

**REPORT**  
**ON CORPORATE GOVERNANCE**

*pursuant to art. 123 bis of the Consolidated Finance Law (TUF)*

*(traditional administration and control model)*

Issuer: **Aeffe S.p.A.**

Website: [www.aeffe.com](http://www.aeffe.com)

Year covered by the Report: 2012

Date of approval of the Report: 12th March 2013

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## GLOSSARY

**Code / Code of Self-Regulation:** the Code of Self-Regulation approved in March 2006 (and amended in March 2010) by the Committee for the *Corporate Governance* of Listed Companies and promoted by Borsa Italiana S.p.A. Unless specified otherwise, references to Principles, Criteria and Comments relate to the 2006 Code.

**Code / Code of Self-Regulation 2011:** the Code of Self-Regulation approved in December 2011 by the Committee for the *Corporate Governance* of Listed Companies and promoted by Borsa Italiana S.p.A., ABI, Assogestioni, Assonime and Confindustria.

**Civil Code / c.c.:** the Italian civil code.

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

**Issuer:** Aeffe S.p.A., with registered offices at via delle Querce 51, San Giovanni in Marignano (Rimini), share capital € 26,840,626.00, Rimini Companies Register and Tax Code no. 01928480407, Rimini Business Register (R.E.A.) no. 227228.

**Year:** the financial year covered by the Report.

**Market Instructions:** the Instructions to the Regulations for Markets Organized and Managed by Borsa Italiana S.p.A.

**MTA:** the Screen-traded Market organized and managed by Borsa Italiana S.p.A.

**Market Regulations:** the Regulations for Markets Organized and Managed by Borsa Italiana S.p.A.

**Consob's Issuers' Regulations:** the Regulations governing issuers approved by Consob Resolution no. 11971/1999 and subsequent additions and amendments.

**Consob's Market Regulations:** the Regulations governing market matters approved by Consob Resolution no. 16191/2007 and subsequent additions and amendments.

**Report:** the report on *corporate governance* that companies are required to prepare pursuant to art. 123 *bis* of the Consolidated Finance Law (TUF).

**TUF:** Decree no. 58 dated 24th February 1998 (Consolidated Finance Law) and subsequent additions and amendments.

## 1. PROFILE OF THE ISSUER

The Aeffe Group operates at an international level in the fashion and luxury sector, producing and distributing a wide range of products that include prêt-à-porter, footwear and leather goods, lingerie and beachwear. With a constant focus on uniqueness and exclusivity, the Group designs, produces and distributes collections for both its house brands, including “Alberta Ferretti”, “Moschino” and “Pollini”, and for licensed brands, including “Ungaro”, “Blugirl” and “Cedric Charlier”. In addition, the Group has licensed the production and distribution of additional accessories and products to leading *partners*, in order to complete its range (perfumes, kids and junior lines, watches and eyewear).

The activities of the Aeffe Group are organized into two segments based on the various brands and product lines: the Prêt-à-porter Division, comprising the business activities of Aeffe, Moschino and Velmar, is mainly focused on the creation, production and distribution of luxury prêt-à-porter collections, as well as collections of *lingerie*, beachwear and loungewear. Distribution covers both the retail and the wholesale channels. This Division also manages the licenses granted to non-Group companies for the production of lines under the brand names owned by Aeffe and Moschino. The Footwear and leather goods Division, comprising Pollini and its subsidiaries, mainly operates in the creation, production and distribution of footwear, small leather goods, bags and coordinated accessories, using exclusive-quality materials. It is also responsible for managing the license contracts granted to non-Group companies for the creation of product lines branded Pollini and Studio Pollini.

**2. INFORMATION ABOUT THE OWNERSHIP STRUCTURE (ART. 123-BIS, TUF) AS OF 12TH MARCH 2013**

**(A) Share capital structure (para. 1.a) of art. 123-bis, TUF)**

The issued and fully-paid share capital of the Issuer amounts to Euro 26,840,626.00, represented by 107,362,504 ordinary shares, nominal value Euro 0.25 each, that are listed solely in the STAR segment of the MTA. The categories of shares outstanding are indicated in the following table..

SHARE CAPITAL STRUCTURE				
	NO. OF SHARES	% OF CAPITAL	LISTED IN STAR SEGMENT	RIGHTS AND OBLIGATIONS
ORDINARY SHARES	107,362,504	100%	107,362,504	RIGHTS AND OBLIGATIONS ASSOCIATED WITH ORDINARY SHARES
SHARES WITH RESTRICTED VOTING RIGHTS	NOT APPLICABLE	NOT APPLICABLE	NOT APPLICABLE	NOT APPLICABLE
SHARES WITHOUT VOTING RIGHTS	NOT APPLICABLE	NOT APPLICABLE	NOT APPLICABLE	NOT APPLICABLE

The Issuer has not issued any financial instruments carrying the right to subscribe for new shares.

With a view to servicing any future incentive plans that may be adopted by the Issuer, an extraordinary meeting of the Issuer's shareholders held on 26th March 2007 authorized an increase in share capital by a maximum nominal value of Euro 1,480,000.00, via the issue on one or more occasions by 31st December 2022 of up to 5,920,000 ordinary shares, or any lesser number that may be subscribed for pursuant to para. 2 of art. 2439 c.c.

Disclosures about these plans are presented in the consolidated financial statements (see "Share-based payments" - page 24) and in the documentation prepared pursuant to art. 84-bis of Consob's Issuers' Regulations, which can be found on the website [www.aeffe.com/governance](http://www.aeffe.com/governance).

**(B) Restrictions on the transfer of securities (para. 1.b) of art. 123-bis, TUF)**

The Articles of Association do not envisage restrictions on the transfer of securities.

**(C) Significant interests in share capital (para. 1.c) of art. 123-bis, TUF)**

Based on the communications made pursuant to art. 120 TUF, the following significant, direct or indirect interests in the share capital of the Issuer were held as of 12th March 2013.

SIGNIFICANT INTERESTS IN SHARE CAPITAL			
DECLARANT	DIRECT OWNERSHIP	% OF ORDINARY CAPITAL	% OF VOTING CAPITAL
Fratelli Ferretti Holding S.r.l.	I.M. Fashion S.r.l.	24.410	24.410
	Fratelli Ferretti Holding S.r.l.	37.387	37.387
	Total	61.697	61.697
Aeffe S.p.A.	Aeffe S.p.A.	5.473	5.473
Tullio Badioli	Tullio Badioli	5.000	5.000
Mediobanca S.p.A.	Mediobanca S.p.A.	2.060	2.060

**(D) Securities carrying special rights (para. 1.d) of art. 123-bis, TUF)**

The Issuer has not issued any securities carrying special rights of control.

**(E) Shares owned by employees: exercise of voting rights (para. 1.e) of art. 123-bis, TUF)**

Employees who own shares in the Issuer exercise their voting rights directly, in accordance with the provisions of the Articles of Association.

**(F) Restrictions on voting rights (para. 1.f) of art. 123-bis, TUF)**

At the date of this Report, there are no restrictions and/or limitations on voting rights in relation to the Issuer's shares.

**(G) Shareholders' agreements (para. 1.g) of art. 123-bis, TUF)**

Pursuant to art. 122 TUF, as subsequently amended, and to the best of the Issuer's knowledge, there are no shareholders' agreements in force at the date of this Report.

**(H) Change of control clauses (para. 1.h) of art. 123-bis, TUF) and articles of association governing public offers (para. 1-ter of art. 104 and para. 1 of art. 104-bis, TUF)**

At the date of this Report, the Issuer and its subsidiaries have not signed any significant agreements that would become effective or would be modified or terminated upon a change in control over the Issuer or its subsidiaries.

The Articles of Association of the Issuer do not contain exceptions to the passivity rule envisaged in paras. 1 and 2 of art. 104, TUF; furthermore, the Articles of Association do not envisage application of the neutralization rules contained in paras. 2 and 3 of art. 104-bis, TUF.

**(I) Mandates to increase share capital and authorization to purchase treasury shares (para. 1.m) of art. 123-bis, TUF)**

The Board has not been granted any mandates to increase share capital pursuant to art. 2443 c.c., or to issue equity instruments.

Pursuant to the shareholders' resolution adopted on 3rd March 2008, the Issuer has purchased and currently owns 5,876,878 treasury shares representing 5.473% of share capital. The authorization to purchase treasury shares expired on 4th September 2009.

**(J) Management and coordination activities (art. 2497 et seq. c.c.)**

At the date of this Report, Fratelli Ferretti Holding S.r.l., a company owned jointly by Massimo Ferretti and Alberta Ferretti, directly holds 40,140,000 ordinary shares representing 37.387% of share capital, and indirectly holds via I.M. Fashion S.A. 26,207,690 ordinary shares representing 24.410% of share capital. In total, the above company holds 66,347,690 ordinary shares representing 61.797% of share capital. Art. 2497-*sexies* c.c. states that “*unless shown otherwise, it is presumed that powers of management and control over companies are exercised by the company or body required to consolidate their financial statements or which controls them pursuant to art. 2359 c.c.*”. Despite this, Aeffe believes that Fratelli Ferretti Holding S.r.l. has never exercised powers of management and control since (i) Fratelli Ferretti Holding S.r.l. does not give instructions to its subsidiary and (ii) there are no significant organizational-functional links between the two companies. Consequently, the Issuer considers that it operates, now and in the past, with full corporate and entrepreneurial autonomy with respect to its parent company, Fratelli Ferretti Holding S.r.l.

Relations with the latter are, in fact, limited solely to:

- (a) the routine exercise by Fratelli Ferretti Holding of the administrative and equity rights deriving from its status as a shareholder (voting at meetings, collection of dividends);
- (b) receipt by the governing bodies of Fratelli Ferretti Holding of the information provided by the Issuer pursuant to para. 5 of art. 2381 c.c.

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The information required by para. 1.i) of art. 123-bis, TUF, is presented in the compensation report published pursuant to art. 123-ter, TUF, while that required by para. 1.l) of art. 123-bis, TUF, is presented in the section of the Report relating to the Board.



**3. COMPLIANCE (PARA. 2.A) OF ART. 123-BIS, TUF)**

The Issuer has adopted the Code, which is available to the public on the website of Borsa Italiana ([www.borsaitaliana.it](http://www.borsaitaliana.it)).

Neither the Issuer nor its subsidiaries of strategic significance are subject to non-Italian legislation that would influence the way their corporate governance is organized.

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

##### **4.1 APPOINTMENT AND REPLACEMENT (PARA. 1.L) OF ART. 123-BIS, TUF)**

Pursuant to art. 14 of the Articles of Association, the Board comprises 7 (seven) members, who need not be shareholders. The Board includes both executive and non-executive directors. In all cases, at least one member of the Board must satisfy the independence requirements established in paras. 3 and 4 of art. 148, TUF. The directors remain in office for three financial years and their appointments expire on the date of the Meeting called to approve the financial statements for the final year of their mandate; they may be re-elected.

As required by *Code application criterion 6.C.1*, it is confirmed that the mandate of the current Board terminates on approval of the financial statements as of 31st December 2013.

Pursuant to art. 15 of the Articles of Association, as modified on 20th October 2010 in accordance with the provisions of Decree 27/2010, the ordinary shareholders' meeting is responsible for appointing the members of the Board from the lists of candidates presented by the shareholders, following the methodology described below.

Shareholders have the right to present lists of candidates if, individually or collectively, they represent at least 2.5% (two point five percent) of the shares with voting rights at ordinary meetings, or such different percentage of the Issuer's share capital as is established by current and applicable laws and/or regulations.

The lists of candidates signed by the shareholders presenting them, or by the shareholder appointed to present them, and accompanied by the documentation required by the Articles of Association, must be filed at the registered offices of the Issuer at least twenty-five (25) calendar days prior to the date fixed for the Meeting in first (or only) calling. The filed lists of candidates will be valid for subsequent callings of the same Meeting, if applicable.

In order to demonstrate ownership of the number of shares necessary for the presentation of a list, each nominating shareholder must file at the registered offices, together with the list and not later than twenty-one (21) calendar days prior to the date fixed for the Meeting in first (or only) calling, a communication confirming such ownership released by the authorized intermediary pursuant to art. 2370.2 c.c.

Each list must contain at least two candidates. The candidates must be listed in consecutive numerical order.

At least one candidate on each list must satisfy the independence requirements established in art. 148.3 TUF and subsequent amendments.

For the purposes of appointing directors, no account is taken of lists that do not receive at least half the percentage of votes required by art. 15.2 of the Articles of Association (2.5%) for the

presentation of such lists.

If no lists are presented, the Meeting resolves by a majority of the votes cast, in accordance with current legislation.

If just one list is presented, all the members of the Board are drawn from that list.

If, on the other hand, two or more lists are presented, the Board is appointed in the following manner:

- (c) all the candidates on the list that obtains the majority of the votes cast by the shareholders, up to a maximum of six, are appointed as directors in the numerical order in which they are presented on that list;
- (d) the remaining number of candidates to be elected is drawn from the list that obtains the second-largest number of votes and appointed as directors in the numerical order in which they are presented on that list, on condition that such list is not linked in any way, directly or indirectly, with the shareholders who presented or voted for the list that obtained the largest number of votes;
- (e) the directors to be elected who satisfy the independence requirements established in the Articles of Association are drawn from the list that obtains the largest number of votes cast by the shareholders or, to the extent that this is not possible, from that which obtains the second-largest number of votes;
- (f) in the event of a voting tie between two or more lists, the candidates on the list presented by shareholders with the greatest total equity interest or, failing this, by the largest number of shareholders, are elected.

If, during the year, one or more directors drawn from the list that obtained the largest number of votes (the “Majority Directors”) cease to serve for any reason, they are replaced as follows on condition that the majority of the directors elected at the Meeting continues to serve:

- (a) the Board replaces the Majority Directors who have ceased to serve by co-opting new directors, pursuant to art. 2386 c.c., having regard for the requirement that independent directors must be co-opted if one or more of the Majority Directors who have ceased to serve were independent directors;
- (b) The directors co-opted on this basis remain in office until the next Shareholders' Meeting which will either confirm or replace them in the usual manner with the normal majorities, without recourse to the system of list voting.

If, during the year, one or more directors drawn from the list that obtained the second-largest number of votes (the “Minority Directors”) cease to serve for any reason, they are replaced as follows:

- (c) the Board replaces the Minority Directors who have ceased to serve by the first unelected candidates on the same list, on condition that they are still eligible and willing to accept the appointment, or, otherwise, by the first eligible and willing candidates drawn in order from that list or, failing this, from the first subsequent list by number of votes cast that achieved the voting quorum; the mandates of these replacements expire at the same time as those of the directors who were serving when they joined the Board;
- (d) if one or more of the Minority Directors who ceased to serve were independent directors, they must be replaced by other independent directors;
- (e) if it is not possible to proceed on the basis described above, due to a lack of candidates on the lists or their unwillingness to serve, the Board co-opts a new director, pursuant to art. 2386 c.c., who is selected by the Board using the criteria established by law. The director co-opted on this basis remains in office until the next Shareholders' Meeting which will either confirm or replace him in the usual manner with the normal majorities, without recourse to the system of list voting.

If for any reason the appointment or replacement of one or more directors cannot be accomplished using the above procedure, the legislation governing the appointment of directors is applied without following such procedure. In this case, the candidates must have accepted their nominations and confirmed, under their personal responsibility, the absence of reasons for which they would be ineligible or incompatible, and that they satisfy the requirements established by the applicable regulations and the Articles of Association.

At the Shareholders' Meeting called for 18th April 2013, the Issuer will, among other matters, arrange to align the Articles of Association with the requirements of art. 147-ter, TUF, regarding gender balance.

There are no further rules governing the composition of the Board, and the Issuer has not adopted any succession plans for its executive directors.

#### **4.2 COMPOSITION OF THE BOARD OF DIRECTORS (PARA. 2.D) OF ART. 123-BIS, TUF)**

At the date of this Report, the composition of the Board is set out in the table contained in attachment 1 to the Report.

The shareholders' meeting held on 21st April 2011 appointed the Board (whose mandate will expire on approval of the financial statements for the year ended 31st December 2013) with reference to the list presented by Fratelli Ferretti Holding S.r.l. and IM Fashion S.r.l., since no minority lists were presented to the Issuer.

In particular, only one list of candidates for appointment as directors of Aeffe S.p.A. was presented at the registered offices of the Issuer, comprising:

List no. 1 (presented by Fratelli Ferretti Holding S.r.l. and I.M. Fashion S.r.l., holders in total of 61.797% of the share capital):

- 1) Massimo Ferretti;
- 2) Alberta Ferretti;
- 3) Simone Badioli;
- 4) Marcello Tassinari;
- 5) Marco Salomoni;
- 6) Roberto Lugano;
- 7) Pierfrancesco Giustiniani.

The above list, accompanied by the documentation specified in art. 15 of the articles of association, was filed at the registered offices and with Borsa Italiana within the time limits established by law and the articles of association.

This list obtained approval from 95.551% of the share capital present and voting at the meeting.

There were no changes in the composition of the Board during 2012.

At the date of the Report, Marco Salomoni holds positions in other companies listed in regulated markets. In particular:

- Director and member of the Supervisory and Compensation Committees of Prada S.p.A. (listed on the Hong Kong stock exchange).

The personal and professional characteristics of each director are indicated in the nominations presented by Fratelli Ferretti Holding S.r.l. and I.M. Fashion S.r.l., published on the Company's website and accessible at the address: <http://www.aeffe.com/aeffeHome.php?pattern=11&lang=ita>

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

The Board has not established general criteria for the maximum number of appointments held in companies listed in regulated markets, banks, finance companies, insurance companies or other large companies, that is deemed compatible with the work performed by its directors and statutory auditors. Nevertheless, the Board has identified such appointments based on the declarations made by the Issuer's directors and statutory auditors.

#### **Induction Program**

During 2012, the Chairman of the Issuer's Board of Directors organized informal meetings with the directors on the sidelines of Board meetings; during these meetings, the Chairman

explained the corporate processes and dynamics to the directors, indicating the related changes. Given the presence of Pierfrancesco Giustiniani, director, at these meetings, the other directors were also able to benefit from an appropriate update on the regulations governing the Issuer's sector of activities.

#### **4.3 ROLE OF BOARD OF DIRECTOR (PARA. 2.D) OF ART. 123-BIS, TUF)**

The Board met six times during the Year.

The percentage attendance at Meetings by each directors is indicated below:

- Massimo Ferretti 100%
- Alberta Ferretti; 83%
- Simone Badioli; 100%
- Marcello Tassinari; 100%
- Marco Salomoni; 100%
- Roberto Lugano; 83%
- Pierfrancesco Giustiniani 83%

The average duration of a Board meeting is an hour and a half.

At least four Board meetings are planned for 2013, two of which (7th February and 12th March 2013) have already been held.

In order to ensure that Board members receive all the information and documents needed to make decisions, the Chairman's office sends out supporting documentation for the items placed on the agenda for discussion well in advance of the date set for each meeting and, usually, at least 3 days beforehand.

During Board meetings, the Chairman introduces each individual item on the agenda with, if necessary, assistance from the chief executive officer or the general manager. He then invites the directors to ask related questions and request any clarification needed. After hearing the opinions of the directors and providing any appropriate clarification requested, each item is put to the vote.

Where necessary for the technical and more detailed analysis of agenda items, the Board invites the Issuer's executives to attend meetings in order to provide directly the required clarification.

Pursuant to art. 19.1 of the Articles of Association, the Board exercises the widest powers for the administration of the Company, without any exceptions, and has the right to perform all deeds deemed appropriate for the pursuit and achievement of the Company's objects, with the sole exclusion of those reserved by law for the shareholders' meeting.

Pursuant to art. 19.6 of the Articles of Association, the following resolutions cannot be delegated and must be adopted by the Board pursuant to art. 2436 c.c.:

- mergers or spin-off pursuant to arts. 2505, 2505-bis and 2506-ter c.c.;
- opening or closure of secondary offices;
- transfer of the registered offices elsewhere in Italy;
- indication of which directors are the company's legal representatives;
- reduction of capital following withdrawal by a shareholder;
- alignment of the articles of association to reflect compulsory regulatory requirements, without prejudice to the fact that such resolutions can, in any case, also be adopted at an extraordinary shareholders' meeting.

Pursuant to Criterion 1.C.1 of the Code, the Board has sole responsibility for:

- examination and approval of the strategic, industrial and financial plans of the Issuer and the group which it leads, the Issuer's system of corporate governance and the structure of the group;
- assessment of the adequacy of the organization, administrative and financial accounting systems of the Issuer, and those of subsidiaries of strategic importance, put in place by the Executive Directors, with particular reference to the system of internal controls and the management of conflicts of interest;
- granting and revoking the mandates of the Executive Directors, establishing limits on their powers and how they may be exercised;
- determination, having examined the proposals made by the relevant committee and heard the opinion of the Board of Statutory Auditors, of the remuneration of the Executive Directors and the other directors with specific responsibilities, as well as the allocation of the total remuneration due to members of the Board, if not already decided at the shareholders' meeting;
- assessment of the general results of operations, having regard in particular for the information received from bodies with delegated powers, and periodically comparing the results achieved against budget;
- acquisition of firms and equity investments and merger and spin-off transactions and other special operations that may have strategic, economic or financial importance for the Issuer.

Pursuant to art. 19.2 of the Articles of Association and art. 150 of Decree No. 58 dated 24th February 1998, the directors report to the Board of Statutory Auditors, at least every quarter, on the work performed and on the principal economic, financial and equity transactions carried out by the company and its subsidiaries, as well as on the transactions in which they have an interest, whether personally or on behalf of third parties, or which were influenced by the party

which manages and coordinates the activities of the company. Such information is communicated verbally by the directors to the Board of Statutory Auditors, during special meetings with the directors or at the meetings of the Board of Directors or the Board of Statutory Auditors envisaged by art. 2404 of the Italian Civil Code, or by the submission of written reports which is noted in the minute book of the Board of Statutory Auditors envisaged by art. 2421.5 of the Italian Civil Code.

The Board is therefore responsible for the examination and prior approval of the transactions of the Issuer and its subsidiaries when they have strategic, economic or financial importance for the Issuer.

The Issuer complies via informal operating practices with the requirements of Principle 1.P.2 of the Code regarding the obligation placed on members of the Board to act and resolve in an informed and independent manner, pursuing the objective of creating value for the shareholders.

In application of Criterion 1.C.1.f), the Board has resolved to retain the following activities for itself: acquisition of firms and equity investments, merger and spin-off transactions and other special operations that may have strategic, economic or financial importance for the Issuer.

Each quarter at meetings held to approve financial information, the Board assesses the adequacy of the organization and accounting systems of the Issuer put in place by the executive directors, who report to the other directors on the functioning of the system of internal controls and the management of conflicts of interest. In view of the fact that such information is provided periodically and that, to date, no critical issues have emerged, the above reports from the executive directors are not documented in the Board minutes, although they would be if they highlighted problems to be addressed by the Board.

Similarly, the Board evaluates the organization, administrative and financial accounting systems of the subsidiaries of strategic importance put in place by their managing directors; the information needed for this assessment is gathered by employees reporting to the Issuer's general manager, who then discusses it directly with the managing directors of the subsidiaries of strategic importance. He then presents the information obtained to the Board on a quarterly basis. Here too, in view of the fact that such information is provided periodically and that, to date, no critical issues have emerged, the above reports are not documented in the Board minutes, although they would be if they highlighted problems to be addressed by the Board.

At its meetings, the Board assesses the general results of operations, having regard in particular for the information received from the directors and committees, and periodically compares the results achieved against budget.



For an understanding of the general principles for identifying transactions that have strategic, economic or financial importance for the Issuer, reference is made to the criteria identified by the Board in the procedure governing the following types of related-party transaction: Transactions involving Minor Amounts, Transactions of Greater Significance, Transactions of Lesser Significance, and Routine Transactions.

Each year the Board of Directors assesses the size, composition and functioning of the Board and Board committees. This assessment is made at the meeting held to approve the draft financial statements and, subsequent to the appointment of the Board on 21st April 2011, it was also made at the meeting held on 11th May 2011. At that meeting, the Board verified the continued independence of Marco Salomoni and Roberto Lugano.

At the meetings held on 8th March 2012 and 12th March 2013, the Board noted the absence of issues concerning the size, composition and functioning of the Board and its committees; at the same meeting held on 12th March 2013, the Board checked again that Marco Salomoni and Roberto Lugano still meet the independence requirements.

The Board also took note of Application Criterion 1.C.1.h) and reserves the right, if necessary, to provide guidance to the shareholders, prior to appointing the new Board in 2014, about the professional profiles that would be appropriate to see represented on the Board:

The shareholders' meeting has not granted advance relief from the no-competition requirements laid down in art. 2390 c.c. to the Issuer's directors.

#### **4.4 EMPOWERED BODIES**

##### **Executive Directors**

On 11th May 2011, the Board granted the Chairman, Massimo Ferretti, all the widest powers of ordinary and extraordinary administration to be exercised freely as sole signatory, without limitations on amount or expenditure, with the exclusion of transactions involving (i) the purchase, sale, exchange or contribution of property subject to registration; (ii) the purchase, sale, exchange or contribution of lines of business that include property subject to registration; (iii) the sale of trademarks used in pursuit of the company's objects; (iv) the purchase, sale, exchange or contribution of lines of business or investments in companies with a value in excess of € 2,000,000.

On 11th May 2011, the Board granted Alberta Ferretti all the widest powers of ordinary and extraordinary administration to be exercised freely as sole signatory, without limitations on amount or expenditure, with the exclusion of transactions involving (i) the purchase, sale, exchange or contribution of property subject to registration; (ii) the purchase, sale, exchange or contribution of lines of business that include property subject to registration; (iii) the sale of

trademarks used in pursuit of the company's objects; (iv) the purchase, sale, exchange or contribution of lines of business or investments in companies with a value in excess of € 2,000,000.

On 11th May 2011, the Board granted the Chief Executive Officer, Simone Badioli, all the widest powers of ordinary and extraordinary administration to be exercised freely as sole signatory, without limitations on amount or expenditure, with the exclusion of transactions involving (i) the purchase, sale, exchange or contribution of property subject to registration; (ii) the purchase, sale, exchange or contribution of lines of business that include property subject to registration; (iii) the sale of trademarks used in pursuit of the company's objects; (iv) the purchase, sale, exchange or contribution of lines of business or investments in companies with a value in excess of € 2,000,000.

By a resolution adopted on 11th May 2011, the Board granted Marcello Tassinari, director and General Manager of the Aeffe Group, the following powers to be exercised as sole signatory without any limitations on amount or expenditure:

- a) set down, modify, extend and terminate all types of purchase and sale contract, with all appropriate clauses including recourse to arbitration, that are necessary or useful for the development of the company's industrial and commercial activities, including by mere and incomplete way of example contracts and agreements for the hire of assets, transportation, the supply of work, services and goods, the free use of assets, leases and rentals, business rentals, agency work, franchises, construction work and the provision of services of all kinds, with the sole exclusion of transactions involving (i) the purchase, sale, exchange or contribution of property subject to registration; (ii) the purchase, sale, exchange or contribution of lines of business that include property subject to registration; (iii) the licensing and sale of trademarks used in pursuit of the company's objects; (iv) the purchase, sale, exchange or contribution of lines of business or investments in companies with a value in excess of € 2,000,000; sign the above contracts with the public administration, public and private bodies and, in particular, with the national railways;
- b) represent the Company in relations with banks, customers, suppliers, agents and third parties in general, sign correspondence, pay accounts and invoices and make any related settlements;
- c) sign communications with the companies register, chambers of commerce, the Bank of Italy, Consob, the Competition Authority, the Stock Exchange, ministries and other public and private bodies and offices concerning requirements placed on the Company by laws, regulations or regulatory or administrative instructions, sign and present declarations and

communications concerning value-added tax, registration taxes, Ires, Irap and all other direct and indirect taxes, ICI declarations, INVIM declarations, as well as any and all attachments or attestations relating to the above deeds;

- d) sign with appropriate clauses, including arbitration clauses, amend and terminate, transfer and acquire for disposal, contracts for the purchase, sale or exchange of know-how, secrets and research, including designs, plant and engineering works in general;
- e) carry out all the deeds necessary to register patents including, by way of example, applications for corrections, amendments, extensions to the secret, divisions, propose or resist administrative objections, interference, administrative appeals, carry out in general all other deeds that may be necessary and useful for requesting, obtaining and maintaining patents and/or trademarks of the company, sign all deeds necessary for the exercise of the above powers, appointing for this purpose patent correspondents in Italy and abroad and granting them the related powers;
- f) carry out with the Public Administration, public bodies and offices all the deeds and transactions necessary to obtain concessions, licenses and authorizations in general, set down and sign regulations, conventions, acts of submission and all other preparatory deeds for such measures; fulfill all the related requirements, including those concerning taxes on production and consumption, land and monopoly levies;
- g) sign the currency declarations for import and export transactions issued by the Bank of Italy and authorized banks, arranged for the related currency settlements and, in particular, sign the forms requesting the application of simplified customs procedures;
- h) transfer currency amounts and payments received from abroad from bank to bank, give instructions to banks for the use of such amounts and for the processing of currency declarations regarding export transactions;
- i) carry out, in any currency, the transactions described below with banks and finance companies in general; pay in any amounts to the Company's current accounts with any bank or finance company; issue checks with or with special clauses or restrictions; use in any way the amounts to the credit of the Company or otherwise available in such accounts, whether by drawing sums against a simple receipt, by the issue of checks, including checks for the benefit of the Company, by payment orders or requests for the issue of bankers' drafts; overdraw the Company's current accounts to the extent of agreed lines of credit; cash drafts and checks of all kinds and in any currency, with the usual reservations; request and collect blank check books for current accounts opened in the Company's name, giving receipts; order the sale and purchase of currency for all import and export transactions;

- j) arrange insurance contracts of all kinds, signing the related policies with the right to agree and demand, in the event of losses, the related indemnities, giving receipt to those that require it and agreeing in settlement all other indemnities due to third parties for any losses arising;
- k) make deposits for any reason and withdraw them from post and telegraph offices, banks, central banks, the tax authorities, the central and branch offices of Cassa Depositi e Prestiti, customs, the national and private railways, transport and shipping firms etc.; collect from post and telegraph offices, customs, railways, transport and shipping firms and, in general, from any public offices and any company or premises, payment orders, packages, letters including registered and insured letters declaring their value, goods, cash etc., giving receipts and releases from responsibility;
- l) represent the Company in dealings with local or sector industrial associations, taking part in meetings with the right to reach and sign agreements with them;
- m) demand and give receipts for amounts, credits, earnings, interest, dividends, checks and payment orders issued by whosoever in favour of the Company, endorse such securities over to banks, protest amounts not honored and arrange for recalls;
- n) represent the Company before civil, administrative and judicial authorities and bodies at all levels, as well as before the tax authorities; represent the Company in any and all fiscal disputes before any authority or office, including the tax commissioners at all levels, census and customs offices, and panels of experts, with the power to sign appeals, sign and present declarations and communications concerning IRES, IRAP, VAT, registration taxes and all other direct and indirect taxes, ICI declarations and any and all attachments or attestations concerning the above deeds; propose and accept settlements, promote legal claims, appear as plaintiff or defendant, proposing all appropriate deeds and represent the Company in creditors' meetings, make proposals or obtain registration of amounts due in bankruptcy and other court supervised procedures; accept creditors' arrangements and demand the related amounts, settle any amounts or cases outstanding, agree to arbitration and mediation, including those with unappellable rulings, ensure the enforcement of judgments, defer, refer and accept sworn oaths, promote the attachment or seizure of assets or other forms of credit protection in relation to debtors and third parties, and revoke the same, appoint solicitors, lawyers and experts, revoke such appointments and elect domicile;
- o) sign declarations of the remuneration subject to withholding taxes to be given to third parties pursuant to and for the effects of art. 3.1 of Decree No. 600 dated 29th September

1973;

- p) represent the Company with the State Tax Authorities, the central and branch offices of Cassa Depositi e Prestiti, the State, Regional, Provincial and Municipal Treasuries, so that in the name of and on behalf of the Company he may carry out any transaction involving the payment of release of provisional and final guarantee deposits, collect payment mandates for whatever reason issued or to be issued in favour of the Company by State or near-State entities, giving good receipt without any limitation of amount, exonerating the above administrations from all responsibility, stating that the Company reserves the right to and agrees to communicate to the above competent authorities any changes in this mandate, exonerating them from any responsibility for the untimely notification of any changes to it;
- q) arrange to hire and dismiss clerical and factory workers, adopting in relation to employees all the measures deemed necessary and useful, sign employment contracts and determine remuneration levels;
- r) request, negotiate and sign contracts for bank lines of credit and all other contracts relating to loans requested from third parties;
- s) request, negotiate and sign contracts for the sale of receivables to factoring companies and/or third parties operating in the same sector.

Simone Badioli, as the Chief Executive Officer of the Issuer, is identifiable as the person primarily responsible for the management of the business. In this role, Simone Badioli receives constant support from Marcello Tassinari, the General Manager.

With regard to the positions held by Simone Badioli, the *interlocking directorate* situation envisaged in Application Criterion 2.C.5 does not apply, since Simone Badioli (A) is not a director of any other issuer (B) is not a director of any companies not belonging to the same group, in which the *chief executive officer* is a director of the Issuer. .

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

Operational powers have been granted to the Chairman in view of Massimo Ferretti's central role and position within the organization of the Company and the Aeffe Group. Massimo Ferretti has always promoted the family brand name and is principally responsible, together with Alberta Ferretti, for the growth strategy of Aeffe and the creation of the Aeffe Group.

The Chairman is not the party that controls the Issuer pursuant to art. 93 TUF. The Issuer is controlled by Fratelli Ferretti Holding S.r.l., a company owned jointly by Massimo Ferretti and Alberta Ferretti.

The Chairman does not perform the role of *chief executive officer*.

## **Information provided to the Board**

At the Board meetings held at least every quarter, the executive directors report to the Board on the work performed under the mandates granted to them.

### **4.5 Other executive directors**

There are no directors who perform executive activities, other than the persons indicated as executive directors in section 4.4 above.

### **4.6 Independent directors**

When appointing the Board of Directors on 21st April 2011, the shareholders that presented lists also indicated which directors were independent; their assessment was adopted at the shareholders' meeting..

Roberto Lugano, Marco Salomoni and Pierfrancesco Giustiniani are non-executive directors since they do not hold operational mandates and/or perform executive functions within the business. Consistent with Principle 2.P.2 of the Code, the non-executive directors bring their specific skills to Board discussions, contributing to the making of balanced decisions and taking special care in the areas where conflicts of interest may arise.

At the Board meeting held on 11th May 2011, the Board verified the existence and maintenance of the independence of the non-executive directors, Marco Salomoni and Roberto Lugano, pursuant to para. 4 of art. 147-ter of Decree 58/1998, the Code of Self-Regulation for Listed Companies and the Stock Exchange Regulations. This assessment was repeated with the same result at the Board meetings held on 8th March 2012 and 12th March 2013.

In particular, the above directors do not have and have not recently had any direct or indirect relations with the Company, or parties related to it, that might currently influence the independence of their judgment, nor do they find themselves in any of the situations whereby a non-executive director may not be deemed independent.

The Board of Statutory Auditors has checked the correct application of the verification criteria and procedures adopted by the Board for evaluating the independence of its members, considering that such criteria and procedures were applied correctly, as set out in the following extract from the annual report of the Board of Statutory Auditors to the shareholders' meeting:

*"On 13th March 2013, the Board of Statutory Auditors checked the proper application of the verification criteria and procedures adopted by the Board of Directors to assess the independence of its members, with reference to the requirements of the Code of Self-Regulation prepared, at the request of Borsa Italiana, by the Committee for the Corporate Governance of Listed Companies".*

The independent directors did not hold any formal meetings during the year without the presence of other directors. The independent directors are members of the Audit Committee

and the Compensation Committee; accordingly, they are always able to discuss matters following the close of these committee meetings and did not deem it necessary to call any formal separate meetings.

The independent directors have agreed to maintain their independence for the duration of the mandate granted to them.

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

At the Board meeting held on 11th May 2011, Marco Salomoni was appointed as Lead Independent Director pursuant to Criterion 2.C.3 of the Code: during the year, in this role, Marco Salomoni coordinated the requests made to the Board by the non-executive and independent directors, ensuring that such requests were taken into proper consideration during the discussions.

## 5. DEALING WITH CORPORATE INFORMATION

The Code envisages that directors and statutory auditors keep confidential the documents and information obtained in the performance of their duties, and comply with the procedures adopted by the Issuer for the internal management and external communication of such documents and information.

Consistent with this requirement and the provisions contained in paras. 1 and 12 of art. 114 and art. 115-bis, TUF, as well as in arts. 66 et seq. and 152-bis et seq. of the Issuers' Regulations, the Issuer has also adopted a code of conduct in relation to privileged information ("Code on Privileged Information") and established a register of persons with access to privileged information in view of their job, function or professional activities. Such registers have been properly established for both the Issuer and its subsidiaries.

In addition, in compliance with para. 7 of art. 114, TUF, and arts. 152-sexies et seq. of the Issuers' Regulations, on 26th March 2007 the Board also approved a code of conduct for internal dealing (the "Code on Internal Dealing") which identifies the so-called "relevant persons" and governs the way their transactions in shares issued by the Issuer, or other related financial instruments, are communicated to Consob and the general public. Furthermore, pursuant to para. 3.p) of art. 2.2.3 of the Market Regulations, the Code also bans "relevant parties" from carrying out transactions in the Issuer's shares and/or financial instruments during the so-called black-out periods i.e. during the 30 calendar days prior to communicating to the public approval of the draft financial statements and the six-monthly report, and during the 15 calendar days prior to the approval of quarterly reports.

In order to implement in full the Code on Privileged Information, and pursuant to art. 2.6.1, Chapter 2.6 of the Market Regulations, the Board has appointed Giulia Degano as Contact Officer, and Annalisa Androvandi as her deputy, and tasked them to comply with the legislative and regulatory requirements for Contact Officers, with particular reference to the matters of internal dealing and the communication of privileged information, as well as the requirements for communications to the market described in Chapter 2.6 of the Market Regulations and, more generally, the requirements of the Code on Internal Dealing and the Code on Privileged Information.



**6. BOARD COMMITTEES(para. 2.d) of art. 123-bis, TUF)**

These Committees are internal to the Board, carrying out a consultative role and making recommendations, thereby improving the functioning of the Board and its ability to provide strategic guidance.

Consistent with Principles 7 and 8 of the Code and para. 3, letters m), n) and o), of art. 2.2.3 of the Market Regulations, on 11th May 2011 the Board established the various committees and appointed their members.

The composition and functioning of the committees is described in sections 8 and 10 of the Report.

## **7. NOMINATIONS COMMITTEE**

At the date of this Report, the Board has not established an internal Nominations Committee, since this is not deemed necessary. This decision reflects the fact that the current and applicable regulatory requirements and the provisions of the Articles of Association - including, in particular, the mechanism of nominations via a list voting system - ensure a suitable level of transparency for the procedure of selecting and nominating candidates.

## **8. COMPENSATION COMMITTEE**

The Compensation Committee comprises non-executive directors, the majority of whom are independent. Its members are:

- Marco Salomoni - Chairman (independent director);
- Roberto Lugano (independent director);
- Pierfrancesco Giustiniani (non-executive director).

The role of the Compensation Committee is to make proposals to the Board, in the absence of the directors involved, concerning the remuneration of the executive directors and those with specific responsibilities, as well as - at the request of the executive directors - to establish criteria for the remuneration of the Company's senior managers, including any stock-option plans or allocations of shares, as well as any short and medium/long-term MBO bonuses.

In compliance with Application Criterion 7.C.3, the Compensation Committee periodically checks the criteria adopted for the remuneration of executives with strategic responsibilities, monitors their application based on information provided by the executive directors and makes general recommendations to the Board on this subject.

The Committee met once during the Year. The average duration of a Committee meeting is one hour. The meeting was attended by all committee members. Committee meetings are coordinated by the Chairman and have been properly minuted; the minutes have been recorded in the minute book.

Further information about the Compensation Committee is provided in the relevant parts of the compensation report published pursuant to art. 123-ter, TUF.

## **9. REMUNERATION OF DIRECTORS**

Information on this topic is provided in the relevant parts of the compensation report published pursuant to art. 123-ter, TUF.

This said, the shareholders' meeting held on 21st April 2011 authorized the total remuneration payable to the independent and non-executive directors; at the Board meeting held on 27th July 2011, acting on a proposal from the Compensation Committee supported by the Board of Statutory Auditors, the Board established the remuneration payable to each non-executive director, each executive director and each director with specific responsibilities.

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

The Control and Risks Committee, which is the same as the Audit Committee, comprises three non-executive directors, the majority of whom are independent. Its members are:

- Roberto Lugano - Chairman (independent director expert in accounting and financial matters);
- Marco Salomoni (independent director);
- Pierfrancesco Giustiniani (non-executive director).

The Audit Committee has a consultative function and makes recommendations to the Board concerning:

- (a) the definition of guidelines for the system of risk management and internal controls, so that the principal risks faced by the Company and the Group are properly identified and adequately measured, managed and monitored, as well as criteria for the compatibility of such risks with the healthy and proper management of the business;
- (b) the decisions to be taken on the appointment, removal, remuneration of and allocation of resources to the internal audit manager;
- (c) the identification of the executive director responsible for supervising the functioning of the system of internal controls;
- (d) the assessment, each year or more frequently, of the effective and proper functioning of the system of internal controls;
- (e) the description in the report on corporate governance of the key elements of the system of internal controls.

The Audit Committee also:

- (a) assesses, together with the executive responsible for preparing the Company's accounting documentation and with the auditing firm, the proper application of accounting standards and their consistency for the purposes of preparing the consolidated financial statements;
- (b) on request from the Chairman, expresses opinions on specific matters concerning identification of the principal business risks, as well as on the design, implementation and management of the system of internal controls;
- (c) examines the work programs prepared by the internal control manager and the periodic reports prepared by him;
- (d) assesses the proposals presented by auditing firms with a view to obtaining the related appointment, and assesses the plan of the audit and the results set out in the auditors' report and any letter of recommendations;

- (e) monitors the effectiveness of the auditing process;
- (f) if deemed necessary, may request the Internal Audit function to perform checks in specific operational areas, informing at the same time the Chairman of the Board of Statutory Auditors.

The Audit Committee coordinates its work with the Board of Statutory Auditors and the internal control managers, reporting at least every six months to the Board at the time of approving the annual financial statements and the six-monthly report. The meetings of the Audit Committee are attended by the Chairman of the Board of Statutory Auditors or by another serving auditor designated by him.

The Board has also appointed an internal control manager, Stefano Di Biase, who reports periodically to the Audit Committee (and to the Board) about the work performed and helps the Committee to carry out its functions and duties.

The Committee met six times during the year. The average duration of the meetings is an hour and a half.

Furthermore, on an invitation from the Chairman, the manager responsible for preparing the consolidated financial statements and the external audit managers attended certain meetings in order to provide information about matters on the agenda.

The committee meetings were properly minuted and recorded in the minute book.

The Chairman of the Issuer's Board of Statutory Auditors attended all the meetings.

The Audit Committee has right of access to the information and corporate functions necessary for the performance of its tasks, and may make use of external consultants, to the extent established by the Board (*Application Criterion 5.C.1.e*). If deemed necessary, the Committee may ask the Board to make available to it the financial resources deemed appropriate in order to perform its tasks.

The Committee has reported to the Board every six months on the work performed, as well as on the adequacy of the risk management and internal control system.

## **11. RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM**

The Issuer's Board is aware that the system of risk management must be considered together with the system of internal controls over the financial reporting process. The system of internal controls comprises all the operating procedures designed to ensure the credibility, accuracy, reliability and timeliness of financial information, via an appropriate process for the identification, measurement, management and monitoring of the principal risks. The methodology followed when developing the control model was based on the Co.So Report's model, accepted at an international level, and the guidelines issued by relevant associations (e.g. Andaf).

In order to identify the relevant business areas, the executive responsible made use of the risk assessment prepared by the internal control manager together with the Audit Committee.

### **Description of the principal characteristics of the risk management and internal control system relating to the process of financial reporting**

#### **a. Steps in the risk management and internal control system relating to the process of financial reporting**

The model envisages the identification of risks that might compromise the effectiveness and efficiency of processes, the reliability of reported information and compliance with the applicable rules and regulations, as well as the identification of controls that mitigate these risks.

The risks identified in relation to financial reporting concern the following accounting assertions:

- Existence: the assets and liabilities of the company exist at a given date. All recorded transactions took place during the period.
- Completeness: all transactions and all accounts that should be included in the financial statements have been included.
- Rights and Obligations: the assets are owned by the company and the liabilities reflects its obligations at a given date.
- Accuracy and Validity: the assets, liabilities, revenues and costs reported in the financial statements are stated for their correct amounts in the appropriate accounts.
- Presentation and Disclosure: the information presented in the financial statements is properly classified and described.

The key processes and related controls, devised with reference to the risks associated with the above accounting assertions, are documented using a risks/controls matrix prepared for the Issuer and other group companies of strategic significance, in order to identify and evaluate

such controls. These matrices are used to identify any control weaknesses, in order to assess the need for additional checks designed to mitigate any risks that might prevent achievement of the reporting objectives.

The model envisages the performance of specific tests throughout the year to check that the parties concerned have actually applied the control procedures mentioned above.

The model envisages a flow of information between the various parties involved in the system of internal controls. This includes preparation of a document summarizing the results of the monitoring activities carried out during the year, and the action proposed to eliminate any weaknesses found.

#### **b. Roles and functions involved**

The system used for the management and control of financial information is managed by the Executive responsible for the preparation of accounting and corporate documentation. This person coordinates the various phases involved, such as planning, implementation, monitoring and updating.

In particular, the role and responsibilities of the Responsible Executive include internal verification of the proper functioning of the processes/accounting flows that are part of this person's operational responsibilities, the completeness and reliability of the information flows, and the adequacy and effective application of the related controls. The Responsible Executive checks all documents and information containing final accounting data relating to the economic and financial position.

The Responsible Executive is required to report periodically to the Audit Committee, the Board of Statutory Auditors and the Supervisory Board about the work performed to check the system of internal controls, and about the results of the assessment work carried out in support of the attestations and declarations made.

In particular, the Responsible Executive exchanges information, both formally and informally, with the Issuer's Audit Committee and Supervisory Board.

In this regard, the Issuer has appointed the Chief Financial Officer and General Manager of the group as the Responsible Executive. Given the position and role of this person, all appropriate operational and managerial powers have been granted to him, together with significant financial autonomy (see para. 11.6).

During the year, taking account of information received from the Audit Committee, the Board assessed the adequacy, effectiveness and proper functioning of the system of internal controls. This assessment was carried out by analyzing the results of the various checks performed to verify the credibility, accuracy, reliability and timeliness of financial information.



No critical issues were identified.

#### **11.1 DIRECTOR RESPONSIBLE FOR THE SYSTEM OF INTERNAL CONTROLS**

The Board has appointed an executive director responsible for supervising the functioning of the system of internal controls (*Application Criterion 8.C.1. b*) The name of this director is Simone Badioli.

The executive director responsible for the system of internal controls: (i) considering the nature of the activities of the Issuer and its subsidiaries, has identified the principal business risks and periodically drawn them to the attention of Board members after the close of Board meetings; (ii) has implemented the guidelines established by the Board, via the design, development and management of the system of internal controls and by checking its overall adequacy, efficiency and effectiveness; (iii) has adapted the system to changes in the legislative and regulatory background; (iv) has recommended to the Board the appointment of an internal control manager. He has full powers to request this manager to perform checks in specific operating areas and on compliance with internal rules and procedures for the conduct of business transactions, informing at the same time the Chairman of the Board, the Chairman of the Audit Committee and the Chairman of the Board of Statutory Auditors.

In addition, if he deems it necessary and/or appropriate, the above director may report on a timely basis to the Audit Committee (or the Board) on any problems and issues arising in the performance of his activities, or otherwise coming to his attention, so that the Audit Committee (or the Board) can take appropriate action.

Since no problems or issues arose in the performance of his activities during 2012, the above director did not send any communications of this type to the Board or the Audit Committee.

#### **11.2 INTERNAL CONTROL MANAGER AND MANAGER OF THE INTERNAL AUDIT FUNCTION**

The Board has appointed Stefano Di Biase as the internal control manager, acting on a recommendation from the executive director appointed to supervise the functioning of the system of internal controls.

Consistent with corporate policy, the Board has not allocated any specific remuneration to the internal control manager.

The internal control manager has direct access to all the information needed for the performance of his duties (*Application Criterion 8.C.6.e*); he has reported on his work to the Audit Committee and the Board of Statutory Auditors (*Application Criterion 8.C.6.e*); he has also reported on his work to the executive director appointed to supervise the functioning of the system of internal controls (*Application Criterion 8.C.6.e*).

The internal control manager is on the staff of the Director of Administration, Finance and Control and is also the manager of the Management Control Office. The Issuer has not established a specific internal audit function because the group structure and the scale of foreign subsidiaries have not yet reached a size where such a function would be operationally effective and economically justifiable; accordingly, the organizational structure has not been burdened by the recruitment of an individual dedicated solely to this work.

### **11.3 ORGANIZATIONAL MODEL PURSUANT TO DECREE 231/2001**

Among the requirements for obtaining and maintaining the STAR status, the Market Regulations envisage adoption of the organization, management and control model referred to in art. 6 of Decree 231/2001 (the “**Organization Model**”). One of the effects of adopting the Organization Model is to exclude sanctions against the entity if its senior management carry out certain types of illegal act, specified in the related Decree, in the interests of or for the benefit of the entity; such acts currently include corporate crimes and crimes involving market abuses (in addition to bribery and corruption, certain types of falsification, crimes related to terrorism and insurrection, and crimes against the individual).

The Organization Model was presented to and approved by the Board on 28th March 2008 and is available on the Issuer's website: [www.aeffe.com/governance](http://www.aeffe.com/governance).

The Board meeting held on 11th May 2011 appointed Robert Lugano, Ferdinando Ciotti and Stefano Di Biase as members of the Supervisory Board.

During the Year, the Issuer considered if its subsidiaries, Moschino S.p.A. and Pollini S.p.A., should also adopt their own organizational, management and control model; in this regard, the necessary checks are still in progress to determine whether or not these subsidiaries come within the scope of application of the above regulation.

### **11.4 Independent Auditors**

On 26th March 2007, pursuant to art. 159 TUF, the Issuer appointed “Mazars S.p.A.”, with offices at Corso di Porta Vigentina 35, Milan, tax code 01507630489, to (i) audit the individual and consolidated financial statements of the Issuer and its significant subsidiaries for all the financial years from 31st December 2007 to 31st December 2015, (ii) perform limited examinations of the consolidated half-year reports for all the periods from 30th June 2007 to 30th June 2015, and (iii) check that the accounting records are properly kept and fairly record the results of operations during the financial years from 2007 to 2015.

### **11.5 EXECUTIVE RESPONSIBLE FOR PREPARING THE COMPANY'S ACCOUNTING DOCUMENTATION**

The executive responsible for preparing the company's accounting documentation is Marcello

Tassinari, Executive Director of Aeffe and General Manager of the Aeffe Group.

The Articles of Association envisage that the Board, having heard the required but not binding opinion of the Board of Statutory Auditors, appoints an executive responsible for preparing the company's accounting documentation and fixes the related remuneration.

Persons who do not satisfy the following professionalism requirements cannot be appointed as Responsible executive and, if already appointed, their mandates lapse:

- (a) degree in economics, finance or business management and systems;
- (b) at least three years' experience in total of:
  - administration and control activities or senior management responsibilities within a limited liability company, or
  - administrative or management functions or appointments as auditor or consultant, such as registered accountant, for entities operating in the banking, financial and insurance sectors, or in any case sectors that are closely connected with and related to the activities of the company, that involved the management of economic - financial resources.

In addition, persons who do not satisfy the honorability requirements established in art. 147-quinquies of Decree No. 58 dated 24th February 1998 cannot be appointed as Responsible executive and, if already appointed, their mandates lapse.

If the Responsible executive ceases to serve, the Board arranges without delay to replace him by appointing a new Responsible executive, having heard the required but not binding opinion of the Board of Statutory Auditors. Termination of the employment relationship between the Responsible executive and the company is a reason for ceasing to serve.

The Responsible executive exercises the powers and performs the tasks attributed to him in accordance with the provisions of art. 154-bis of Decree No. 58 dated 24th February 1998 and the related enabling regulations. For this purpose, the Board has granted the Responsible executive adequate powers and resources to accomplish the tasks attributed to him.

The Responsible executive attends those Board meetings that envisage the discussion of matters relevant to his activities.

#### **11.6 COORDINATION BETWEEN PERSONS INVOLVED IN THE RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM**

The Issuer has not formalized methods of coordination between the various persons involved in the risk management and internal control system, since such persons have numerous opportunities to meet for information discussion both during and after (i) meetings of the audit committee (ii) meetings of the supervisory body (iii) meetings of the Board.

## **12. DIRECTORS' INTERESTS AND TRANSACTIONS WITH RELATED PARTIES**

In accordance with Principle 9 of the Code, the Board adopts measures designed to ensure that transactions with related parties are carried out in a transparent manner and comply with the criteria requiring substantial and procedural propriety. A similar requirement is contained in art. 2391-bis of the Civil Code, under which the administrative bodies of companies that make recourse to the market for risk capital must adopt specific internal regulations and procedures to govern transactions with related parties, including those conducted via their subsidiaries, thus ensuring their transparency and substantial and procedural propriety (“Procedure for Transactions with Related Parties”).

In accordance with Principle 9 of the Code, the Board has adopted measures designed to ensure that transactions with related parties are carried out in a transparent manner and comply with the criteria requiring substantial and procedural propriety. A similar requirement is contained in art. 2391-bis of the Italian Civil Code, under which the administrative bodies of companies that make recourse to the market for risk capital must adopt specific internal regulations and procedures to govern transactions with related parties, including those conducted via their subsidiaries, thus ensuring their transparency and substantial and procedural propriety.

Consistent with the above requirements and those contained in Consob Regulation No. 17221 dated 12th March 2010, on 10th November 2010 the Issuer adopted a new procedure for related-party transactions that, in compliance with the above regulation, came into effect on 1st January 2011.

The procedure for related-party transactions covers the approach to be followed should the company enter into transactions with counterparts that are deemed to be "related parties".

In particular, the procedure governs Transactions involving Minor Amounts, Transactions of Greater Significance, Transactions of Lesser Significance, and Routine Transactions.

The text of the procedure governing transactions with related parties is available for consultation at the registered offices, on the website [www.aeffe.com](http://www.aeffe.com) and on the website of Borsa Italiana.

The procedure governing transactions with related parties has been given to all members of the Board of Directors.

With regard to transactions in which directors have a personal interest, the group applies the rules established by law, since these are considered by the Issuer to provide adequate protection for the group's interests. This is because art. 2391 c.c., applicable to the Issuer and the group's most significant subsidiaries, already requires (i) executive directors to abstain from

promoting transactions that benefit third parties; and (ii) directors to inform the Board about all interests promoted by them when carrying out a given transaction.

### **13. APPOINTMENT OF STATUTORY AUDITORS**

Principle 10.P.1 of the Code envisages that the appointment of statutory auditors follows a transparent procedure that guarantees, among other matters, the provision of timely and adequate information on the personal and professional characteristics of the candidates.

The Board of Statutory Auditors comprises three serving auditors and two alternate auditors. The statutory auditors remain in office for three financial years and their appointments expire on the date of the Meeting called to approve the financial statements for the final year of their mandate; they may be re-elected.

With regard to the criteria and basis for the appointment of statutory auditors, art. 22 of the Articles of Association envisages the use of a list voting system. Shareholders have the right to present lists if, alone or together with other shareholders, they represent at least 2.5% (two point five percent) of the shares with voting rights at ordinary meetings, or such different percentage of the company's share capital as is established by current and applicable laws and/or regulations. Each list must comprise two sections: one for the appointment of serving auditors and the other for the appointment of alternate auditors. The lists must indicate in consecutive numerical order at least one candidate for serving auditor but, in any case, not more candidates than the number of statutory auditors to be elected. Each candidate can appear on just one list, or will be ineligible for election. In accordance with the above-mentioned Principle 10.P.1 of the Code, the lists signed by the shareholders presenting them, or by the shareholder appointed to present them, and accompanied by the documentation required by the articles of association, must be filed at the registered offices at least 25 (twenty-five) days prior to the date fixed for the Meeting in first (or only) calling and published on the Issuer's website at least 21 (twenty-one) days prior to the date fixed for the Meeting in first (or only) calling. The following information must also be filed, together with each list, by the deadline indicated above: (i) declarations from each candidate accepting their nomination and confirming, under their personal responsibility, the absence of reasons for which they would be ineligible or for which their appointment would lapse by law, and that they satisfy the honorability and professionalism requirements established by law and applicable to such appointments; (ii) complete information on their personal and professional characteristics (curriculum vitae); (iii) the list of appointments as director or auditor held by candidate statutory auditors in other companies or bodies, if relevant under current regulations to the limit on the total number of appointments allowed by these articles of association or by the current and applicable laws and/or regulations; (iv) the list of shareholders presenting the list, specifying their personal or company name, address, company registration number or similar

and the total percentage of share capital held by them.

Candidates must satisfy the requirements of eligibility, honorability and professionalism established by law, and must not hold a number of appointments as directors or auditors of other companies or entities that exceeds the maximum allowed by current and applicable laws and/or regulations.

If no lists are presented, the Meeting appoints the Board of Statutory Auditors and its Chairman by a majority of the votes cast, in accordance with current legislation. If only one list is presented, the Board of Statutory Auditors is drawn entirely from that list and the first candidate on the list is appointed as Chairman.

If, on the other hand, two or more lists are presented, the Board of Statutory Auditors is appointed in the following manner:

- (a) the following candidates will be appointed, in the numerical order in which they appear, from the list that obtains the majority of the votes cast by the shareholders: (i) the first two candidates for the office of serving auditor and (ii) the first candidate for the office of alternate auditor;
- (b) the following candidates will be appointed, in the numerical order in which they appear, from the list that obtains the second-largest number of votes, on condition that such list is not linked, directly or indirectly, with the shareholders who presented or voted for the list that obtained the largest number of votes: (i) the first candidate for the office of serving auditor, who will also be appointed as Chairman of the Board of Statutory Auditors, and (ii) the first candidate for the office of alternate auditor, if available; otherwise, the alternate auditor will be the first candidate for this office on the first list obtaining the next-largest number of votes that is not linked, directly or indirectly, with the shareholders who presented or voted for the list that obtained the largest number of votes.

The Board of Statutory Auditors monitors compliance with the law and the Articles of Association, and respect for the principles of proper administration including, in particular, the adequacy of the organization, administrative and accounting systems adopted by the Company and the way they function in practice, as well as how the corporate governance rules envisaged by the related regulations are applied in practical terms.

Lastly, the Articles of Association envisage that the Board of Statutory Auditors meets at least every ninety days at the request of any its members.

The mechanism of appointment using the list voting system ensures transparency and the provision of timely and adequate information on the personal and professional characteristics

of the candidates.

Based on the two lists presented, the shareholders' meeting held on 21st April 2011 appointed:

- two serving auditors and one alternate auditor from the list presented by Fratelli Ferretti Holding S.r.l. and IM Fashion S.r.l. (list obtaining the largest number of votes);
- the Chairman of the Board of Statutory Auditors and an alternate auditor from the list presented by a minority shareholder, Equilybra Capital Partners S.p.A. (list obtaining the second largest number of votes and not associated, directly or indirectly, with the shareholders that presented and voted for the list that obtained the largest number of votes).

In particular, pursuant to art. 22 of the Articles of Association, Pier Francesco Sportoletti was appointed as Chairman of the Board of Statutory Auditors, being the first candidate serving auditor on the list obtaining the second largest number of votes and not associated, directly or indirectly, with the shareholders that presented and voted for the list that obtained the largest number of votes.

The list presented by Fratelli Ferretti Holding S.r.l. and IM Fashion S.r.l. obtained approval from 94.031% of the share capital present and voting at the meeting.

The list presented by Equilybra Capital Partners obtained approval from 5.969% of the share capital present and voting at the meeting.

The mandate of the current Board of Statutory Auditors expires on approval of the financial statements as of 31st December 2013.

Lastly, at the Shareholders' Meeting called for 18th April 2013, the Issuer will, among other matters, arrange to align the Articles of Association with the requirements of art. 147-ter, TUF, regarding gender balance.



#### 14. COMPOSITION AND FUNCTIONING OF THE BOARD OF STATUTORY AUDITORS

The current Board of Statutory Auditors comprises:

Name	Position	In office from	In office until	M/m	Independence per code	Percentage attendance	Other appointments
Pier Francesco Sportoletti	Chairman	21st April 2011	Meeting to approve financial statements as of 31/12/2013	m	X	100	8
Romano Del Bianco	Serving Auditor	21st April 2011	Meeting to approve financial statements as of 31/12/2013	M	X	100	4
Fernando Ciotti	Serving Auditor	21st April 2011	Meeting to approve financial statements as of 31/12/2013	M	X	100	4
Angelo Rivolta	Alternate Auditor	21st April 2011	Meeting to approve financial statements as of 31/12/2013	m	X	-	1
Luca Sapucci	Alternate Auditor	21st April 2011	Meeting to approve financial statements as of 31/12/2013	M	X	-	12

The quorum required for the presentation of lists at the time of the most recent appointment of the Board of Statutory Auditors was 2.5% (two point five percent) of the shares with voting rights at ordinary meetings.

The list of appointments in other companies held by members of the Board of Statutory Auditors is attached to the report on their supervisory activities prepared by the Statutory Auditors pursuant to para. 1 of art. 153 TUF.

The following information is provided with regard to the personal and professional characteristics of each statutory auditor:

##### **Pier Francesco Sportoletti**

Born in Bologna on 27th October 1956. Registered with the Bologna Chamber of the Italian Accounting Profession. Registered Auditor. Attendance at specialist courses abroad, including management accounting at the University of Nottingham and corporate finance at Ernst & Young in London. Principal of Studio Sportoletti, Milan, a consultancy specializing in special corporate transactions.

##### **Fernando Ciotti**

Born in Castelluccio dei Sauri (Foggia) on 13th June 1956. Degree in Law from Rome's "La Sapienza" University and Degree in Political Science from the same university. Member of the Italian Accounting Profession and Registered Auditor; formerly lecturer in Business Economics in the Law Department of Rome's "Guido Carli" University (LUISS) and currently lecturer in Tax Law at Rome's San Pio V University. Freelance journalist for "Il Fisco", a tax

magazine edited by Pasquale Marino. Partner in Studio TAXNET, Via Marche 54, Rome, specializing in corporate, legal and tax consultancy.

**Romano Del Bianco**

Born in Riccione (Rimini) on 21st September 1942. Registered with the Rimini Chamber of Accountants and Registered Auditor. Professional practice in Misano Adriatico.

**Luca Sapucci.**

Born in Cattolica (Rimini) on 13th November 1967. Degree in Economics and Commerce from Bologna University. Professional practice in Cattolica, consulting on tax and business matters for firms in Rimini and Pesaro.

**Angelo Rivolta.**

Born in Desio (Milan) on 24th May 1976. Degree in Economics and Commerce from Milan's "Sacro Cuore" University. Registered Auditor. Professional practice in Milan, specializing in taxation.

The Board of Statutory Auditors met 6 times during the year. The minimum duration of meetings of the Board of Statutory Auditors was four hours, while the average duration was 7 hours.

The Board of Statutory Auditors has scheduled 6 meetings in 2013, 1 of which has already been held.

The Board of Statutory Auditors checked the continuing independence of its members during 2012 at the meeting held on 17th December 2012.

In accordance with the criteria established in para. 3 of art. 148 of Decree 58/98, the minutes of that meeting included the following text:

"During the meeting, based on written attestations provided by each member, it was determined that there are no reasons for which their appointments would pursuant to letters a), b) and c) of para. III of art. 148 of Decree no. 58/98".

In reaching this determination, the Board of Statutory Auditors applied all the criteria set down in the Code.

During 2012, the Chairman of the Issuer's Board of Directors organized informal meetings with the statutory auditors on the days in which the Board meetings were held; during these meetings, the Chairman explained the corporate processes and dynamics to the statutory auditors, indicating the related changes. Given the collaboration received from Pierfrancesco Giustiniani, director, during these meetings, the statutory auditors were also able to benefit, to the extent applicable, from an appropriate update on the regulations governing the Issuer's sector of activities.

The members of the Board of Statutory Auditors are subject to application of the Issuer's Procedure for Transactions with Related Parties, the contents of which are described in paras. 4.3 and 12 of the Report. Furthermore, should a member of the Board of Statutory Auditors have an interest in a transaction carried out by the Issuer, whether directly or indirectly, such person must provide complete and timely information to the other statutory auditors and to the Board, specifying the nature, terms, origin and extent of this interest.

At the meeting held on 17th December 2012, the Board of Statutory Auditors verified the independence of the external auditors, checking both compliance with current regulations and the nature and extent of any non-audit services provided to the Issuer and its subsidiaries by the independent auditors and members of its network.

Lastly, in the performance of its duties, the Board of Statutory Auditors coordinated with the Audit Committee (whose meetings were attended by the Chairman of the Board of Statutory Auditors). The Chairman of the Board of Statutory Auditors attended all the meetings of the Audit Committee, verifying the effectiveness of the procedures adopted and contributing to the identification of the most sensitive areas within the company.

## **15. RELATIONS WITH THE SHAREHOLDERS**

The Issuer believes that it is in its specific interests – as well as a duty towards the market – to establish, right from the time of listing, an ongoing dialog with all shareholders based on a mutual understanding of the respective roles; this dialog must be carried forward in compliance with the procedures established for the external communication of business documents and information. Pursuant to para. 3.j) of art. 2.2.3 of the Market Regulations, the company has identified from among its employees a professionally-qualified person, Annalisa Aldrovandi, to serve as investor relations officer.

The Issuer has also created an easily found and accessible section on its website *www.aeffe.com* containing information about the Issuer that is relevant to shareholders, so they can exercise their rights with full awareness.

Shareholders can also contact the Issuer's Corporate Secretariat for any help or clarification they may need relating to the exercise of their rights.

## 16. SHAREHOLDERS' MEETINGS

Shareholders' meetings are either ordinary or extraordinary, as defined by law.

Shareholders' meetings are called at the registered offices or elsewhere in Italy by a notice published, within the timescales envisaged by current legislation, in the Italian Official Gazette and in a national daily newspaper.

The ordinary meeting is called whenever required by law and when deemed appropriate by the Board of Directors. The shareholders' meeting is also called by the Board of Directors at the request of shareholders representing at least 5% (five percent) of the share capital, to the extent allowed by the final paragraph of art. 2367 of the Italian Civil Code, or by the Board of Statutory Auditors, or by at least 2 (two) of its members.

The tasks and powers of the shareholders' meeting are those established by law.

During 2012, the shareholders who control the Issuer did not notify the public of any proposals that should have been presented to the shareholders' meeting regarding matters for which no specific proposals had been made by the directors.

In order to attend the shareholders' meeting, the Issuer must receive the communication from the authorized intermediary envisaged in art. 83-sexies, TUF. This communication must be received prior to the start of the session.

The shareholders who are entitled to attend the Meeting may be represented by another person, who need not be a shareholder, bearing a written proxy prepared in accordance with legal requirements. This proxy may be granted by electronic means, in the manner envisaged by the Ministry of Justice. The proxy may be notified to the company by certified e-mail at the address specified each time in the notice of meeting. The proxy form is available from the registered offices and from the Issuer's website [www.aelfe.com](http://www.aelfe.com) in the Italian section entitled *Documenti Societari*.

Pursuant to the law and art. 11 of the articles of association, shareholders are entitled to attend the Meeting and exercise their voting rights on presentation of a communication addressed to the Issuer by an authorized intermediary, as defined in the applicable regulations. This communication is released by the latter following reference to the accounting information recorded at the accounting close of the seventh trading day prior to the date fixed for the Meeting (so-called "**record date**"). Persons obtaining ownership of the shares subsequent to the **record date** are not entitled to attend the Meeting or to vote. Each shareholder may be represented at the Meeting by a person holding a written proxy, except in the cases of incompatibility and with the restrictions envisaged in current regulations. The Issuer's proxy form is available from the intermediaries authorized to issue the communication confirming

the shareholder's right to attend the ordinary meeting, or from the company's website ([www.aeffe.com](http://www.aeffe.com)); it may also be obtained from the Corporate Secretariat of Aeffe S.p.A.. In addition, pursuant to the articles of association, each shareholder is entitled to notify proxies by e-mail sent to the Issuer's certified e-mail address. Proxyholders giving or sending the Issuer a copy of the proxy form must confirm, taking full personal responsibility, that it is a true copy of the original and also confirm the identity of the delegating shareholder. Without cost for the delegating shareholder, the proxy may be granted - with voting instructions for some or all items on the agenda - to the independent company specified by the Issuer in the notice of meeting as the representative designated by the company pursuant to art. 135-undecies of Decree No. 58/98, on condition that this company receives the original, sent by registered letter or certified e-mail, by the end of the second trading day before the date fixed for the meeting in first calling. Proxies given on this basis do not apply to proposed resolutions for which voting instructions are not given. Proxies and voting instructions may be revoked by the end of the second trading day before the date fixed for the meeting in first or sole calling.

Pursuant to art. 127-ter, TUF, shareholders may submit questions about items on the agenda prior to the meeting, by sending a registered letter or certified e-mail to the addresses specified in the notice of meeting.

Interested parties must provide the information needed to identify them. Questions are answered at the Meeting, at the latest, and the Issuer is entitled to give a combined reply to questions of a similar nature.

Pursuant to art. 126-bis, TUF, shareholders who, together or alone, hold at least one fortieth of the share capital may, within ten days of publication of the notice of meeting, request the addition of specific items to the agenda. This request must be presented in writing, sent by registered letter or certified e-mail to the addresses specified in the notice of meeting, on condition that it is received by the deadline stated above. By this deadline and in the same manner, the proposing shareholders must also present a report on the matters to be discussed at the meeting. Information about any additions to the agenda for the Meeting subsequent to receipt of the above requests will be provided, in the manner established for publishing notices of meetings, at least fifteen days prior to the date fixed for the meeting.

In addition to publishing the notice of amendment, the report prepared by the requesting shareholders must also be made available to the public at the same time, in the manner applicable to other meeting documentation, and accompanied by any related considerations made by the Board of Directors. Additions to the agenda are not allowed for matters that, by law, may only be voted on at the meeting following a recommendation from the directors, or

based on a project or report prepared by them that is not included in those indicated in para. 1 of art. 125-ter, TUF.

The meeting and voting quorums specified in the articles of association of the Issuer are the same as those envisaged in current legislation.

Ordinary and extraordinary meetings can be held in multiple locations, either adjoining or distant, that are linked by audio/video communications, on condition that the collegiate method and the principles of good faith and equal treatment for all shareholders are respected.

In particular, it is necessary that:

- (i) the Chairman of the Meeting, with support from the chairman's office or otherwise, is able to determine the identity and legitimacy of those attending, govern the conduct of the meeting, and determine and proclaim the results of voting;
- (ii) the person responsible for taking the minutes is able to follow adequately the meeting events to be minuted;
- (iii) those attending are able to take part in the discussions and in simultaneous voting on the matters on the agenda;
- (iv) the notice of meeting specifies the locations equipped with audio/video communications provided by the company, where shareholders may gather; the meeting will be deemed to be held in the location where both the Chairman and the person responsible for taking the minutes are present.

The shares requiring the communication specified in para. 2 of art. 2370 c.c. remain unavailable until the meeting has been held.

By resolution of the Board meeting held on 26th March 2007, the Issuer adopted the text of the meeting regulations which are available for consultation in their entirety on the Issuer's website: [www.aeffe.com/governance](http://www.aeffe.com/governance). The meeting regulations establish rules of conduct at meetings intended to guarantee the right of each shareholder to speak on the matters under discussion.

In particular, shareholders intending to speak must apply to the Chairman after the agenda item relevant to the question has been read out and the discussion period has been opened, but before the Chairman declares discussion of that item to be closed. Requests are made by the raising of hands, unless the Chairman has called for written requests. In the case of hand raising, the Chairman gives the floor to the first person to raise a hand. If this cannot be determined with precision, the Chairman gives the floor in the order determined at his sole discretion. In the case of written requests, the Chairman gives the floor in the order that the requests were recorded. The Chairman and/or, upon his invitation, the directors and the statutory auditors to the extent of their responsibilities or as deemed useful by the Chairman in

relation to the matter discussed, reply immediately after each shareholder authorized to speak has spoken, or after all speakers on the matter discussed have spoken, as decided by the Chairman. Shareholders are entitled to speak just once in relation to each agenda item, except for any reply and declaration of voting intention, the duration of which may not exceed five minutes. Having regard for the nature and importance of each agenda item, the Chairman will specify the time available for each shareholder to speak. The duration will usually not be less than 5 (five) minutes or more than 10 (ten) minutes.

The Board reports to the shareholders' meeting on the work performed and that planned, and takes steps to ensure that shareholders obtain the information needed to adopt resolutions with full awareness of the matters concerned, via publication on the Issuer's website and filing at the registered offices and on the website of Borsa Italiana.

The shareholders' meeting held on 19th April 2012 was attended by 5 directors.

There were no significant changes in the market capitalization of the Issuer's shares, or in the ownership of the Issuer, during the Year.



**17. ADDITIONAL ASPECTS OF CORPORATE GOVERNANCE**

There are no other aspects of corporate governance beyond those described in the Issuer's Report and those required by current legislation and regulations.

**18. CHANGES SUBSEQUENT TO YEAR END**

There have not been any significant changes subsequent to year end.

San Giovanni in Marignano, 12th March 2013

for the Board of Directors

The Chairman

A handwritten signature in black ink, appearing to read 'Massimo Ferretti', written in a cursive style.

*Massimo Ferretti*

STRUTTURA DEL CONSIGLIO DI AMMINISTRAZIONE E DEI COMITATI														
Carica	Componenti	In carica dal	In carica fino al	Lista M/m	Esec.	Non Esec.	Indip. da Codice	Indip. da TUF	% Partecip.	Numero altri incarichi				
Presidente	Massimo Ferretti	21 Aprile 2011	Assemblea di approvazione bilancio chiuso al 31/12/2013	M	X				100	-				
Vice Presidente	Alberta Ferretti	21 Aprile 2011	Assemblea di approvazione bilancio chiuso al 31/12/2013	M	X				83	-				
Amministratore Delegato	Simone Badioli	21 Aprile 2011	Assemblea di approvazione bilancio chiuso al 31/12/2013	M	X				100	-				
Amministratore Dir. Generale	Marcello Tassinari	21 Aprile 2011	Assemblea di approvazione bilancio chiuso al 31/12/2013	M	X				100	-	COMITATO CONTROLLO E RISCHI		COMITATO REMUNERAZIONE	
											% partecipazione	% partecipazione		
Amministratore LID	Marco Salomoni	21 Aprile 2011	Assemblea di approvazione bilancio chiuso al 31/12/2013	M		X	X	X	100	4	X	83	X	100
Amministratore	Roberto Lugano	21 Aprile 2011	Assemblea di approvazione bilancio chiuso al 31/12/2013	M		X	X	X	83	1	X	100	X	100
Amministratore	Pierfrancesco Giustiniani	21 Aprile 2011	Assemblea di approvazione bilancio chiuso al 31/12/2013	M		X			83	-	X	100	X	100
n. riunioni svolte durante l'esercizio di riferimento:				CDA: 6			CCI: 6				CR: 1			

The quorum required for the presentation of lists at the time of the most recent appointment of the Board was 2.5% (two point five percent) of the shares with voting rights at ordinary meetings.