal audit department to carry out specific checks.

#### **10.6. Coordination of entities involved in the internal control and risk management system**

As part of its well-established practice, the Control and Risks Committee, the meetings of which, as noted above, are usually attended by the Board of Statutory Auditors, formally meets the managers of the independent auditors at least once a year in order to assess the proper application of accounting standards and their consistency for the purposes of preparing the consolidated financial statements.

Similarly, the Board of Statutory Auditors organises a meeting at least once a year with the managers of the independent auditors, attended by the Head of Internal Audit, specifically to obtain an update on audit activities and the main issues arising during such activities.

The director responsible for the internal control and risk management system, who for the Company is the same person as the manager responsible for preparing the Company's financial statements, has meetings almost on a weekly basis with the Head of Internal Audit, in which they discuss any issues that arose during the execution of the audit plan.

#### **10.7. Main features of the current risk management and internal control systems relating to the financial reporting process pursuant to article 123-bis, para. 2(b) of the TUF**

The Group's internal control system for financial reporting consists of all the rules adopted by individual business units, in order to achieve – via a suitable process for identifying the main risks connected with the preparation and circulation of financial information – the goals of providing true and fair financial information.

The internal control system aims to provide reasonable certainty that the consolidated and annual financial information disseminated provides a true and fair view of operations.

This enables the statutory statements and declarations to be issued, confirming that the accounting records, books and entries correspond to the companies' communications to the market, including in relation to interim accounting information; it also ensures that the administrative and accounting procedures in the period to which the accounting statements relate (annual accounts and half-year report) are adequately and effectively applied and that the statements are prepared in compliance with the applicable international accounting standards.

The risk management and control system for financial information is an integral part of the Group's internal control system.

The Company has carried out the necessary work to bring its control system into line with international best practice to ensure the reliability, accuracy and timeliness of financial information.

Specifically, to guarantee a steady and efficient flow of financial and operational information between the Company and the subsidiaries, the Group has a shared information system with verified and standardised access, supplemented with formalised operational guidelines.

Consolidated reporting is thus provided by a 'Group accounting plan'; by specific instructions issued by the Company to the subsidiaries on the production of accounting information for consolidation purposes and updated at least annually; and by a process for closing the consolidated financial statements, which sets out deadlines and methods for annual and interim closings.

The Company is responsible, via the administrative department that deals with the consolidation process, for implementing and circulating the above documentation to Group companies.

As mentioned in the previous section, the Board has appointed a manager responsible for drawing up the accounting statements, who has been given the task of providing adequate administrative and accounting procedures for preparing the accounting information disseminated to the market, and ensuring compliance with these procedures. He has been granted the appropriate powers and resources to perform these duties.

The Company's approach to assessing, monitoring and continuously updating the internal control system for financial information focuses on the areas of greatest risk and/or importance and on risks of significant error (including due to fraud) in the components of the annual accounts and attached information documents.

Consequently, it identifies the main controls to be adopted in order to mitigate the risks identified, thus ensuring that the internal control system is efficient in design and effective in operation.

The activities of the audit process focus on the areas of greatest risk and/or importance and on the risks of significant error, in order to strengthen the existing control system or to correct specific failings in this system.

The implementation of coordinated action is continuously monitored by internal audit, which reports to the manager responsible for preparing the accounting statements, the Board of Statutory Auditors and the Control and Risks Committee.

Internal audit also decides on the samples to be taken and the methods of storing the documents collected in support of their conclusions, including for the purposes of enabling the Company to make checks.

To check the validity of the audits, the internal auditor analyses the results of the activities performed and identifies the companies or processes most vulnerable to the risks identified, also for the purpose of planning future local audits.

This analysis forms the subject of a specific report, in line with the reporting process for all activity undertaken by internal audit.

## **11. Directors' interests and related party transactions**

As noted above, the Company has adopted Related Party Procedures to comply with the provisions of Consob Resolution 17221 of 12 March 2010 ('Regulation for Related Party

Transactions'), as well as specific provisions set out in the Group's Code of Ethics in order to avoid or manage transactions in which there are conflicts of interest or which involve directors' personal interests.

The Related Party Procedures, which came into effect on 1 January 2011, were approved after a favourable opinion was provided by a committee ('RPT Committee') appointed by the Board of Directors and composed of independent Company directors, as required by article 4 of the Regulation for Related Party Transactions.

The Procedures define the criteria for identifying related party transactions and procedures for their approval by the Board or by the shareholders' meeting, in strict compliance with Consob regulations.

Specifically, criteria have been set for identifying transactions of major significance, with express reference to the thresholds set out in the Regulation for Related Party Transactions. Such transactions do not fall within the remit of the shareholders' meeting, but are approved by the Board after the RPT Committee has issued a favourable opinion on the interest to the Company in carrying out the transaction and the substantive suitability and probity of its terms.

Comprehensive information on the transaction must be forwarded to the RPT Committee, which must be kept continually and promptly informed about the progress of negotiations and the assessment stage of the transaction.

If the RPT Committee issues an unfavourable opinion on the transaction, the Board of Directors may nonetheless approve it, subject to the authorisation of the shareholders' meeting.

Transactions of minor significance, defined as related party transactions other than transactions of major significance and transactions involving small sums, are approved by the relevant body, subject to a non-binding opinion issued by a committee composed of three non-executive Directors, the majority of whom are independent, which may therefore be the same as the Control and Risks Committee.

The following are not covered by the Related Party Procedures:

- transactions involving small sums, up to a threshold of € 100,000.00;
- compensation plans based on financial instruments approved by the shareholders' meeting;
- resolutions on the remuneration of directors with specific duties, other than those indicated in article 13, paragraph 1 of the Regulation for Related Party Transactions, and of managers with strategic responsibilities, provided that:
  - i) a remuneration policy has been adopted;
  - ii) the Remuneration and Appointments Committee was involved in determining the remuneration policy;
  - iii) a report explaining the remuneration policy has been submitted to the shareholders' meeting for approval or consultation purposes;
  - iv) the remuneration allocated is consistent with this policy;
- ordinary transactions carried out on terms equivalent to market or standard terms;
- transactions with or between subsidiaries, either individually or jointly, and transactions with associated companies, when there are no interests classed as significant held by other related parties of the Company in the subsidiaries or associated companies that are counterparties in the transaction.

The head of the Corporate Secretariat draws up and regularly updates a list of the Company's related parties, obtaining the necessary information from interested parties. He/she is also responsible for the internal circulation of this list.

The Board of Directors has not adopted operational solutions to facilitate the identification of situations in which a Director had a personal interest or an interest on behalf of a third party, as it deems the Related Party Procedures sufficient to identify such situations.

In accordance with Consob Communication DEM/10078683 of 24 September 2010, which advises listed companies to evaluate at least once every three years whether or not to revise the procedures they have adopted with related parties, on 14 November 2013, the Board of Directors, as well as approving the Report, after obtaining the opinion of the RPT Committee, decided not to proceed with amendments to the Related Party Procedures.

## 12. Appointment of the Board of Statutory Auditors

As set out in article 27 of the Articles of Association, the appointment of the Board of Statutory Auditors is made on the basis of lists presented by shareholders, on which the candidates are numbered sequentially.

The list is in two parts: one for candidates for the position of Statutory Auditor and the other for candidates for the position of Alternate Auditor.

Each list that has at least three candidates must include a number of candidates of the less-represented gender that is at least equal to the minimum quota prescribed by applicable law (with regard to the positions of both Statutory Auditor and Alternate Auditor).

Minority shareholders may elect one Statutory Auditor and one Alternate Auditor.

Only shareholders that, individually or with other shareholders, hold the maximum percentage of the share capital of the Company permissible under law and regulations that may be in force or, failing this, hold at least 5% of the voting capital, may submit candidate lists.

Therefore, in accordance with Consob Resolution 19499 of 28 January 2016, issued pursuant to Article 144-*septies* of the Issuer Regulation, the shareholding requirement for the submission of candidate lists for the election of the Company's management bodies is 1% of the share capital.

To demonstrate that the minimum shareholding requirement for the submission of lists has been met, shareholders must provide, together with their candidate lists, a copy of a statement issued by their financial intermediary proving their ownership of the shares according to the terms and procedures set out in the applicable regulations.

Individual shareholders and shareholders belonging to the same group may not, even through a nominee or fiduciary company, submit more than one list of candidates or vote on different lists.

Each candidate may appear on one list only, or shall be deemed ineligible.

The procedure for the election of auditors is as follows:

1. two Statutory Auditors and two Alternate Auditors are selected from the list obtaining the highest number of votes at the shareholders' meeting, according to the sequential order in which they appear in the sections of the list;
2. the remaining Statutory Auditor and the other Alternate Auditor are selected from the list obtaining the second highest number of votes at the shareholders' meeting, according to the sequential order in which they appear in sections of the list.

If the minimum quota for the less-represented gender for members of the Board of Statutory Auditors (with regard to the positions of both statutory Auditor and Alternate Auditor) is not met, then the place of the last candidate of the more-represented gender on the majority list will be taken by the next candidate of the less-represented gender on the same list.

If there is a tie between lists obtaining the highest number of votes:

- a) two Statutory Auditors and two Alternate Auditors are selected from the list submitted by the shareholders holding the largest stake at the time the lists are submitted or, in the second instance, from the list presented by the largest number of shareholders or, in the third instance, from the list whose candidate that is listed first is the oldest;
- b) the remaining Statutory Auditor, who shall be the Chairman of the Board of Statutory Auditors, and the other Alternate Auditor are selected from the next list based on the criteria set out in point a) above.

If there is a tie between lists obtaining the second highest number of votes (a tie between minority lists), a Statutory Auditor, who shall be the Chairman of the Board of Statutory Auditors, and an Alternate Auditor are drawn from the list identified according to the criteria set out in point a) above.

When an auditor leaves his/her post, the replacement auditor will be, subject to availability, the first Alternate Auditor on the same list as the departing auditor, as long as he/she meets the requirements stipulated for the post.

The Articles of Association do not provide for the selection of more Alternate Auditors from the minority list to replace the minority component than the minimum prescribed by Consob regulations.

The submission, deposit and publication of lists are subject to the law and/or regulations in force.

The lists must be deposited at the Company's registered office no later than 25 days before the date of the shareholders' meeting, pursuant to Article 144-*sexies* of the Issuer Regulation, together with the information expressly requested by the same article.

The lists and the relevant CVs are published by the legal deadlines on the Company's website.

### 13. Auditors

The Board of Statutory Auditors appointed by the shareholders' meeting of 30 April 2013 for the three-year period 2013-2015 will expire at the shareholders' meeting to approve the financial statements for the financial year ending 31 December 2015.

In accordance with Consob Resolution 18452 of 30 January 2013, issued pursuant to Article 144-*septies* of the Issuer Regulation, the minimum percentage shareholding for submission of candidate lists for the election of the Company's management bodies was 1% of the share capital.

At the ordinary shareholders' meeting of 30 April 2013, two lists were presented:

- Alicros S.p.A., the Company's controlling shareholder, submitted the following list of candidates:

First section (candidates for Statutory Auditor positions):

1. Enrico Maria Colombo;
2. Chiara Lazzarini;
3. Alessandro Masala;

Second section (candidates for Alternate Auditor positions):

1. Piera Tula;
2. Giovanni Bandera;
3. Giampaolo Porcu;

obtaining 53.65% of the vote.

- Cedar Rock Capital Ltd., which holds approximately 10.84% of the Company's capital, submitted the following single-candidate list:

First section (candidates for Statutory Auditor positions):

1. Pellegrino Libroia.

Second section (candidates for Alternate Auditor positions):

1. Graziano Gallo;

obtaining 25.56% of the vote.

The above lists were unrelated.

Pursuant to Article 148, para. 2-*bis* of the TUF, the shareholders' meeting appointed Pellegrino Libroia, the auditor drawn from the minority list, as Chairman of the Board of Statutory Auditors.

The list of candidates elected is the same as the list of auditors appended in Table 2, since no changes have occurred since the appointment.

Six meetings of the Board of Statutory Auditors were held in the Financial Year, lasting around 1.5 hours on average.

Two meetings were held before approval of the Report.

Five meetings are scheduled for the current Financial Year.

The proposals to the shareholders' meeting for the appointment of the auditors currently in office were accompanied by a detailed CV for each candidate.

The CVs of each member of the Board of Statutory Auditors are published in the investors section of the website, [www.camparigroup.com](http://www.camparigroup.com), as appended to the list elected at the above-mentioned shareholders' meeting.

The Board of Statutory Auditors:

- assessed the independence of its members after their appointment;
- assessed during the Financial Year whether the independence requirements continued to apply to its own members;
- in carrying out these assessments, applied all the criteria set out in the Code relating to the independence of directors and verified that the requirements were met.

In compliance with the Code, the Company requires any auditor who, on his/her own behalf or on behalf of a third party, has an interest in a particular Company transaction, to promptly provide comprehensive information on the nature, terms, origin and scale of the interest to the other auditors and the Chairman of the Board of Directors.

The Board of Statutory Auditors oversaw the independence of the independent auditors, verifying that the relevant legal requirements were met, as well as the nature and extent of any non-financial audit services carried out for the Company and its subsidiaries by the independent auditors and the entities in its network.

In performing its duties, the Board of Statutory Auditors coordinates and liaises with the internal audit department and with the Control and Risks Committee.

This coordination is achieved via the regular attendance of the Board of Statutory Auditors at meetings of the Control and Risks Committee, the frequent attendance of the Head of Internal Audit at meetings of the Board of Statutory Auditors and the continuous exchange of information between the members of the Board of Statutory Auditors and the Head of Internal Audit.

During the Financial Year, the Chairman of the Board of Directors did not propose any initiatives aimed at providing auditors with adequate knowledge of the sector in which the Company operates, business performance and trends or the regulatory and self-regulatory framework.

This decision was taken by the Chairman of the Board of Directors, having decided that the training and preparation of directors was adequate to the roles and functions demanded of them.

It is possible that in future some training initiatives may be organised on specific topics should the need arise.

#### **14. Relations with shareholders and investors**

The Company has communicated regularly with investors, shareholders and financial market operators in general since its listing, with a view to providing complete, accurate and timely information on its operations, while complying with the relevant confidentiality requirements for certain types of information.

It provides information to investors, the market and the media on its periodic reports and significant events and transactions via press releases, analyst conference calls and meetings with institutional investors, financial analysts and the press, which are attended by representatives of senior management.

Information is also promptly published on the Company's website, which is a key means of communicating corporate information to the public.

The Company has set up two easily-accessible, dedicated areas on its website [www.camparigroup.com](http://www.camparigroup.com), 'Investor' and 'Governance', where it provides Company information of importance to equity and debt investors and shareholders, so that they are fully aware of their rights and how to exercise them.

The Investors section contains economic and financial information on the business, the company's strategy and acquisitions, press releases, presentations to investors, financial

statements (including in an interactive version) and financial reports; information on the share capital and debt issued; and the financial calendar with details of the main financial events to be held in the current year, etc. Information is also available on the stock market performance of securities issued by the Company, together with an interactive chart which allows visitors to view Campari's stock performance over time, compare it with peer indices and various indicators, and calculate returns.

Likewise, the Governance section contains all relevant information relating to the corporate governance system, the composition of corporate bodies and committees; the documents for shareholders' meetings, the Remuneration Report and risk management policies; and regulations and procedures (including the procedure relating to disclosure requirements for internal dealing, the related party transactions procedure and the Organisation, Management and Control Model).

Lastly, a dedicated section on loyalty shares has been created, which contains all the relevant documents on this issue.

The Investor and Governance sections are available in Italian and English.

The website was developed to be compatible with any electronic communications device, in order to allow increasingly wider and immediate access through new technologies.

The Investor Relations department, headed by Chiara Garavini, manages relations with shareholders and investors, and has been operational since the Company's listing in 2001.

Information of interest to shareholders and investors is available on the website [www.camparigroup.com](http://www.camparigroup.com), and may also be requested by sending an e-mail to [investor.relations@campari.com](mailto:investor.relations@campari.com).

The Company has chosen to use the SDIR-NIS circuit, managed by BIt Market Services S.p.A., a London Stock Exchange company, for the circulation and storage of regulated information, which is published on the website [www.emarketstorage.com](http://www.emarketstorage.com).

## **15. Shareholders' meetings**

Shareholders' meetings are called by the Board of Directors using the procedures and terms prescribed by law and the applicable regulations.

Eligibility to attend and vote at shareholders' meetings is certified via communication to the Company within the appropriate deadlines and according to the methods set out by law and applicable regulations.

Shareholders may appoint a representative for the shareholders' meeting according to the procedures set out in the applicable legislation.

Pursuant to Article 135-*undecies* of the TUF, the Company shall identify, for each shareholders' meeting, a party on whom shareholders may confer a proxy, with voting instructions for the agenda items, no later than the end of the second open market day preceding the date set for the shareholders' meeting.

The notice calling the shareholders' meeting will state the name of the party designated by the Company for conferral of the proxy.

The proxy may be sent to the Company electronically, using one of the methods set out in the applicable regulations.

Eligibility to attend and vote at the shareholders' meeting is certified via communication to the Company by the financial intermediary, on the basis of its accounting records, on behalf of the party holding the voting right.

Pursuant to Article 83-*sexies* of the TUF, the communication is made by the financial intermediary on the basis of its records at the end of the accounting day on the seventh open market day preceding the date set for the shareholders' meeting, in its first or single call, with

no provision that the shares remain unavailable until the shareholders' meeting has taken place.

Communications must be received by the Company by the end of the third open market day preceding the date set for the shareholders' meeting.

Eligibility to attend and vote will be validated by communications received by the Company after the above deadline, as long as they are received by the start of meeting proceedings (single call).

The main powers of the shareholders' meeting, the rights of shareholders and the methods of exercising these rights are regulated by the applicable laws and regulations.

The Articles of Association do not make provision for postal voting.

Each shareholder is entitled to increased voting rights, pursuant to article 6 of the Articles of Association, as amended by the Shareholders' Meeting of 28 January 2015.

Specifically, each share shall entitle the holder to a double voting right if both the following criteria are met: (i) the right to vote has belonged to the same party under an entitling right *in rem* (full ownership with voting rights, bare ownership with voting rights or beneficial ownership with voting rights) for a continuous period of at least 24 months; (ii) said condition is met via the continuous recording for the same period of time in the Company's special register.

The Board of Directors has therefore set up a special list for the entitlement to double voting rights, appointed an officer responsible for managing the special list, and defined the criteria for maintaining it, in an appropriate regulation published on the website [www.camparigroup.com](http://www.camparigroup.com) in the Governance/Loyalty Shares section.

This section also contains the list of key shareholders recorded in the special list for entitlement to increased voting rights of Davide Campari-Milano S.p.A., pursuant to Article 143-*quater*, para. 5 of the Issuer Regulation.

Meeting proceedings are governed by the shareholders' meeting regulation (the 'Regulation').

The Regulation governs ordinary and extraordinary shareholders' meetings, as well as special shareholders' meetings. It sets out rules concerning meeting attendance, verification of identity with particular reference to proxies, the powers of the Chairman with respect to declaring a quorum, opening the meeting, directing discussion, voting and vote counting.

Article 3 of the Regulation stipulates that verification of the identity of those wishing to take part in or attend the meeting is carried out by staff employed by the Company, from at least one hour prior to the start of the meeting, as stated in the notice of meeting.

Those attending as representatives of one or more shareholders with voting rights must provide proof of identity.

On arrival, each shareholder is given a full set of documents that are useful for taking part in the meeting.

Pursuant to article 7 of the Regulation, each shareholder is entitled to take the floor on any of the agenda items, and to make observations and formulate proposals.

Requests to speak can be made up to the point when the Chairman declares discussion on the matter closed.

Speakers must be clear and concise, keep strictly to the matter in hand and finish speaking within the time deemed sufficient by the Chairman.

The Chairman or (at his invitation) whoever is assisting him, answers the questions put by the speakers immediately or when all the speakers have been heard.

The Chairman also discusses answers provided by the Company to questions submitted prior to the meeting pursuant to Article 127-*ter* of the TUF which he considers to be of general interest, and replies to the questions received by the deadline that have not yet been answered.

A single answer may be given to several speakers in respect of the same subject matter.

All participants entitled to take part in the vote may declare the reason for their vote, taking only the time that is strictly necessary.

When casting a vote, participants must clearly raise a hand or follow the instructions of the Chairman at the time of each vote. Equipment may also be provided to facilitate the vote counting process.

The Chairman may set a time limit in which votes are to be cast.

If the vote is not unanimous, the Chairman, depending on the individual circumstances, may invite those abstaining and voting against the proposed resolution, if they do not outnumber those voting in favour, or alternatively, those in favour, if they are outnumbered by those against, to declare or to make known their intentions.

When voting is complete, the Chairman announces the results and declares that the resolutions obtaining a majority of votes in favour, in accordance with the law, the Articles of Association or the Regulation, have been approved.

The Regulation is available in the Investors section of the website at [www.camparigroup.com](http://www.camparigroup.com).

Participants wishing to leave the shareholders' meeting before the end, and in any event, before a vote, must inform the staff responsible so that the total number of votes available at the meeting can be recalculated.

The Board has the option to report to the shareholders' meeting on the activities carried out and planned by the Company, and seeks to ensure that shareholders have sufficient information on the areas covered to allow them to make informed decisions.

The extraordinary shareholders' meeting on 28 January 2015 was attended by eight members of the Board of Directors and the entire Board of Statutory Auditors. The Chairman of the Board of Directors and the director Eugenio Barcellona also attended in order to provide appropriate answers to shareholders' questions.

Equally, eight members of the Board of Directors and the entire Board of Statutory Auditors attended the extraordinary and ordinary shareholders' meetings on 30 April 2015. Only the Chairman of the Board of Directors spoke in order to provide appropriate answers to shareholders' questions.

By the legally established deadline, the Company publishes on its website the documents to be submitted for the review and approval of the shareholders' meeting and the form that shareholders' may use for proxy voting.

In consideration of the above, the Company has ensured that shareholders have sufficient information on the areas covered to allow them to make informed decisions to submit for review at the shareholders' meeting.

The Board of Directors did not report to the shareholders' meeting on the activities carried out and planned by the Company, as it considered the information contained in the financial statements due to be approved by the Shareholders' meeting to be complete and the activities carried out by the Investor Relations Department to be exhaustive, as described in the preceding section 14.

It is our impression that the activities carried out by said department, which is specifically dedicated to managing relations with shareholders and investors, are much better, due to their detail and reliability, at providing a complete picture of all the information needed by shareholders and investors than the shareholders' meeting, which is called on mainly to fulfil specific legal obligations and follows procedures and time scales that are inevitably limited.

The market capitalisation of the Company's stock rose by 55% during the Financial Year. Turning to the shareholder base, the interests held by Morgan Stanley Investment Management Limited and Independent Franchise Partners LLP fell below the significant threshold of 2% for key holdings.

## **16. Other corporate governance practices**

The corporate governance practices adopted by the Company are set out in law, the applicable regulations and the Code.

As described above, the Company has adopted a Model pursuant to Legislative Decree 231 of 8 June 2001.

#### **17. Changes since the end of the Financial Year under review**

No changes have been made to the corporate governance structure since the end of the Financial Year, except for (i) the amendments to the Regulation relating to the special list for entitlement to double voting approved by the Company's Board of Directors on 26 January 2016, which entered into effect on 1 February 2016, and (ii) the decision to adopt the changes to the Code introduced by the Corporate Governance Committee in July 2015.

**Table 1: Composition of the Board of Directors and the committees at 31 December 2015**

Position	Board of Directors												Control and Risks Committee		Remuneration and Appointments Committee	
	Name	Year of birth	Date of first appointment	In post since	In post until	List	Executive	Non-executive	Independent according to Code	Independent according to TUF	% attendance at meetings <sup>3</sup>	Other positions	% attendance at meetings	% of attendance at meetings		
Chairman	Luca Garavoglia	1969	19 September 1994	30 April 2013	Approval of 2015 financial statements	M	X				100	1				
Managing Director	Robert Kunze-Concewitz	1967	23 July 2007	30 April 2013	Approval of 2015 financial statements	M	X				100	2				
Managing Director	Paolo Marchesini	1967	10 May 2004	30 April 2013	Approval of 2015 financial statements	M	X				100	1 <sup>2</sup>				
Managing Director	Stefano Saccardi	1959	31 March 1999	30 April 2013	Approval of 2015 financial statements	M	X				100	4 <sup>2</sup>				
Director	Eugenio Barcellona	1969	24 April 2007	30 April 2013	Approval of 2015 financial statements	M		X			100	2	X	100	X	100
Director	Camilla Cionini-	1969	30 April 2013	30 April	Approval of 2015	M		X	X	X	100	1	X	83	X	67

	Visani			2013	financial statements											
Director	Karen Guerra	1956	30 April 2010	30 April 2013	Approval of 2015 financial statements	m		X	X	X	83	2				
Director	Thomas Ingelfinger	1960	30 April 2010	30 April 2013	Approval of 2015 financial statements	M		X	X	X	83	5	X	83	X	100
Director	Marco P. Perelli-Cippo	1944	24 March 1994	30 April 2013	Approval of 2015 financial statements	M		X			83	-				
		<b>Quorum required to submit lists for the last appointment:</b> 1% of share capital														
		<b>Number of meetings during the Financial Year:</b>		Board of Directors: 6				Control and Risks Committee: 6				Remuneration and Appointments Committee: 3				

<sup>1</sup> M = member elected from list voted for by the majority; m = member elected from list voted for by the minority.

<sup>2</sup> Positions exclusively in Group companies.

**Table 2: Composition of the Board of Statutory Auditors at 31 December 2015**

Position	Name	Year of birth	Date of first appointment	In post since	In post until	List <sup>1</sup>	Independent pursuant to Code	% attendance at meetings	Other positions
Chairman of Board of Statutory Auditors	Pellegrino Libroia	1946	30 April 2010	30 April 2013	Approval of 2015 financial statements	m	X	89%	12
Statutory Auditor	Enrico Maria Colombo	1959	30 April 2010	30 April 2013	Approval of 2015 financial statements	M	X	100%	15
Statutory Auditor	Chiara Lazzarini	1967	30 April 2013	30 April 2013	Approval of 2015 financial statements	M	X	100%	38
Alternate Auditor	Giovanni Bandera	1968	30 April 2010	30 April 2013	Approval of 2015 financial statements	M		-	21
Alternate Auditor	Graziano Gallo	1962	30 April 2010	30 April 2013	Approval of 2015 financial statements	m		-	0
Alternate Auditor	Piera Tula	1967	30 April 2013	30 April 2013	Approval of 2015 financial statements	M			1
		<b>Quorum required to submit lists for the last appointment:</b> 1% of share capital							
		<b>Number of meetings during the Financial Year:</b> 8							

<sup>1</sup> M = member elected from list voted for by the majority; m = member elected from list voted for by the minority.