



2012  
Corporate Governance and Ownership Report

pursuant to art. 123 bis of Legislative Decree no. 58 of 24 February 1998  
(traditional administration and control model)

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# CORPORATE GOVERNANCE AND OWNERSHIP REPORT

## CONTENTS

GLOSSARY .....	4
1. PROFILE OF ISSUER.....	7
<i>Introduction</i> .....	7
2. INFORMATION ON OWNERSHIP AS AT REPORT DATE.....	10
a) <i>Structure of share capital</i> .....	10
b) <i>Restrictions on transfer of securities</i> .....	13
c) <i>Main shareholdings</i> .....	12
d) <i>Securities conferring special rights</i> .....	12
e) <i>Employee shareholders: mechanism for exercising voting rights</i> .....	12
f) <i>Restrictions on voting rights</i> .....	13
g) <i>Shareholder agreements</i> .....	13
h) <i>Change of control clauses and provisions in the By-laws regarding takeover bids</i> .....	13
i) <i>Mandates to increase share capital and authorizations to buy back shares</i> .....	15
l) <i>Direction and co-ordination</i> .....	15
3. COMPLIANCE.....	15
4. BOARD OF DIRECTORS.....	16
4.1. <i>Appointment and substitution</i> .....	16
4.2. <i>Composition</i> .....	20
4.3. <i>Role of the Board of Directors</i> .....	30
4.4. <i>Company officers</i> .....	35
4.5. <i>Other Executive Directors</i> .....	38
4.6. <i>Independent Directors</i> .....	35
4.7. <i>Lead Independent Director</i> .....	40
5. PROCESSING OF CORPORATE INFORMATION.....	37
6. BOARD OF DIRECTORS' COMMITTEES.....	42
7. APPOINTMENT COMMITTEE.....	39
8. HUMAN RESOURCES COMMITTEE.....	40
9. DIRECTORS' REMUNERATION.....	43
10. CONTROL, RISK AND CORPORATE GOVERNANCE COMMITTEE.....	45

<b>11.</b>	<b>INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM .....</b>	<b>53</b>
11.1.	<i>Director responsible for the Control and Risk Management System .....</i>	<i>58</i>
11.2.	<i>Person in charge of internal audit.....</i>	<i>59</i>
11.3.	<i>Organization model pursuant to legislative decree 231/8 June 2001.....</i>	<i>62</i>
11.4.	<i>Independent Auditors .....</i>	<i>63</i>
11.5.	<i>Financial Reporting Manager .....</i>	<i>63</i>
<b>12.</b>	<b>DIRECTORS' INTERESTS AND RELATED-PARTY TRANSACTIONS .....</b>	<b>64</b>
<b>13.</b>	<b>APPOINTMENT OF STATUTORY AUDITORS.....</b>	<b>65</b>
<b>14.</b>	<b>STATUTORY AUDITORS .....</b>	<b>67</b>
<b>15.</b>	<b>INVESTOR RELATIONS.....</b>	<b>70</b>
<b>16.</b>	<b>SHAREHOLDERS' MEETINGS .....</b>	<b>71</b>
<b>17.</b>	<b>OTHER CORPORATE GOVERNANCE PRACTICES.....</b>	<b>73</b>
<b>18.</b>	<b>CHANGES AFTER THE CLOSE OF THE BUSINESS YEAR.....</b>	<b>66</b>
<b>TABLES.....</b>		<b>74</b>
	<i>TABLE 1: SIGNIFICANT SHARES OF THE SHARE CAPITAL.....</i>	<i>74</i>
	<i>TABLE 2: STRUCTURE OF THE BOARD OF DIRECTORS AND ITS COMMITTEES.....</i>	<i>75</i>
	<i>TABLE 3: STRUCTURE OF THE BOARD OF STATUTORY AUDITORS .....</i>	<i>78</i>

## GLOSSARY

**2006 Code:** the self-regulatory code for listed companies approved in March 2006 (and modified in March 2010) by the Corporate Governance Committee of Borsa Italiana S.p.A. and promoted by the latter.

**2010-2014 Stock Option Plan:** the stock option plan approved by the Shareholders' Meeting (in extraordinary session) on 20 April 2010.

**2011 Code:** the self-regulatory code for listed companies updated in December 2011 by the *Corporate Governance Committee* of Borsa Italiana S.p.A. and promoted by Borsa Italiana S.p.A., ABI, Ania, Assogestioni, Assonime and Confindustria.

**Auditor/s:** individually or collectively, as applicable, the members of the Board of Statutory Auditors.

**Autogrill:** Autogrill S.p.A.

**Autogrill Code:** the self-regulatory code adopted by Autogrill, approved on 20 December 2012 by the Board of Directors based on a proposal of the Control, Risk and Corporate Governance Committee.

**Autogrill Group** or **Group:** collectively, Autogrill and its Subsidiaries.

**Board of Directors:** Autogrill's Board of Directors.

**Board of Statutory Auditors:** Autogrill's Board of Statutory Auditors.

**Borsa Italiana:** "Borsa Italiana S.p.A.", the Italian stock exchange.

**Bylaws:** Autogrill's by-laws as approved on 24 April 2007 and subsequently amended, most recently with Board of Directors' Resolution of 27 September 2012.

**CEO:** the Managing Director/Chief Executive Officer of Autogrill.

**Chief Audit Executive:** the person in charge with Autogrill's internal audit function, appointed on 12 December 2007 as "Internal Control Manager" pursuant to the application criterion 8.C.6 of the 2006 Code (criterion 7.C.5 of the 2011 Code).

**civ. cod.** or **C.C.:** Italian Civil Code.

**Code of Ethics:** the Code of Ethics adopted by Autogrill and Group companies since 2002.

**Committees:** collectively, the Committees created within the Board of Directors.

**CONSOB:** *Commissione Nazionale per le Società e la Borsa* [equivalent to the SEC].

**Control, Risk and Corporate Governance Committee:** committee for internal control, risk management and corporate governance created within the Board of Directors on 21 April 2011 with the name of Internal Control and Corporate Governance Committee pursuant to Principle 8.P.4 of the 2006 Code (Principle 7.P.4 of the 2011 Code).

**Control and Risk System:** Autogrill's internal control and risk management system.

**Control and Risk System Director:** director designated as responsible for the Risk and Control System, appointed by Autogrill pursuant to Principle 7.P.3(a)(i) of the 2011 Code.

**Director/s:** individually or collectively, depending on the case, the members of the Board of Directors.

**Financial Reporting Manager:** the person charged with preparing the Company's accounting documents, appointed by the Board of Directors as required by art. 154-*bis*, TUF, introduced by the Investor Protection Law, and by art. 18 of the Bylaws.

**Human Resources Committee:** committee set up on 21 April 2011 within the Board of Directors pursuant to Principle 7.P.3 of the 2006 Code (Principle 6.P.3 of the 2011 Code).

**Independent Auditors:** external company whose task is to audit Autogrill's accounts.

**Information Document:** the information document prepared pursuant to art. 114-*bis* of TUF and art. 84-*bis*, paragraph 1, of the Issuers' Regulation and in compliance with Schedule no. 7 of Annex 3A to the same the Issuers' Regulation.

**Investor Protection Law:** Law 262/28 December 2005 ("Provisions for the protection of investors and the disciplining of financial markets").

**Issuer or Group parent company or the Company:** Autogrill.

**Issuers' Regulations:** rules for issuers promulgated by CONSOB under resolution 11971/14 May 1999 (as subsequently amended).

**Legislative Decree (L.D.) 231/2001:** Legislative Decree no. 231 of 8 June 2001, as subsequently amended ("Regulation of the administrative responsibility of legal persons, companies and associations even not having a legal status, pursuant to art. 11 of Law no. 300 of 29 September 2000").

**L-LTIP:** Autogrill's new Leadership Team Long Term Incentive Plan approved by the Shareholders' Meeting in ordinary session on 21 April 2011.

**Meeting or Shareholders' Meeting:** the meeting of Autogrill shareholders.

**Model:** the organisation, management and control model required by legislative decree 231/ 2001, adopted by the Board of Directors on 9 July 2003, as subsequently amended and supplemented, most recently in December 2011.

**MTA (Mercato Telematico Azionario):** the Online Stock Market organized and managed by Borsa Italiana.

**Related-Party Transaction Committee:** committee for transactions between related parties set up within the Board of Directors on 21 April 2011 pursuant to the Related-Party Transaction Regulations.

**Related-Party Transaction Regulations:** the regulation on related party transactions issued by CONSOB under resolution 17221/12 March 2010 (as subsequently amended).

**Remuneration Report:** report on remuneration prepared pursuant to art. 123-*ter* of TUF and art. 84-*quater* of the Issuers' Regulations and in compliance with Schedule no. 7-*bis* of Annex 3A to the same Issuers' Regulations.

**Report:** this report on corporate governance and ownership structures, drafted pursuant to art. 123-*bis*, TUF.

**Shareholders:** Autogrill's Shareholders.

**Strategy and Investment Committee:** committee set up by the Board of Directors on 21 April 2011.

**Subsidiaries:** entities under the direct or indirect control of Autogrill pursuant to art. 2359 C.C. and art. 93 of TUF.

**Subsidiaries of strategic importance:** Subsidiaries identified by the Board of Directors from time to time as having a strategic importance.

**Supervisory Body:** body charged with exercising control over the functioning of and compliance with the Model, set up by Autogrill's Board of Directors pursuant to Legislative Decree 231/2001.

**Sustainability Report:** Autogrill's annual sustainability report subject to limited accounting audit.

**TUF (Testo Unico della Finanza):** Legislative Decree no. 58 of 24 February 1998 ("Consolidated Finance Act"), as subsequently amended.

**Year or Business Year:** the financial year 2012 referred to in this Report.

# 1. PROFILE OF ISSUER

## Introduction

### *Mission*

Autogrill Group is the world's leading provider of travel catering and retail services and one of Italy's most internationalized companies. Autogrill S.p.a. is the parent of a complex business operating across five continents and has around 63,300 employees<sup>1</sup>. The corporate mission is to offer quality restaurant and retail services to people on the move with the aim of generating value for all stakeholders while showing due respect for cultural diversity and the natural environment. Extremely rapid growth has made it all the more necessary to evolve common rules of conduct and values to be shared by all Group staff: "loyalty, legality and fairness". These principles are explained in the Code of Ethics adopted by the Company since 2002 (the "Code of Ethics") and are the three principles on which Autogrill bases all its relations and its operating performance, inside and outside the business.

The Code of Ethics can be consulted on the Company's website ([www.autogrill.com](http://www.autogrill.com) - Governance Section).

### *Business purpose*

Pursuant to article 2 of Autogrill's Bylaws (the "**Bylaws**"), as recently amended by the Shareholders' Meeting during the extraordinary meeting of 19 April 2012, the business purpose of the Company is:

- a) to manage, including indirectly through associated entities, both in Italy and abroad, bakeries, bars, restaurants, fast foods, hotels, motels, fuel distribution and connected services, markets, including shops and points of sale, also in airport duty-free and duty-paid shops, as well as commercial business activities of all kinds and for all the product categories permitted by the legislation, including, but not limited to, the offer to the public and the retail sale of food and beverages, confectionery, perfumes, publications, and other consumer goods and monopoly goods, both taxes and non-taxed;
- b) to technically, commercially and administratively support and coordinate, with or without leasing of goods and equipment, its associated companies or entities.

For the purpose of achieving its business purpose, the Company may, not prevalently and only occasionally and for a specific purpose, and not for the public, perform all the industrial, commercial, financial, security and property transactions, give endorsements, caution money and any other guarantee in general with the purpose of guaranteeing its own or any third party securities, as well as undertake, only for stable investment purposes, both directly and indirectly, shares in other companies, entities or consortia, sign and execute partnership agreements as either the

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<sup>1</sup> The information contained in the profile refer to 31 December 2012.

associating or the associated party, sub-licence the management of its business or a part thereof to third parties, undertake the management of third party companies or parts thereof.

## Corporate Organization

The corporate organization and layout of Autogrill is of a traditional type:

(i) Shareholders' Meeting; (ii) Board of Directors, that elect a Chairperson and a CEO; (iii) Board of Statutory Auditors.

Alongside these corporate bodies and offices are:

- the Financial Reporting Manager, appointed pursuant to art. 154-*bis* of Leg. Dec. no. 58 of 24 February 1998, as subsequently amended (the "TUF"), and art. 18 of the Bylaws (the "**Financial Reporting Manager**");
- the **Internal Control, Risk Management and Corporate Governance Committee**, created within the Board of Directors on 21 April 2011 with the name of Internal Control and Corporate Governance Committee pursuant to Principle 8.P.4 of the Self-Regulatory Code approved in March 2006 (hereinafter briefly "**the 2006 Code**"), now reflected in Principle 7.P.4 of the Self-Regulatory Code approved in December 2011 (hereinafter briefly "**the 2011 Code**");
- the **Human Resources Committee** (also, briefly, the "**HR Committee**"), set up within the Board of Directors on 21 April 2011 pursuant to Principle 7.P.3 of the 2006 Code (Principle 6.P.3 of the 2011 Code);
- the **Strategy and Investment Committee** (also, briefly, the "**SI Committee**"), set up within the Board of Directors 21 April 2011;
- the **Related-Party Transaction Committee** (also, briefly, the "**RPT Committee**"), set up within the Board of Directors 21 April 2011 pursuant to the legislation regarding transactions with related parties issued by CONSOB with Resolution no. 17221 of 12 March 2010 (as subsequently amended, the "**Related Party Transaction Regulations**");
- the Director in charge with the internal control and risk management system (the "**Control and Risk System**"), appointed pursuant to Principle 7.P.3(a)(i) of the 2011 Code (hereinafter, the "**Control and Risk System Director**");
- the person in charge with the internal auditing function of Autogrill (the "**Chief Audit Executive**"), appointed on 12 December 2007 as Internal Control Manager pursuant to the application criterion 8.C.6 of the 2006 Code (criterion 7.5.C of the 2011 Code) and confirmed as Chief Audit Executive on 20 December 2012; and
- the **Supervisory Body**, set up by the Board of Directors pursuant to Leg. Dec. no. 231 of 8 June 2001, as subsequently amended ("**L.D. 231/2001**").

The statutory auditing of Autogrill's accounts is done by KPMG S.p.A.



### *Operational Organization*

Autogrill Group's operational organization reflects the multinational and multi-sector character of the Group.

Reporting to the CEO of the Group holding company is the Leadership team, composed of the Business Leaders responsible for the two business sectors (Food & Beverage and Travel Retail), and the Staff Leaders, i.e. the people heading the Group's policy making and control functions (Corporate Functions). Responsibility for the Group's businesses may be summarized as follows:

1. Food & Beverage North America & Far East, operated through HMSHost division (HMSHost Corporation, former Autogrill Group Inc. and subsidiaries); in this context, geographical responsibilities were revised by creating a business unit specifically responsible for *Food & Beverage Far East, Middle East and North Europe*;
2. Food & Beverage Italy, operated by Autogrill and by the Italian subsidiary;
3. Food & Beverage Europe, operated by companies or company groups in each European country of presence;
4. Travel Retail & Duty Free, operated (under the trade names Aldeasa and World Duty Free) by the subsidiaries of World Duty Free Group S.A.U., in its turn wholly owned by Autogrill. In support of the two business sectors, the Corporate Functions provide guidance and control in various fields, thus facilitating the definition of Group standards and policy and diffusion of best practices, and guaranteeing financial co-ordination and co-ordination of Group-wide projects.

### *Sustainability Report*

Autogrill yearly posts on its website ([www.autogrill.com](http://www.autogrill.com) - *Sustainability Section*) a Sustainability Report (hereinafter the "**Sustainability Report**"), which is subject to limited auditing by the company charged with the statutory auditing of the Company (the "**Independent Auditors**"), whose objective is to facilitate systematic dialogue with stakeholders on corporate social responsibility and sustainable development, and to share and spread a sustainability culture throughout the enterprise.

## **2. INFORMATION ON OWNERSHIP AS AT THE REPORT DATE**

### **a) Structure of share capital**

The amount of the fully paid-up share capital is Euro 132,288,000, consisting of 254,400,000 ordinary shares with a nominal value of Euro 0.52 each.

Categories of shares comprising the share capital:

STRUCTURE OF SHARE CAPITAL				
	# shares	%	Listed / non listed	Rights and obligations
Ordinary shares	254,400,000	100%	Telematic Stock Exchange	As per law and Bylaws

All ordinary shares have the same unrestricted rights and are freely transferable.

The extraordinary shareholders' meeting held on 20 April 2010 decided on a paid capital increase to be carried out no later than 30 May 2015 by issuing up to 2,000,000 ordinary shares to serve a stock option plan for Executive Directors and employees of the Company in strategically important management positions (the "**2010-2014 Stock Option Plan**").

The rules of the 2010-2014 Stock Option Plan were approved by the Shareholders' Meeting on 20 April 2010. As required by art. 7 of the 2006 Code (art. 6 of the 2011 Code), on 30 July 2010 the HR Committee submitted a report to the Board of Directors. With reference to application criterion 7.C.2(c) of the 2006 Code (confirmed by application criterion 6.C.2(c) of the 2011 Code) in particular, the report confirmed that the 2010-2014 Stock Option Plan does not require participants to retain a portion of Autogrill shares matured to the end of their term of office, because the vesting period (4 years) and the exercise period (1 year), as well as the nature of the plan - which assumes shares will be acquired by the participant - are in line with the principle of creating value in the medium- and long-term.

The stock option vesting period is in line with the provisions of the formerly applicable application criterion 7.C.2(b) of the 2006 Code (subsequently confirmed by criterion 6.C.2(b) of the 2011 Code), being also tied to "pre-established measurable performance objectives".

Each of the beneficiaries of the 2010-2014 Stock Option Plan will be entitled, subject to the conditions indicated in the Plan's rules, to subscribe one ordinary Autogrill share per option allocated within the date of assessment of conditions for maturity of rights (April 2014).

On the date of this Report, the maximum overall number of Autogrill issuable shares is 1,449,000. The terms and conditions of the 2010-2014 Stock Option Plan, participants and relevant values are set forth in (i) an information document issued pursuant to art. 114-bis, TUF, and art. 84-bis, paragraph 1, of the Regulations adopted by Consob with Resolution no. 11971 of 14 May 1999, as subsequently amended (the "**Issuers' Regulations**"), and in compliance with Schedule 7, Annex 3A of said Issuers' Regulations (the "**Information Document**"), published on 2 April 2010, as well as (ii) in the Remuneration Report drawn up pursuant to art. 123-ter, TUF, and art. 84-quater of the Issuers' Regulations and in compliance with Schedule 7-bis, Annex 3A of the same Issuers' Regulations (the "**Remuneration Report**") and

(iii) in the Company's draft financial statements for the year ended 31 December 2012, approved by the Board of Directors on 7 March 2013. The Information Document, the Remuneration Report and the 2012 draft financial statements are available at the Company's registered office and in the corporate website ([www.autogrill.com](http://www.autogrill.com)).

Meeting in ordinary session on 21 April 2011, the Shareholders approved the replacement of the LTIP Leadership Plan in force at that time with Autogrill's New Leadership Team Long Term Incentive Plan ("**L-LTIP**"), an incentive scheme for the Group's top management involving the unpaid allocation ("grant") of Autogrill shares. The L-LTIP Plan contemplates, in addition to a cash incentive, the grant of up to 3,500,000 ordinary Autogrill shares to Executive Directors, executives with strategic responsibilities and top managers in the Group. Such allocation is to be subject to ascertainment of certain pre-defined conditions, including the achievement of specific performance levels by the Group.

The shares to be granted to the beneficiaries of the L-LTIP Plan will be newly issued shares originating from an unpaid capital increase reserved for the beneficiaries of the Plan, that is to say Company treasury shares.

To this end, the Shareholders' extraordinary meeting held on 21 April 2011 authorized the Board of Directors, for a period of five years as from the date of adoption of the same resolution, to increase the share capital once or more times, for a maximum nominal amount of Euro 1,820,000 by issuing, on an unpaid basis pursuant to art. 2349 civ. cod., up to 3,500,000 ordinary shares at par value to be allocated to the beneficiaries of the L-LTIP Plan.

Furthermore, the Shareholders' ordinary meeting of 19 April 2012, after revoking the similar authorization granted with the resolution of 21 April 2011, authorized the Board of Directors, pursuant to articles 2357 and the following, C.C., to purchase, in one or more times over the subsequent eighteen months, a maximum number of 12,720,000 ordinary Autogrill shares and to make use of all or part of the treasury shares in the Company's portfolio to implement, inter alia, the share incentive plans restricted to Autogrill's Directors and Employees and/or of the companies directly or indirectly controlled by Autogrill (the "**Subsidiaries**").

The beneficiaries of the L-LTIP Plan are selected from time to time by Autogrill's Board of Directors acting on reasoned proposals by the CEO and having heard the Human Resources Committee.

The reference period over which achievement of objectives and thus recognition of entitlement to incentives under the New L-LTIP are ascertained is three years starting from 2011 for the first component of the plan ("**Wave 1**") and from 2012 for the second component ("**Wave 2**").

For the purposes of the previously applicable application criterion 7.C.2 of the 2006 Code (criterion 6.C.2 of the 2011 Code, substantially unchanged with respect to the previous version), the following should be noted:

- i) rights to grant of Autogrill shares have an average vesting period of three years;

- ii) the *vesting* in (i) above is subject to pre-defined measurable performance objectives;
- iii) a lock-up mechanism is applied to shares allocated to the beneficiaries of the new L-LTIP Plan whereby assignment of the shares effectively matured is in three stages: 50% on maturity, 30% one year after and 20% three years after. Such mechanism is in line with both the principle of creating value in the medium-long term and the need to retain executives with strategic responsibilities and top managers. Regarding the CEO, a portion of any shares allocated to him is subject to a non-disposal restriction till the end of his/her term (minimum holding commitment).

The terms and conditions of the L-LTIP Plan are set forth in the Information Document published on 11 March 2011, in the Remuneration Report and in the 2012 draft financial statements approved by the Board of Directors on 7 March 2013, available at the Company's registered office and in the corporate website ([www.autogrill.com](http://www.autogrill.com)).

However, we point out that as of 31 December 2012, the Company believed that the minimum performance levels required for the activation of the L-LTIP Plan will not be reached, neither for the first 2011-2013 component (Wave 1), nor for the second 2012-2014 component (Wave 2).

Save as indicated above, there are no other financial instruments conferring the right to subscribe new Autogrill's rights issues.

**b) Restrictions on transfer of securities**

There are no restrictions on transfer of securities nor limits on possession of them. There are no clauses requiring approval of access to share ownership.

**c) Significant shareholdings**

Significant direct or indirect shareholdings in Autogrill's capital, as resulting from the disclosures received by the Company pursuant to art. 120 TUF until the date of this Report, are detailed in Table 1 in the appendix.

**d) Securities conferring special rights**

No securities conferring special rights of control have been issued and there are no holders of special powers as defined in current law or the Bylaws.

**e) Employee shareholders: mechanism for exercising voting rights**

There are no mechanisms excluding or limiting the exercise of voting rights of beneficiaries of the 2010-2014 Stock Option Plan and of beneficiaries of the L-LTIP Plan under a) above.

**f) Restrictions on voting rights**

There are no restrictions on shareholder's voting rights save for the terms and conditions disciplining exercise of the right to participate and vote in Shareholders' Meetings set forth in section 16 hereunder.

**g) Shareholder agreements**

The Company has not been notified of any shareholder agreements as defined in art. 122, TUF.

**h) Change of control clauses and provisions in the Bylaws regarding takeover bids**

*Commercial contracts*

As a sub-licensee, Autogrill is party to a lot of motorway service area and, in some cases, airport Food & Beverage (hereinafter "F&B") sub-licenses that forbid changes in control ("entry of new controlling shareholders in the sub-licensee's ownership structure") without prior authorization of the motorway or airport sub-licensor. Said authorization, however, can only be denied (i) if the change in control affects the technical, management, commercial or economic provisions of the related sublicensing motor service agreements, and (ii) at the airport sub licensor's discretion.

*Bank loan agreements*

Autogrill is also party to a bank loan agreement worth around euro 1.1 billion for the F&B Area, which grants, as is customary in this kind of agreements, the bank the right to terminate the loan in the event of a change in the control of the company, with the resulting obligation for the borrower to early repay all funds drawn down.

Similar control change clauses are included in a bank loan agreement for US\$ 250 million entered into by HMSHost Corporation, an entity wholly owned by Autogrill, and in a bank loan agreement for Euro 650 million for the Travel Retail area entered into by World Duty Free Group S.A.U. (former Autogrill España S.A.U.), an entity wholly owned by Autogrill, and some of its subsidiaries.

For the purposes of such contracts, a "change of control" occurs when the interests controlled by the current reference Shareholders is lower than certain predefined agreed percentages (for the Travel Retail loan, the control change is referred to Autogrill and not to its reference Shareholders). These thresholds were negotiated by Autogrill on the basis of financial advantage or flexibility and may vary with the type of loan stipulated (no lower than 25%) and/or on the occurrence of certain contractually defined events.

## *Bonds*

Autogrill is the guarantor of its wholly owned subsidiary HMSHost Corporation's bonds (former Autogrill Group Inc.) resulting from bonded loans totalling US\$ 416 million as of 31 December 2012 (of which US\$ 266 million, due in January 2013, regularly paid off).

Autogrill is also the guarantor of HMSHost Corporation's bonds resulting from a new bonded loan subscribed in January 2013 for a total amount of US\$ 150 million.

Consequently to any change in the control of HMSHost Corporation, these loans provide each bondholder with the right to obtain the early repayment of the bonds held. For the purposes of these bonded loans, a "change of control" is when one or more entities, other than the reference Shareholders, take action together to gain control or hold more than 50% of HMSHost Corporation shares with voting rights.

## *Provisions in the Bylaws regarding takeover bids*

Regarding the current provisions of law on **Takeover Bids**, the Bylaws do not provide for any departure from the passivity rule in art. 104, paragraphs 1 and 1-bis, of TUF, nor expressly provide for the application of the neutralization rules contemplated in art. 104-bis, paragraphs 2 and 3, TUF.

### **i) Mandates to increase share capital and authorizations to buy back shares**

As mentioned in letter (a) above in this Section 2, the Shareholders' Meeting on 21 April 2011 voted in extraordinary session, pursuant to art. 2443 civ. cod. and art. 5 of the Bylaws, to authorize the Board of Directors to increase the share capital for a period of five years from the date of the resolution in one or more operations not to exceed Euro 1,820,000 by issuing at par value up to 3,500,000 ordinary shares with regular dividend to be allocated on an unpaid basis to the beneficiaries of the L-LTIP incentive plan approved by the Shareholders in the ordinary session of the Meeting on the same day.

In the ordinary session of the Meeting on 19 April 2012, after revoking the previous authorization given by the Meeting on 21 April 2011, the Shareholders authorized the purchase and disposal – including to serve share incentive plans - of up to 12,720,000 ordinary Autogrill shares. The treasury share purchase authorization is effective for a period of 18 months starting from 19 April 2012.

Trading of treasury shares has been and must continue to be carried out on regulated markets in accordance with the applicable legislation and with nationally and EU approved practices. Purchase transactions must be made within minimum and maximum price limits with respect to the stock market price determined as per the criteria indicated in the Shareholders' resolution. Within the framework of the aforesaid authorization, the buy-back programme was launched by Autogrill on 19 April 2012 and 31 December 2012, considering treasury shares already in its portfolio, purchased in compliance with previous buy-back plans, so the Company

owns, without having purchased anything since 19 April 2012, a total of 1,004,934 treasury shares, for approximately 0.395% of the share capital.

#### **l) Direction and co-ordination**

On 27 April 2004, the Board of Directors judged that the conditions requiring the Company to be directed and coordinated by its parent company, Edizione S.r.l. (formerly Edizione Holding S.p.A.), do not apply pursuant to art. 2497-bis, C.C. Subsequently, following the transfer by Edizione S.r.l. of its entire stake in Autogrill to Schematrentaquattro S.r.l., wholly owned by Edizione S.r.l., the Board of Directors, in a meeting held on 18 January 2007, judged that the necessary conditions requiring the Company to be directed and coordinated by the parent company, Schematrentaquattro S.r.l., still did not apply for the purposes of art. 2497-bis, C.C.

In particular, the Board of Directors ascertained in the aforementioned meetings that there were no major indicators of a dominant influence by the controlling shareholder, Autogrill having extensive organizational and administrative autonomy, with no instructions or directives by Schematrentaquattro S.r.l. or Edizione S.r.l. that might provide evidence of the direction or coordination by the controlling shareholders.

\* \* \*

We finally highlight that:

- The information required by art. 123-bis, paragraph 1, letter i), TUF concerning the *“agreements between a company and its directors [...] that provide for indemnity in the event of resignation or dismissal without cause or if the employment relationship ceases following a takeover bid”*) is provided in the Remuneration Report available at the Company’s registered office and in its website ([www.autogrill.com](http://www.autogrill.com) - Governance Section);
- The information required by art. 123-bis, paragraph 1, letter l), TUF concerning the *“rules applicable to the appointment and substitution of directors [...] and modifications to the by-laws if different from provisions of the law and regulations applicable on a supplementary basis”*) is provided in the section on the Board of Directors in this Report (4.1).

### **3. COMPLIANCE**

Autogrill has constantly adopted the principles and recommendations of the 2006 Code, and has updated and promoted the annual Report on corporate governance.

As the readers will see in the next sections of this Report, the Company is already almost fully compliant with the new recommendations of the 2011 Code, except for the cases described below concerning, inter alia, the 2011 Code recommendations whose effectiveness has been deferred pursuant to Section VIII *“Guiding Principles and Transition Regime”* of the same 2011 Code.

The 2011 Code is available for the public in the website of Borsa Italiana: [www.borsaitaliana.it](http://www.borsaitaliana.it).

In line with international corporate governance best practices and with regard to the new recommendations of the 2011 Code, on 20 December 2012, the Board of Directors, based on a proposal of the Control, Risk and Corporate Governance Committee, approved a specific Self-Regulatory Code for Autogrill (the “**Autogrill Code**”).

The Autogrill Code, which is available in the Company’s website [www.autogrill.com](http://www.autogrill.com) - *Governance Section*, does not supersede the annual Corporate Governance and Ownership Report. In fact, as in the past, describing in detail the actual governance structure implemented by the Company in the Year just ended is a task of this Report, pursuant to art. 123-bis of TUF.

More specifically, the Autogrill Code collects the basic governance rules the Company is committed to comply with in a single summarized and systematically organized document, whose purpose is to provide Shareholders and any other Stakeholder with a useful tool to better and quickly understand the essential structure/layout of Autogrill.

The next sections of the Report will also explain - according to the “comply or explain principle” set forth in the “Guiding Principles and Transition Regime” section of the 2011 Code, point III – the few principles and application criteria of the 2011 Code the Company has not met as of today.

This Report is available at the the Company’s registered office, in its website ([www.autogrill.com](http://www.autogrill.com) - *Governance Section*) and in the Borsa Italiana’s website ([www.borsaitaliana.it](http://www.borsaitaliana.it)).

Neither the Company nor its Subsidiaries are bound to obey non-Italian laws that could affect Autogrill’s corporate governance structure.

## **4. BOARD OF DIRECTORS**

### **4.1. Appointment and substitution**

The appointment and substitution of Directors are regulated by the applicable legislation and by art. 10 of the Bylaws, which establish that the Board of Directors must be appointed with a list voting system.

With the Resolution adopted on 27 September 2012, the Board of Directors made the corporate Bylaws compliant with the provisions introduced in the TUF by Law no. 120 of 12 July 2011 concerning equal access to regulated markets for the corporate governing and control bodies of listed companies. More specifically, referring to the appointment of the Board of Directors, the Bylaws have been integrated pursuant to the new provision of art. 147-ter, paragraph 1-ter, of the TUF.

The relevant provisions of the aforementioned art. 10 of the Bylaws, as most recently amended on 27 September 2012, are set forth below.



The Directors are appointed by the shareholders from lists submitted by the Shareholders in accordance with laws and regulations in force from time to time, also in compliance with the regulations on balance between genders, where a number of up to fifteen candidates that meet the current legal and regulatory requirements will be listed and assigned progressive numbers.

The lists must indicate which candidates meet the independence requirements set out in the applicable provisions of law and regulations.

The lists that contain three or more candidates must include candidates of both genders, so that at least one fifth (for the first mandate after 12 August 2012) and then one third (rounded up) of the candidates belong to the less represented gender.

Each Shareholder may present or take part in the presentation of one list only and each candidate may be presented on one list only or not qualify for election. Lists may be presented only by shareholders who alone or together with other shareholders represent at least 1.5% of the share capital or any other lower legal or regulatory percentage currently in force.

In this regard, we point out that on 30 January 2013 Consob adopted Resolution no. 18452 to fix the minimum participation for presentation of list of candidates for Autogrill boards of Directors and statutory auditors at 1.5% pursuant to art. 144-*quater* of the Issuers' Regulations.

Together with each list, within the terms set forth in the provisions of law and regulations in force from time to time, statements must be submitted where the individual candidates accept their candidacy and certify, under their own responsibility, that no causes of ineligibility and incompatibility exist and that they meet the requirements specified in the applicable legislation for the respective positions. These statements shall be filed along with the candidates' CVs or *résumés* providing personal details and professional information, and indicating their eventual requisites for independent directorships.

Lists failing to comply with the aforementioned requirements shall not be taken into consideration.

Each person with the right to vote may vote for one list only.

After voting, the elected candidates shall be those of the two lists that received the most votes on the basis of the following criteria:

- a) the total number of Directors to elect less two shall be taken from the list that obtains the majority of the votes cast by the Shareholders, in the progressive order in which they are listed;
- b) the other two Directors shall be taken from the list that received the most votes, after the first list, in the Meeting ("minority list"), provided it is in no way connected, not even indirectly, with the Shareholders who submitted or voted the list that received the most votes.

In the event of an equal number of votes, the entire Shareholders' Meeting shall vote again and the candidate elected shall be the candidate who obtains a simple

majority of votes, subject to the provisions specified below for the balance between genders in compliance with current law.

If after voting, a sufficient number of Directors with the legal and regulatory independence requirements have not been elected, the last candidate in progressive order on the list that obtained the most votes who does not meet said requirements shall be excluded and replaced by the next candidate possessing said requirements from the same list. This procedure must be repeated until the required number of independent Directors have been elected.

In the event that the candidates elected as specified above do not ensure the required composition of the Board of Directors, in accordance with current law on the balance between genders, the candidate of the more represented gender elected last in progressive order in the list that obtained most votes shall be replaced by the first candidate in progressive order of the less represented gender not elected from that list. This replacement procedure shall be followed until a compliant composition of the Board of Directors is reached as required by the current law concerning the balance between genders. If this procedure still fails to ensure the expected result, the replacement shall be decided by the Meeting with the relative majority of votes, after the presentation of candidates of the less represented gender.

If only one list is presented, or if no list at all is presented or if a list presented does not allow for the election of independent Directors pursuant to legal and regulatory requirements, the Meeting shall vote with the legal majority, subject to compliance with the current law on balance between genders.

The Shareholders' Meeting may, even in the course of the Board's mandate, change the number of members of the Board of Directors, subject to the limit stated in the first paragraph of art. 10, and proceed with the relevant appointments. The term of office of Directors thus elected shall end with that of the Board of Directors.

Should one or more Directors lapse from office during the financial year, action shall be taken pursuant to art. 2836 C.C. As an exception to the provisions of art. 10 of the Bylaws specified above, if, for any reason, the Director or Directors taken from the minority list cannot take up office or having taken it up must then stand down, he/they shall be replaced by the candidate/s belonging to the same list, by progressive order, and who are still eligible and willing to accept office. The principle of balance between genders shall in any case be complied with either upon co-opting and in the Shareholders' Meeting.

The procedure for confirming a Director co-opted by the Board of Directors or appointing another Director to replace him in the following Shareholders' Meeting is as follows: shareholders either individually or together representing at least 1.5% of the share capital or any other lower legal or regulatory percentage may indicate a candidate by filing the documentation indicated in art. 10 of the Bylaws.

If a co-opted Director or the Director replaced by him had been taken from the minority list, the Shareholder representing the majority of the share capital present at the Meeting and any other Shareholders in any way connected, even indirectly, with such Shareholder are barred from voting.

The previous provisions of this art. 10 of the Bylaws hereby mentioned shall apply *mutatis mutandis*.

After the vote, the candidate obtaining the most votes shall be elected.

Should the majority of the Directors lapse, the entire Board of Directors shall be considered to have resigned and the Shareholders' Meeting shall be promptly called by the Board of Directors for the appointment of the new Board of Directors.

### **Succession plans**

The Corporate HR function co-ordinates the process of evaluating the positions in the Group with most impact on the business or of a particularly critical nature and at the same time assesses the skills, performance and capacities of people currently in such positions. The annual assessment process now in place is able to identify people potentially suitable for filling any "key positions" that might fall vacant without warning in the various business structures (succession plans). If no internal resources are available to fill such positions in the short term, the external market is screened for candidates. The Group favours training programmes for especially meritorious personnel and both vertical (in the same function and/or business sector) and horizontal (moving between functions and/or business sectors) career paths, and with a strong focus on international training for future Group managers.

The Group's human resources management is based on models that encourage and reward merit and seeks to identify the skills required in key positions which are particularly critical and strategic for the Group, thus enabling all its companies to use suitable tools for pre-selecting employees with the skills needed in succession situations (whether through promotion or horizontal transfer).

Top management assessment results (which also cover posts of "strategic responsibility") are submitted to the Human Resources Committee (in whose meetings the Chairperson of the statutory auditors, or another statutory Auditor on his/her behalf, takes part as recommended in art. 6 of the 2011 Code and such information is updated at least annually).

The Group's human resources management is also geared to possibly covering the post of CEO, although there is no specific "succession plan" for this eventuality. In this regard, we point out that, in compliance with the provisions set forth in criterion 5.C.2 of the 2011 Code, on 20 December 2012, the Board of Directors assessed the possible adoption of a succession plan for Executive Directors. As a result of this assessment and considering the specific organization of human resources implemented by the Company and the peculiarity of the reference market, the Board of Directors decided not to adopt such a plan. It should be noted, however, that, also considering the Company's ownership structure, the Board of Directors may act promptly to take the necessary decisions thereon.

## 4.2. Composition

The current Board of Directors will remain in office until after approval of the 2013 Accounts and was elected by the Shareholders' Meeting held on 21 April 2011, by list vote, pursuant to the then applicable art. 10 of the Bylaws.

For the appointment of the Board currently in office, only one list was presented, by the majority shareholder Schematrentaquattro S.r.l., which on the date of the shareholders' meeting held 59.28% of Autogrill's share capital. With votes representing 63.974% of the share capital, all 13 candidates in the list presented were elected.

The Board initially consisted of the following 13 members of whom one is an Executive Director - Gianmario Tondato Da Ruos, CEO - and 12 are non-executive: Gilberto Benetton (Chairperson), Alessandro Benetton, Tommaso Barracco, Arnaldo Camuffo, Francesco Giavazzi, Marco Jesi, Alfredo Malguzzi, Maurizio Manca, Marco Mangiagalli, Gianni Mion, Stefano Orlando and Paolo Roverato.

Maurizio Manca, a non-executive independent Director, gave notice of resignation with immediate effect, for personal reasons, on 31 August 2011.

On 7 March 2012 the Board of Directors co-opted a 13<sup>th</sup> non-Executive Director, Mr. Massimo Fasanella d'Amore di Ruffano.

On 19 April 2012, the ordinary Shareholders' Meeting confirmed the office of Director for Mr. Massimo Fasanella d'Amore di Ruffano until the expiry of the mandate conferred to the other Directors (i.e. until the date of the Meeting that will be called to approve the Company's financial statements as at 31 December 2013).

Pursuant to application criterion 2.C.5 of the 2011 Code, we specify that as of the date of this Report there are no so-called cross-directorship situations: Autogrill's CEO, Mr. Gianmario Tondato da Ruos, does not hold a directorship in any company external to the Group in which another Autogrill Director is CEO.

Set forth below are the personal and professional profiles of each Director.

### Profiles of Directors

#### **Gilberto Benetton**

Chairperson

Born in 1941 in Treviso, in 1965 Gilberto Benetton set up the Benetton Group together with his sister Giuliana and brothers Luciano and Carlo. The Benetton Group is world leader in the apparel industry and today operates in some 120 countries. He is Chairperson of Edizione S.r.l., the family holding company, Chairperson of Autogrill's Board of Directors (since 1997) and a Board Member of Mediobanca S.p.A., Atlantia S.p.A., Pirelli & C. S.p.A., Benetton Group S.p.A., and Sintonia S.A.. He presides over all financial and property investments undertaken by the family holding company. A keen sportsman, he promotes the Group's sporting

initiatives, especially in the youth sector, social activities and professional rugby. Through the Benetton Foundation he created La Ghirada, a veritable sports centre in Treviso.

### **Gianmario Tondato Da Ruos**

CEO of Autogrill since April 2003 (Director since March 2003)

Born in Oderzo (Treviso) in 1960, he graduated in economics at University in Venice and started his career in 1985 in Nordica S.p.A., subsequently moving to Arnoldo Mondadori Editore and various Benetton Group companies, in which he worked on business re-organization and international mobility.

He joined Autogrill Group in 2000 and moved to the United States to manage the integration of the North American subsidiary HMSHost and successfully implemented a strategic refocusing on concessions and diversification into new business sectors, distribution channels and geographies. His policy of growth through organic development and acquisitions enabled Autogrill to nearly double its sales, while the acquisition of Aldeasa S.A., Alpha Group Plc. and World Duty Free Europe Ltd. transformed the Group into the world's biggest airport retailer and F&B operator.

He is lead independent director of Lottomatica S.p.A., Chairperson of HMSHost Corporation and Board Member of World Duty Free Group S.A.U. and World Duty Free España S.A..

### **Alessandro Benetton**

Director

Born in 1964 in Treviso. He graduated in Business Administration from Boston University. In 1991 he obtained a Master Degree in Business Administration from Harvard.

His professional career began at Goldman Sachs, as an M&A analyst. In 1993 he founded Schemaquattordici S.p.A. (former 21, Investimenti S.p.A.), a holding company whose shareholders are Edizione S.r.l., Intesa SanPaolo S.p.A., Fininvest S.p.A., Seragnoli Group, Assicurazioni Generali S.p.A. and Ricerca S.p.A., and became its Chairperson, an office he still holds. He is Chairperson and CEO of 21, Partners S.p.A., Board member of Edizione S.r.l. and Autogrill (since 1997). Since 2012 he has been Executive Chairperson of Benetton Group S.p.A., Chairperson of the board of Directors of 21 Investimenti SGR S.p.A. and a member of the supervisory board of 21 Centrale Partners S.A.

### **Tommaso Barracco**

Director

Born in Cosenza in 1951, he graduated in mechanical engineering at Pisa University and took a Master's in Business Administration at HEC (Jouy en Josas, France).

He started his career as a project manager with Ansaldo Group companies in the field of energy production plant engineering in Italy and abroad.

In 1984 he joined Boston Consulting Group (BCG) in Paris, subsequently becoming a partner and managing director in 1990 and senior partner in 1999.

At BCG he held posts of responsibility in industrial sectors and was managing director at BCG Italia. He worked with large international groups and developed in-depth knowledge of consumer goods, distribution, services, transport and tourism.

He has contributed to many studies and publications on the creation of value in companies and problems involved in internationalization and competition.

He has been an independent director of Autogrill since 2011.

### **Arnaldo Camuffo**

Director

Born in Venice in 1961, he graduated in business economics at Università Ca' Foscari in Venice. In 1990 he took a Master's in Business Administration at the Sloan School of Management at Massachusetts Institute of Technology and then a PhD in business administration at the University of Venice.

A full professor of business organization at the University of Venice (1990-2003) and Padova (2003-2007), he has been a consultant to some of Italy's top industrial groups and worked with leading training organizations in Italy and elsewhere in Europe. He collaborates with Italian research bodies and professional associations specializing in management, organization and human resources. He is a member of scientific committees at AIF and ASFOR. He is Science Director at Lean Enterprise Center, Italy, a director of Lean Global Network and Principal Investigator at International Motor Vehicle Program.

He has been a full professor of business organization at Milan's L. Bocconi University, where he is also Director of the PhD Program in Business Administration and Management, since 2007. He has been an independent director of Autogrill since 2008 and of Carraro S.p.A. since 2009.

### **Massimo Fasanella d'Amore di Ruffano**

Director

Born in Bari on 7 November 1955, he obtained his engineering degree from the École Polytechnique Fédérale of Lausanne.

From 1980 to 1995 he covered several positions in Procter & Gamble, in the marketing, operations and general management sectors in Europe and in North Africa.

In 1995 he was appointed International Marketing Vice-President of PepsiCo, where he contributed to the development of the Pepsi brand in Latin America, China and India.

Starting from 1998 he covered several leading positions within PepsiCo, initially as Senior Vice-President and Chief Marketing Officer of Pepsi-Cola International and Business Unit General Manager for Turkey and Central Asia, and subsequently as Strategy and Development Senior Vice-President (2000-2002), President for the Latin American Region (2002-2005) and Executive Vice-President Commercial of PepsiCo International.

In 2007 he was appointed as CEO to head the Beverages Division of PepsiCo for the Americas and in 2011-2012 he became President of the Global Beverages Group for the Beverages Division of PepsiCo.

Since 2012 he has been an independent member of Autogrill's Board of Directors.

### **Francesco Giavazzi**

Director

Born in Bergamo in 1949, he obtained a degree in electronic engineering from the Politecnico di Milano and a Ph.D. in economics (1978) from the Massachusetts Institute of Technology.

He is a professor of economics at Bocconi University in Milan and a regular visiting professor at the MIT. He is a member of the Strategic Committee of Agence France Trésor.

From 1992 to 1994, he served as Director General at the Italian Treasury, in charge of economics research, debt management and privatizations, and represented the Ministry on the managing boards of INA - Istituto Nazionale delle Assicurazioni S.p.A. -, Assitalia and Banco di Napoli, of which he was also a vice-chairperson.

From 1998 to 2000, during the D'Alema administration, he was one of the economic advisers to the Italian prime minister.

He is a leader writer for Il Corriere della Sera.

He has been an independent director of Autogrill's Board of Directors since 2008, of Vitale&Associati S.p.A. since 2000 and of Arsenale di Venezia S.p.A. since 2005.

### **Marco Jesi**

Director

Born in Milan in 1949, he started his professional career in the Unilever group and in the marketing departments of important international consumer goods company such as Kraft and Johnson Wax with managing positions both in Italy and in the U.S.. In 1987-89 he covered the role of Sales and Operations Director for GS Supermercati. He covered managing roles in Pepsi Cola, Seagram and Frito Lay Western Europe. From 2002 to 2006 he was appointed President of PepsiCo Europe, with responsibility for all PepsiCo business units in Europe, from Portugal to Russia. From 2006 to 2007 he was President and CEO of Galbani. Since 2008 he has been working as Chairperson of the BoD of Argenta Spa, a leader in automatic

distribution, and of the BoD of Arcaplanet, a leading distributor of pet products. At present he is a board member of Autogrill's BoD (since 2011) and of the Safilo Group. From June 2011 he has also been a board member of Parmalat S.p.A..

## **Alfredo Malguzzi**

### **Director**

Born in Lerici (La Spezia) in 1962, he is name partner at Malguzzi and Associati, a firm of corporate and tax consultants. He took a degree in business economics at the L. Bocconi University in Milan. He has practised as a chartered accountant since 1991, providing advice on domestic and international company law and tax law, having gained experience in these fields since 1985 as primary co-operator of national and international professional firms.

He formerly taught at the SDA (Business School) of the Bocconi University (1990-1997), in the Administration and Control area, and is a tax journalist. He specialises in tax, corporate finance transactions, acquisitions, disposals and corporate re-organisations.

He has been a board member of Autogrill since April 2004 and is also a board member of Benetton Group S.p.A., Candy S.p.A., FinecoBank S.p.A. Borgo Scopeto and Tenuta Caparzo S.r.l.. He is Chairperson of the board of directors of LaGare S.p.A., a standing statutory auditor of BNP Paribas Lease Group S.p.A., biG S.r.l., Parmalat S.p.a., Egidio Galbani S.p.A. and Gruppo Lactalis Italia S.p.A.; Chairperson of the Board of Statutory Auditors of DeA Capital Real Estate S.p.A. (former FARE Holding S.p.A. of the DeA Capital Group).

He has been the lead independent director of Autogrill since 2011.

## **Marco Mangiagalli**

### **Director**

Born in Milan in 1949, he graduated in political economy at L. Bocconi University in 1973. He has spent most of his career in ENI Group and has also worked in Barclays Group (Italy) and Gruppo Nuovo Banco Ambrosiano.

At ENI he held posts of increasing responsibility, reaching finance Director and then Chief Financial Officer (1993 to 2008).

He has been a board member in many companies, including Agip S.p.A., Polimeri Europa S.p.A., Nuovo Pignone S.p.A., Snamprogetti S.p.A., Saipem S.p.A., Eni International Holding B.V., ENI International Bank Ltd, Albacom S.p.A., Emittenti Titoli S.p.A., Oil Investment Corp., Snam Rete Gas S.p.A. and Falck Renewables S.p.A..

He was Chairperson of ENI Coordination Center S.A. and Enifin S.p.A., as well as of Saipem S.p.A. (2008-2010).



His current positions are: independent director of Autogrill (since 2011), member of the Supervisory Board, Remuneration Committee and Related-Party Transaction Committee of Intesa Sanpaolo S.p.A., Director and member of the Control and Risk Committee of Luxottica Group S.p.A. and member of the Senior Advisory Board of Global Infrastructure Partners.

### **Gianni Mion**

Director

Born in 1943 in Vò (Padua), he graduated in business economics from Ca' Foscari University in Venice. He is a chartered accountant and auditor and has been Managing Director of Edizione S.r.l., the company of which he has become Vice-President since June 2012. His professional career began as auditor in KPMG and continued as controller in McQuay Europa S.p.A.. In 1974 he joined Gepi S.p.A. of which he became Deputy General Manager in 1980. He was managing director of Fintermica S.p.A. from 1983 to 1985, before joining Marzotto S.p.A. as Finance Director until 1986.

At present he is a director of Autogrill (since 1995), Benetton Group S.p.A., Atlantia S.p.A., Gemina S.p.A., Aeroporti di Roma S.p.A., Burgo Group S.p.A., Fondazione Cassa di Risparmio di Venezia and Sintonia S.p.A.

### **Stefano Orlando**

Director

Born in 1948 in Venice, he graduated in economics at Ca' Foscari University, Venice. He became an accountant in 1980 and is also a registered auditor.

He started his career in Milan in 1974 and joined Arthur Andersen S.p.A. the following year, becoming a manager in 1980 and partner in 1986. From 1987 to 1993 he was a member of the National Professional Standards Committee, of which he was also national co-ordinator of professional training (1989-1992) and headed its offices in the Triveneto region and then Brescia (from 1992). He later directed auditing activities for manufacturing, commercial and services companies, also for the Bologna, Florence, Parma and, most recently, Rome, Naples and Bari offices.

In 2002 he was appointed country managing partner for the Arthur Andersen network and managing director of Arthur Andersen S.p.A. Following integration with the Deloitte & Touche network, he became country managing partner of the latter and managing director of Deloitte & Touche S.p.A., which he left in 2005.

He is currently an independent director of Autogrill (since 2011) and Benetton Group S.p.A..

## **Paolo Roverato**

Director

Born in Padua in 1963, he graduated in business economics from Ca' Foscari University in Venice. He is a chartered accountant and registered auditor.

He started his professional career with a primary accounting firm in Padua and in 1989 joined Arthur Andersen S.p.A., where he became a manager in 1994 and took up increasing responsibilities over time within the framework of its national organization.

He has been an executive at Edizione S.r.l. since 2002.

At present he is a member of the Board of Directors of Autogrill S.p.A, Aeroporti di Roma S.p.A., Edizione Property S.p.A., managing director of Edizione Alberghi S.r.l. and standing statutory auditor of Alì S.p.A. and Elvox S.r.l..

### **Limit to the number of management and control positions held in other companies**

On 12 December 2007, the Board of Directors adopted the following policy regarding the maximum number of positions directors may hold simultaneously in other companies, as proposed by the Internal Control and Corporate Governance Committee:

- a) an executive director of the Company must not hold the office of:
  - i) executive director in another listed company or a finance company, bank or insurance company, or any company with shareholders' equity in excess of € 10 billion and
  - ii) non-executive director or statutory auditor (or member of a supervisory board) in more than three of the companies referred to in (i) above;
- b) a non-executive director of the Company, in addition to the office held in the Company, must not hold the office of:
  - (i) executive director in more than one of the companies in (a)(i) above and non-executive director or statutory auditor (or member of a supervisory board) in more than three of the companies above mentioned, or
  - (ii) non-executive director or statutory auditor in more than six of the above companies.

These limits shall not include offices held in other companies belonging to the group headed by Edizione S.r.l..

In any case, before taking up the office of director or statutory auditor (or member of a supervisory board) in another company which is neither an associate nor a direct or indirect subsidiary of Autogrill, the Executive Director shall inform the Board of Directors, which shall preclude taking up the office where it notes incompatibility with the Executive Director's functions and the interests of Autogrill.

On 15 December 2011, the Board of Directors currently in office confirmed the aforementioned policy regarding the maximum number of appointments of directors in other companies and ascertained that the current composition of the Board was in line with the aforesaid criteria.

On 20 December 2012, the Board of Directors deliberated on putting off any decision concerning the need to take into account the participation of Directors to the Board Committees for the purpose of expressing an opinion on the limit to the maximum number of offices to be held to a subsequent meeting, in compliance with application criterion 1.C.3 2011 Code.

On the other hand, we have to point out that, from a general point of view, the Autogrill Code (section 1.5, paragraph 2), for any future evaluation of the limit to the number of management/control position to be held, requires the Board of Directors to consider, among the necessary qualifications to cover the role of Director or Auditor, that these designated persons have an appropriate amount of time to devote to the role, for an effective performance of their tasks.

This Report contains an enclosure with a table showing the number of offices held by each Director in other companies listed in regulated markets (including abroad), in investment, banking, insurance or significant-size entities, with indication of the position held and of the company name.

### ***Induction programme***

To continue the induction activity initiated immediately after the settlement of the current BoD to the benefit of newly appointed Directors in October 2012, during a meeting of the Board held in Amsterdam a further induction plan and related update was organized for the Board of Directors and for the Board of Statutory Auditors with the help of some managers of the Group. It consisted in a visit to the Food & Beverages business activities managed by the Group in Amsterdam airport Schiphol and a strategic update brain storming session on the Group's trends and on some of the main business, organizational and corporate governance themes the management is taking care of.

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

The Board of Directors is regularly called and, in 2012, it regularly met 13 times (with an average duration of the meeting of approx. 2 hours and a half). For 2013, approx. 11 meetings are expected (3 of which have already been held as of the date of this Report).

Also considering the regular recurrence of its meetings, the Board of Directors is capable of efficiently and promptly performing its tasks and its composition is such that the priority of the corporate interest can be ensured in the performance of its functions.

The promptness and completeness of the pre-board information are ensured by the competent managers of the Company, who take care of all the necessary documents for the discussion of the points listed in the Agenda. Transmission of these documents

to the Board Members is under the direct control of the Secretary of the Board of Directors, who takes care to prepare it reasonably in advance before the meeting date, also considering any possible confidentiality and urgency requirement in connection with certain subjects.

In line with application criterion 1.C.5 introduced for the first time in the 2011 Code, section 4.4 of the Autogrill Code, approved on 20 December 2012, requires, inter alia, that the material regarding each Board meeting be normally transmitted to the Directors at least three days before the meeting date, a term that, starting from the implementation of the meetings held in 2013, has been complied with.

In addition, as required by the new application criterion 1.C.6 of the 2011 Code, the directors of the Company and the Group having specific competencies and responsibilities on the issues examined by the Board are invited to attend all the meetings of the Board of Directors in connection with certain subjects. This practice is described in sections 4.6 and 4.7 of the Autogrill Code.

During the meetings, the Directors of the Company will present the issues to be discussed and the Chairperson will encourage their discussion with all the Board Members.

During the meeting of 20 December 2012, the Board of Directors aligned the subjects that had been previously kept under its exclusive competence, in addition to those that could not be delegated by law or Bylaws, to the new provisions of the 2011 Code (and particularly to principle 1.P.2 and to application criterion 1.C.1). These exclusive assignments are now expressly listed in section 1.3 of the Autogrill Code, pursuant to which the Board of Directors:

- a) prepares and adopts the Company's corporate governance rules and defines the guide-lines of the Group's corporate governance;
- b) appoints the Supervisory Body pursuant to L.D. 231/2001 and approves the organization, management and control model described therein (the "**Model**");
- c) approves the Company's and Group's strategic, industrial and financial plans, including those that span over several years, as well as the changes to the same plans needed to allow for the completion of transactions of strategic significance that had not been originally planned in those plans, and periodically monitors their implementation;
- d) enforces, as regards transactions with related parties, which remain under its exclusive competence, the provisions issued on this subject by Consob, as transposed into internal procedural rules of the Company and Group;
- e) defines the nature and level of the risk compatible with the Company's strategic objectives;
- f) approves the budget and the annual financial strategy of the Company and the consolidated budget of the Group;
- g) approves the operations of the Company and Group having a strategic, economic, equity or financial significance;

- h) examines, evaluates and approves, in compliance with the corporate Bylaws, the legislation and the Autogrill Code, the periodic accounting records and the disclosures required by the applicable legislation, to be submitted to the Board of Statutory Auditors, also in compliance with the procedure adopted pursuant to art. 7 of the Autogrill Code;
- i) attributes, determines the content of, and revokes powers of attorney granted to the President, the CEO, the Executive Committee, if existing, and any Directors with special proxies, appoints the members of the Human Resources Committee and the Control, Risk and Corporate Governance Committee and the members of any other committee that may be established within the Board of Directors (collectively, the “**Committees**”), by defining the limits, operating modes and periodicity with which the company officers must report (at least on a quarterly basis) to the Board about the activities carried out in the exercise of their powers;
- j) determines, after examining the proposals of the HR Committee and consulting with the Board of Statutory Auditors, as legally required, the remuneration of the President, CEO and, if appointed, Directors with particular roles and, if the Meeting has not yet done so, apportions the global fees into the portions for each individual member of the Board of Directors, as well as for the members of the Committees formed under the Autogrill Code and for the members of any other existing Committee;
- k) evaluates the adequacy of the organizational, administrative and accounting layout of the Company and the Group; examines and evaluates the general business trends of the Company and the Group, by periodically comparing the results achieved against those expected; examines and evaluates any situation of conflict of interests; all these evaluations being based on the information received from the company officers, from the Company’s and the Group’s management and from the internal control function, keeping into consideration, in particular, the information received from the President, CEO, Control and Risk System Director, and Control, Risk and Corporate Governance Committee;
- l) upon the CEO’s proposal, establishes the composition of the governing bodies of the Subsidiaries identified by the Board of Directors from time to time as Subsidiaries of strategic importance (the “**Subsidiaries of strategic importance**”);
- m) upon the CEO’s proposal, determines the assignments and powers of the General Manager of the Company, if appointed;
- n) according to the competencies of the Meeting, takes care, after consulting with the HR Committee, to adopt and implement monetary or share incentive plans in the favour of the employees of the Company and defines the contents and criteria of the monetary or share incentive plans in the favour of the employees of the Subsidiaries, and approves, after consulting with the HR Committee, the Remuneration Report;

- o) takes care to ensure that the Board of Statutory Auditors information procedure defined in art. 150 of TUF is complied with;
- p) reports, as required by the applicable legislation and regulations, to the Shareholders during the Meetings;
- q) appoints the Chief Audit Executive;
- r) approves, after consulting with the Control, Risk and Corporate Governance Committee, the Report on Corporate Governance and Ownership Structure defined in art. 123-bis of TUF.

Furthermore, according to section 11.3 of the Autogrill Code, the Board of Directors, as regards the Control and Risk Management System:

- (a) after obtaining the favourable opinion of the Control, Risk and Corporate Governance Committee, (i) defines the guidelines of the Internal Control and Risk Management System, evaluates its adequacy and effectiveness against the characteristics of the company and the risk profile adopted at least on an annual basis, and entrusts the Control and Risk System Director with the task of setting up and maintaining an effective Internal Control and Risk Management System; (ii) approves, at least on an annual basis, the work plan prepared by the Chief Audit Executive, after consulting with the Board of Statutory Auditors and CEO; (iii) evaluates, after consulting with the Board of Statutory Auditors, the results shown by the Independent Auditors in its letter of suggestions and report on main issues that have arisen during legal auditing; and
- (b) upon the Control and Risk System Director's proposal and after obtaining the favourable opinion of the Control, Risk and Corporate Governance Committee and consulting with the Board of Statutory Auditors: (i) appoints and revokes the Chief Audit Executive; (ii) ensures that the Chief Audit Executive is provided with the adequate resources to perform his/her tasks; and (iii) defines the remuneration of the Chief Audit Executive consistently with corporate policies and in compliance with the applicable legislation.

The Control, Risk and Corporate Governance Committee, during the Board meeting held on 7 March 2013, submitted a report on its activities carried out throughout 2012 based on which, during the same meeting, the Board of Directors assessed Autogrill's Internal Control and Risk Management System as effective and appropriate for the size, structure and characteristics of the Company and the Group.

On 7 March 2013, based on a presentation prepared by the competent corporate functions with the positive opinion of the Control, Risk and Corporate Governance Committee, the Board of Directors acknowledged the adequacy of the organizational, administrative and accounting layout of the Company and Group for the year 2012. We point out that, on 14 February 2013, the Board of Directors reviewed an assessment of the risk profile of the Company.

In addition to that, the Board has periodically assessed general business trends by taking into consideration the information received from the company officers and making periodic comparisons between expected and achieved results. In particular, in line with the requirements of application criterion 1.C.1 of the 2011 Code, the Board of Directors:

- periodically monitored the implementation of the strategic, industrial and financial plans of the Company approved from time to time;
- defined, within the framework of the business plan, the nature and compatible risk level of Autogrill's strategic objectives;
- defined the specific risk management policy required for the typical risks of the business activity by adopting policies and procedures;
- examined and made decisions on the operation of the Subsidiaries, even with the mere purpose of acknowledging the same.

We also specify that, based on generated revenues, the Board of Directors identified the following Subsidiaries of strategic importance: HMSHost Corporation (former Autogrill Group Inc.) and World Duty Free Group S.A.U..

The apportionment of the global fees for the Board of Directors was made by the shareholders' meeting, following the appointment of the Board, on 21 April 2011.

In its first meeting after its appointment on April 21 2011, the Board of Directors apportioned the overall amount of Directors' emoluments fixed by the Shareholders' Meeting among the Board's committees and their respective members (with the sole exception of the Related-Party Transaction Committee, given the infrequent, non-routine and non-repetitive nature of the activities it may be called on to carry out).

On 10 November 2011, having first examined the proposals of the Human Resources Committee and heard the opinion of the Board of Statutory Auditors, it also fixed the emoluments for the special executive functions assigned to the CEO.

In line with international best practices and with the provisions of the 2006 Code (application criterion 1.C.1(g), similar to that of the 2011 Code), the Board of Directors, during its meeting on 15 December 2011, initiated the Board Review, i.e. the self-assessment programme on the size, composition and operation of the Board of Directors and its Committees with reference to the Year 2012.

The Board Review was based on a questionnaire that was sent to each Director, drawn up by the Corporate Affairs department and Lead Independent Director with the help of an external independent specialist. Considering the renewal of the Board that took place during the Shareholders' Meeting held to adopt the 2010 financial statements, it was deemed appropriate to concentrate the 2012 Board Review mainly on the results of and guidelines produced by the previous self-assessment and in particular on the areas requiring improvement, to check on progress made with respect to the previous year and the opinions of the new Directors.

During the Board meeting of 16 February 2012, a summary document of the answers Directors gave to the questionnaire was made available to the Board Members (in anonymous form) and a process of evaluation of the answers was

started with the support of another external independent consultant, who supplemented the survey with individual interviews with the Directors on specific issues regarding the work of the Board, starting from their answers to the questionnaire.

The 2012 Board Review was concluded with the Board meeting of 31 July 2012. The result, in summary, was a virtual confirmation of a deep satisfaction on a number of themes that showed the positive progress made with respect to the past, particularly as regards the refocusing of the Board's priorities, induction meetings, the use of new, more complete and usable, electronic methods for the distribution of information. However, areas for further improvement were also defined.

To render the work of non-Executive Directors even more effective, it was suggested that induction activities - which took place immediately after the installation of the Board currently in office and were considered very useful for the purpose of achieving in-depth knowledge of the various operating companies and specific business issues - be extended, and that dialogue between the various Committees and between the Committees and the Board be intensified.

The shareholders' meeting did not grant any general prior authorization for exceptions or waivers in respect of the prohibition of competition by Directors pursuant to art. 2390, civ. cod.. To date, none of the situations contemplated in said provision have occurred.

#### **4.4 Company officers**

##### **CEO**

The Board of Directors is a unitary body in which the delegated management powers entrusted to the CEO are balanced by the technical and professional expertise of non-executive and independent directors in order to promote ongoing discussion within the Board of Directors leading to decisions in line with the interests of the Company.

In line with a resolution taken by Autogrill's Board of Directors in their meeting on 21 April 2011, the CEO has general management powers to be exercised within the framework of (i) business plans and budgets, (ii) limitations of scope and values applying to the matters reserved to the Board of Directors, (iii) laws and regulations and the Company's Code of Ethics and procedures, and (iv) all decisions and policies of the Board.

Some of the CEO's powers must be exercised within the specific limits listed below:

- a) purchase and sale contracts (including those with title retention clauses) and trade-in of machinery, plant, equipment, materials and motor vehicles within a value limit of € 5,000,000 per single contract;
- b) consultancy, intellectual and professional services contracts in general: up to € 1,000,000 per fixed-term contract;



- c) leases and subleases of buildings and similar units of property, leasing or subleasing of businesses, provided that the minimum annual rent does not exceed € 5,000,000;
- d) acquisitions and/or disposals of businesses or business units: up to € 5,000,000, gross of all charges and liabilities, per single contract;
- e) purchase, sale or underwriting of shares, equity interests or consortium shares: amounts not in excess of € 5,000,000 per transaction;
- f) purchase and sale (spot and forward) and pledging of government securities and state-backed securities of any kind, and purchase and sale of debt instruments of supranational issuers, with full powers: up to € 5,000,000 per transaction;
- g) stipulation, with appropriate clauses (including arbitration), amendment and termination of purchase and sale contracts for buildings, land and other property assets: up to € 5,000,000 per single contract;
- h) stipulation, also in the interest of Subsidiaries, with appropriate clauses (including arbitration), amendment and termination of agreements to open credit lines and credit facilities in general, financing or credit mandates: up to € 10,000,000 per single contract;
- i) negotiation with banks and financial institutions and investors for loans (including securitization): up to € 10,000,000 per single transaction, all resolutions and authorizations relating to execution of the same to be submitted to the Company's competent bodies;
- j) loan contracts of any kind with wholly-owned subsidiaries: up to € 10,000,000 per single transaction; Group treasury cash pooling contracts and infra-group current account contracts: within a maximum daily pooling availability of € 10,000,000 in the interest of each Subsidiary;
- k) current and deposit account contracts with banks and post offices, including cash pooling contracts: within a maximum daily pooling availability of € 10,000,000 in the interest of each subsidiary;
- l) applications - including in the interest of subsidiaries – for bank or insurance guarantees, letters of guarantee and undertakings in general, issuance of letters of surety, letters of indemnity, endorsements or letters of patronage: up to € 5,000,000 per single transaction;
- m) underwriting of counter security and indemnity letters: up to € 5,000,000 per single deed against guarantees issued by banks in favour of third parties and in the interest of the Company;
- n) initiation and abandon of legal action; settlement of litigation in or out-of-court; appointment and revocation of counsel, attorneys and consultants; appointment of arbitrators, also under amiable composition: up to € 5,000,000 per single dispute.

Transactions exceeding the aforementioned limits are reserved to the competence of the Board of Directors.

Being the only Board Member with powers of attorney, the CEO can be qualified as the main person in charge with management of the company. We specify (as already pointed out in section 4.2 of this Report) that the situation of “interlocking directorate” defined in application criterion 2.C.5 of the 2011 Code does not apply.

### **Chairperson of the Board of Directors**

The Chairperson of the Board of Directors is vested with legal powers and with the powers specified in the Company's Bylaws, has no executive powers and is responsible for the operation of the Board of Directors, co-ordination of its activities and provision of information to the Directors. The Chairperson may propose initiatives that he considers appropriate for increasing the Directors' knowledge of the Company and its operations.

The Chairperson may – with the consent of the other Directors – invite senior managers of the Company or of Subsidiaries, or consultants, to attend meetings of the Board to describe certain specific transactions or technical and operational matters concerning the Company and the Group.

Pursuant to Article 5 of the Autogrill Code, the Chairperson of the BoD shall:

- a) take care that the Board Members receive, usually at least three days before the date fixed for each Board Meeting, the most appropriate documentation concerning the points of the Agenda to allow for an effective participation of the Directors of the Company in the meeting;
- b) procure that the adequate information flow between the BoD and the other governing bodies of Autogrill are ensured;
- c) follow, consistently with the programmes approved by the competent boards, the general initiatives for the promotion of the image of the Company;
- d) represent the Company, in compliance with the resolutions made by the competent boards, in the ordinary and extraordinary meetings of the companies or entities whereto the Company is a party, with power to appoint the Company's employees or third parties as special proxies for the exercise of said powers;
- e) manage the relationships of the Company with national, foreign and supranational authorities, bodies and agencies.

### **Information Reports for the Board**

The Board constantly monitors general management performance, with a special focus on the information it receives from the CEO, and periodically checks actual against programmed results.

In particular, at each meeting of the Board of Directors and at least every quarter:

- the CEO or the other Directors with special powers report to the Board and to the statutory auditors on the exercise of their powers;
- the CEO reports on general trends and outlook in the business, on related party transactions and transactions of greater importance carried out by the Company and its Subsidiaries.

To widen Directors' knowledge of the Company's businesses, a number of managers from the Company and its subsidiaries were invited over the Year to meetings of the Board of Directors, Strategy and Investment Committee, HR Committee, Control, Risk and Corporate Governance Committee and Board of Statutory Auditors.

#### **4.5. Other Executive Directors**

No Directors on Autogrill's Board of Directors, other than the CEO, may be considered executive.

#### **4.6 Independent Directors**

In compliance with the previously applicable principle 3.P.2 of the 2006 Code, the Board of Directors, also based on the information received from the same Directors, has assessed – on an annual basis, as currently required by principle 3.P.2 of the 2011 Code – whether each Board member met independence requirements and informed the market in this regard. Having independent directors serving on the Board and its Committees is an appropriate way of safeguarding the interests of all shareholders and stakeholders.

The 2006 Code, in application criterion 3.C.1 (that remained substantially unchanged in the 2011 Code), indicated non-exhaustive parameters the Board may comply with in assessing the independence of its non-Executive Directors.

On 12 December 2007, the Board of Directors, having examined the aforementioned application criterion and the advice of the Internal Control and Corporate Governance Committee (now called Control, Risk and Corporate Governance Committee), adopted the Director independence criteria already identified by the 2006 Code, except for the principle according to which a Director who has been in that role for more than 9 years over the last 12 years cannot be usually considered as independent. The same criteria also apply for the members of the Board of Statutory Auditors.

The decision adopted, upon the Internal Control and Corporate Governance Committee's proposal, was motivated by the consideration that a consolidation of knowledge of a business's specific problems is a valuable asset in that it enriches the Directors' subjective capabilities and enables them to perform more effectively.

During 2011, upon the first available occasion after its appointment, the Board of Directors assessed the existence of the aforesaid independence requirements, as well as the independence requirements established by the combined provisions of articles 147-ter, paragraph 4, and 148, paragraph 3, of the TUF regarding Board Members Tommaso Barracco, Marco Jesi, Alfredo Malguzzi, Marco Mangiagalli, Stefano

Orlando, Arnaldo Camuffo and Francesco Giavazzi (as well as Director Maurizio Manca, who thereafter resigned on 31 August 2011). In addition, the Board of Directors ascertained the fulfilment of the same independence requirements for Director Massimo Fasanella d'Amore di Ruffano on 7 March 2012 and on 19 April 2012, the respective dates of his appointment by co-optation and of his appointment by the Meeting. The Board disclosed the outcome of its considerations from time to time by means of a public announcement.

The Autogrill Code approved on 20 December 2012 also contains, in section 3.1, the criterion that a Director that has been a Director in the Company for more than 9 years over the last 12 years cannot usually be considered independent.

As required by the 2011 Code, which recommends reviewing the independence of Directors on an annual basis, on 7 March 2013 the Board of Directors newly ascertained the fulfilment of the abovementioned requirements for Directors Tommaso Barracco, Arnaldo Camuffo, Massimo Fasanella d'Amore di Ruffano, Marco Jesi, Francesco Giavazzi, Alfredo Malguzzi, Marco Mangiagalli, Stefano Orlando.

The aforesaid Board resolution was transmitted to the Board of Statutory Auditors who, on 7 March 2013, verified that the criteria and procedures adopted by the Board to assess the independence of its members pursuant to article 15.6 of the Autogrill Code (application criterion 3.C.5 of the 2011 Code).

The present composition of the Board of Directors, with 8 independent directors out of 13 Board Members, is also compliant with application criterion 3.C.3, as amended in the 2011 Code, which requires FTSE-MIB index companies to have at least one third of its Board of Directors – rounded down if no integer corresponds to that portion – consisting of independent directors (who, in every case, cannot be less than two).

Independent Directors meet at least once a year in a plenary session chaired by the Lead Independent Director and in the absence of the other Directors to discuss the working of the Board of Directors and governance issues. The independent Directors on the Board currently in office held said plenary session on 19 January 2013.

#### **4.7 Lead Independent Director**

Meeting on 21 April 2011, the Board of Directors appointed Board Member Alfredo Malguzzi as the Company's Lead Independent Director responsible for carrying out the tasks provided for in application criterion 2.C.3 of the 2006 Code and international best practices. During the same meeting, Mr. Alfredo Malguzzi was also appointed Chairperson of the Human Resources Committee and Co-ordinator of the Related-Party Transaction Committee.

For the effect of the general reception of law, upon appointing the Lead Independent Director as provided for by the 2006 Code, the functions assigned to Board Member Mr. Malguzzi in the course of the aforesaid Board Meeting must be intended as automatically adjusted to the provisions of application criterion 2.C.4 of the 2011 Code, pursuant to which the Lead Independent Director, in addition to acting as

reference point and coordinating the requests and contributions of non-executive directors, and particularly independent directors, cooperates with the Chairperson of the Board of Directors to ensure that directors actually receive complete and prompt information.

## **5. PROCESSING OF CORPORATE INFORMATION**

### **Privileged information procedure**

The Board of Directors adopted a Group procedure for disclosing privileged information to the market in 2006, pursuant to Law 62/18 April 2005 ("Community Law 2004") on market abuse.

The aim of this procedure is to govern internal management and external communication of privileged information not yet in the public domain concerning Autogrill or its subsidiaries, Autogrill stock or any other financial instruments issued by Autogrill which, if made public, might materially affect its share price.

To ensure equal information for all investors, privileged information is disclosed by the Company to the market as soon as it reaches a reasonable degree of certainty.

The procedure can be consulted on the Company's website ([www.autogrill.com](http://www.autogrill.com) - Governance section).

In line with current legislation, the Company set up a register containing the names of all individuals or legal entities who on account of the activities or functions they perform for Autogrill or its subsidiaries have or may have access, regularly or occasionally, to privileged information.

The Group's General Counsel is responsible for keeping and updating this register.

The Company also constantly applies the principles contained in Borsa Italiana's "Guide to Market Disclosure", which supplements existing provisions of law and regulations.

### **Internal Dealing procedure**

In 2006, the Board of Directors adopted an Internal Dealing procedure whereby relevant persons disclose to the market transactions involving shares and other financial instruments issued by the Company.

The current definition of relevant person, thus obliged to comply with the abovementioned procedure, includes Directors and statutory auditors of Autogrill, subjects who exercise functions of direction and executives who have regular access to privileged information and are authorized to make management decisions that may affect Autogrill's future development and prospects and all persons closely related to such relevant persons.

Relevant persons and their close relatives are prohibited from trading in the Company's financial instruments in the 15 days before any approval of accounts.

The person designated to receive, manage and disclose to the market the information required under the Procedure is the Secretary to the Board of Directors.

The procedure can be consulted on the Company's website ([www.autogrill.com](http://www.autogrill.com) - Governance section).

### **Procedures for the internal management and public disclosure of documents and information regarding the Company**

In compliance with application criterion 1.C.1(i) introduced for the first time in the 2011 Code, the Autogrill Code requires the Chairperson of the Board of Directors, in agreement with the CEO, to propose to the Board the adoption of procedures for the internal management and public disclosure of documents and information concerning the Company.

As of the date of this Report, the preparation of these procedures is already ongoing. They will be added to those previously approved concerning privileged information and internal dealing, as specified above.

## **6. INTERNAL BOARD COMMITTEES**

In compliance with the recommendations of the 2006 Code, as subsequently amended in March 2010 and updated in December 2011, the Board of Directors set up the following Committees:

- (i) a Human Resources Committee, to carry out, *inter alia*, the functions of the Remuneration Committee provided for in the 2011 Code;
- (ii) a Control, Risk and Corporate Governance Committee, to carry out the functions, *inter alia*, of the Internal Control and Risk Management Committee specified in the 2011 Code.

In addition to the above, the Board of Directors also set up:

- (iii) a Related-Party Transaction Committee, pursuant to the Related-Party Transaction Regulations; and
- (iv) a Strategy and Investment Committee.

The Committees under (i), (ii) and (iii) above are dealt with in sections 8, 10 and 12, respectively, of this Report.

The Strategy and Investment Committee was set up on 21 April 2011. Its current members are independent Directors Tommaso Barracco and Marco Jesi and non-Executive Director Gianni Mion (Committee Chairperson).

Said Committee provides the CEO and Board of Directors with information and advice on Group strategy and investment policies and also on major transactions.

In particular, the Strategy and Investment Committee examines the CEO's proposals to be submitted to the Board of Directors concerning:

- business strategies;
- long-term plans and budgets for the Group and its strategically important operating companies, and major transactions, on which it expresses opinions and/or recommendations;
- annual budget and long-term investment plan and updates thereof and additions thereto;
- the Group's investment policies and updates thereof;
- specific investment projects of particular strategic and/or economic importance.

The Strategy and Investment Committee also monitors implementation of the business strategies and investment programmes approved by the Board of Directors. The Committee's meetings are also attended by the Group *Strategy, Planning & Investor Relations* Manager, while other Company and Group executives may be invited by the Chairperson to participate on specific themes.

## 7. APPOINTMENT COMMITTEE

The Board of Directors has not so far deemed it appropriate to set up a Director Appointment Committee as contemplated in art. 6 of the 2006 Code (art. 5 of the 2011 Code). No reference is actually made in this regard in the Autogrill Code, which expressly requires only the creation of the Human Resources Committee and of the Control, Risk and Corporate Governance Committee (in addition to any other Committee that could be required with the task of presenting proposals or giving advice –see art. 9 of the Autogrill Code).

This decision was made by the Board of Director in the past in consideration of the fact that, as expressly indicated even in the 2011 Code, the Appointment Committee would play a particularly significant role especially in issuers with a broad shareholder base, which differ from the present shareholding of Autogrill.

We also remind the readers that, pursuant to criterion 4.C.2 of the 2011 Code, the appointment of one or more committees, as recommended within the Board of Directors, may be avoided by reserving the related functions to the entire Board, under the coordination of the Chairperson, provided that:

- independent directors represent at least half the Board of Directors;
- the Board dedicates specific spaces to the Committees' "investigation" activities during Board meetings;
- only concerning the Internal Control and Risk Management Committee, the issuer is not controlled by another listed company, or subject to direction and coordination.

Since, as specified in section 4.1 above, the Company did not deem it appropriate to adopt a succession plan for Executive Directors, the contribution to the preparation of any such plan is among the activities of the Appointment Committee

that are not currently carried out by the Board of Directors. Furthermore, since the Shareholders' Meeting did not authorize, in general or preventatively, exceptions to the no competition obligation for Directors, established by art. 2390 CC – as indicated in section 4.3 above – the Board is not called to perform any evaluation, to be consequently reported during the first meeting called, concerning any issue or problem for the purpose of that authorization.

Finally, we specify that no difficulties have so far been encountered by the Shareholders in suggesting candidates for election or by the Board in co-opting directors pursuant to art. 2386 CC and art. 10 of the Bylaws.

## 8. HUMAN RESOURCES COMMITTEE

### **Composition and tasks of the Human Resources Committee**

Since 2001, the Company has had a Committee that monitors the alignment between the top management's compensation system and their creation of value for the Company.

On 23 April 2008, the Board of Directors decided to extend the Committee's tasks to the areas of organizational and human resources development and the definition of guidelines for the appointment of officers in the major subsidiaries. It changed the name of the Committee, accordingly, from Remuneration Committee to Human Resources Committee.

Pursuant to application criterion 7.C.7 of the 2006 Code (criterion 6.C.8 of the 2011 Code), the operating regulations of the HR Committee were last updated on 24 January 2013 in the light of the provisions set forth in the 2011 Code and in the Autogrill Code.

In line with principle 7.P.3 of the 2006 Code, the Committee, appointed by the Board of Directors on 21 April 2011, consists of non-Executive, mostly independent, Directors. At present, its members are non-Executive Directors Mr. Alfredo Malguzzi (independent Director who chairs the Committee), Mr. Paolo Roverato, and independent Director Mr. Arnaldo Camuffo.

The composition of the Committee fulfils the recommendation now set forth in principle 6.P.3 of the 2011 Code, whereby the Committee may be composed of a majority of independent directors provided that, as in this case, the chair of the Committee is also chosen among the independent directors.

In line with principle 7.P.3 of the 2006 Code – but also with principle 6.P.3 of the 2011 Code - all the members of the Committee have the appropriate expertise in financial issues, as assessed by the Board of Directors upon their appointment.

In accordance with application criterion 7.C.6 of the 2006 Code (6.C.6 of the 2011 Code), the Directors, and the CEO in particular, abstain from participation in meetings of the Committee where proposals regarding their respective remuneration are submitted to the Board of Directors.



The meetings of the Committee are attended by the Human Resources and Group Organization Manager and, upon invitation from the Chairperson, the CEO and the Company and Group Managers are involved when specific matters are discussed. The Chairperson of the Board of Statutory Auditors is invited to attend the meetings of the Committee, and he/she may delegate another Standing Auditor for the purpose.

### **Functions of the Human Resources Committee**

The functions of the Human Resources Committee include those of a “remuneration committee”, as outlined in art. 6 of the 2011 Code, substantially unchanged with respect to art. 7 of the 2006 Code.

The Committee has investigation, consulting and proposition functions vis-à-vis the Board of Directors. In particular, pursuant to paragraph 10.1(a) of the Autogrill Code, the Committee shall:

- (i) submit proposals to the Board of Directors for the definition of a general policy for the remuneration of the President, Executive Directors, Company Directors with special tasks, executives with strategic responsibilities and the top management of the Company and the Group, including with the purpose of assisting the BoD in the preparation of the Remuneration Report to be submitted to the Meeting on an annual basis, and periodically assess the appropriateness, global consistency and actual implementation of the general remuneration policy approved by the Board;
- (ii) submit proposals to the BoD for the global remuneration of the President, CEO, Company Directors with special tasks, executives with strategic responsibilities (by using, for this last purpose, the information provided by the CEO) and, upon the CEO’s proposal, for the determination of the criteria for the remuneration of the top management of the Company and the Group, including the related performance objectives associated with the variable component of said remuneration;
- (iii) monitor the implementation of the decisions adopted by the Board and ensure, in particular, the actual achievement of performance objectives;
- (iv) review any monetary or share incentive plan for the Company’s and Group’s employees, the criteria for the composition of the governing bodies of the Subsidiaries of Strategic Importance and the strategic development policies of the human resources.

The Board of Directors did not deem it appropriate to entrust the HR Committee with the further task of submitting proposals regarding the remuneration of Directors in general (beyond Executive Directors, the Chairperson and the other Directors with special tasks), as presently required by principle 6.P.4 of the 2011 Code. That decision was made in connection with the fact that the determination of general Directors’ fees falls under the competence of the Shareholders’ Meeting and that the practice followed to date within the framework of the meetings for the renewal of

Autogrill's Board of Directors each proposal in that regard was always submitted by one or more Shareholders.

The Related-Party Transaction procedure adopted by the Board of Directors (see section 12 below) allows for the exemption of resolutions concerning the remuneration of Directors and other executives with strategic responsibilities from the provisions of the Related-Party Transaction Regulations and from the Procedure itself provided that (i) the Company has adopted a remuneration policy; (ii) a committee of exclusively non-Executive Directors of whom a majority are independent (Human Resources Committee) is involved in the definition of the remuneration policy; (iii) a report illustrating the remuneration policy has been submitted to the approval or consultative vote of the Shareholders' Meeting; (iv) the remuneration assigned is in line with such policy.

The Committee may access information and business functions in the course of its duties and also use external consultants, at the Company's expense and within the limits set by the Board, provided they make sure such consultants are not in situations that might compromise their independence of judgement.

The Chairperson of the Board and the CEO of the Company can attend the Committee's meetings provided that no Director takes part in the meetings where proposals are submitted to the Board concerning his/her remuneration.

The Committee's chair reports to the Board on a regular basis on the Committee's work.

At the Company's Annual General Meeting, the Committee or the Board, based on the Committee's indications, reports on the aforesaid remuneration policies and the Committee, through its chairperson or another member, reports on how its functions are carried out.

In the course of 2012, the Committee met 8 times (with an average duration of approx. 3 hours) to examine and propose to the Board of Directors, who approved them, (i) the management's proposals regarding the 2012 incentive system, consistently with the guidelines provided by the Board of Directors to the Committee itself and the related economic and financial objectives; (ii) the objectives of the 2012 incentive system for the CEO; (iii) the start of the three-year equity-based incentive "sub-plan" "Wave 2 – 2012-2014", the indicators and associated targets, and the related list of participants; (iv) the alignment of the list of participants in the 2010-2014 Stock Option Plan following changes in the composition of strategic management and top management; (v) the hiring and termination of strategic managers and Top Managers; (vi) propositions for Directors to be appointed; (vii) the proposition of objectives for the 2012 incentive system for the Chief Audit Executive and for the Financial Reporting Manager.

In 2012, the Committee also focused on the following activities:

- Assessment of the organizational changes regarding the Group's key positions, assessment of key management positions and the related succession plan, assessment of the plan for the simplification of corporate structures and the related progress status;

- Reorganization of the Food&Beverage North America, Food&Beverage Europe, Food&Beverage Italy business units, as well as of the corporate structure, in view of changing business requirements;
- Definition of a first hypothesis for a long-term incentive scheme for the 2013-2015 period;
- Analysis of salary trends in order to assess merit remuneration variations for Top Managers and executives with strategic responsibilities;
- Design of the Group's *governance* model;
- Preparation of the Remuneration Report.

The actual participation of each member in the meetings of the Committee is detailed as percentage (%) in Table 2 attached hereto.

An approximate number of 10 Committee meetings is expected for 2013.

The meetings of the HR Committee and their resolutions are duly recorded in the Minutes.

In carrying out its functions the Committee is assisted on technical aspects by the Head of Group Human Resources and Organization and experts in the sector (nobody in 2012) or Group executives invited from time to time to take part in meetings.

The Board of Directors allocated euro 15,000 for the activities of the Committee over the year.

For further information on the composition and functions of the Human Resources Committee, see the Committee's regulations and the Remuneration Report, both available at the Company's registered office and on its website ([www.autogrill.com](http://www.autogrill.com) – Governance section).

## 9. DIRECTORS' REMUNERATION

### **General remuneration policy**

On 21 April 2011, the Shareholders' Meeting (extraordinary session) approved an amendment to art. 11 of the Bylaws reflecting the combined provisions of art. 123-ter, paragraphs 3 and 6, TUF, whereby the Shareholders' Meeting called annually to approve the separate financial statements votes for or against the Company's remuneration policy for members of administration and control bodies, general managers and executives with strategic responsibilities, as well as the procedures used for adopting and implementing that policy.

As expressly indicated in art. 123-ter, paragraph 6, TUF, the resolutions that the Shareholders' Meeting must adopt regarding the aforementioned Company remuneration policies are not binding and must be limited to expressing a favourable or unfavourable opinion on such policies and their adoption and implementation.

For further information concerning the general remuneration policy adopted by Autogrill, see the Remuneration Report available at the Company's registered office and on its website ([www.autogrill.com](http://www.autogrill.com) – Governance section).

### **Equity-based remuneration plans**

As mentioned in section 2(a) of this Report, the Shareholders' Meeting (extraordinary session) on 20 April 2010 voted a paid capital increase to be made no later than 30 May 2015 by the issue of up to 2,000,000 ordinary shares to serve the 2010-2014 Stock Option Plan.

The Shareholders' Meeting (ordinary session) on 21 April 2011 also approved the New L-LTIP incentive plan, as described in section 2(a) of this Report, which provides for the allocation of shares to the Group's top management.

The terms and conditions of the 2010-2014 Stock Option Plan and the L-LTIP incentive plan are set forth in the information documents published on 2 April 2010 and 11 March 2011, respectively, and in the Remuneration Report available at the Company's registered office and on its website ([www.autogrill.com](http://www.autogrill.com) – Governance Section).

### **Remuneration of the CEO and executives with strategic responsibilities**

For information on the remuneration of the CEO and of executives with strategic responsibilities, see the Remuneration Report available at the Company's registered office and on its website ([www.autogrill.com](http://www.autogrill.com)).

### **Incentive mechanisms for the person in charge of internal audit and the Financial Reporting Manager**

In defining the short- and long-term incentive schemes for the Chief Audit Executive and the Financial Reporting Manager special attention was paid to balancing qualitative and economic and financial objectives, in consideration of their roles (in line with application criterion 7.C.3. of the 2006 Code – criterion 6.C.3 of the 2011 Code).

### **Remuneration of non-Executive Directors**

The remuneration of non-Executive Directors is not tied to the Company's economic results and such Directors are not eligible for inclusion in equity-based incentive plans.

As resolved at the Shareholders' Meeting held on 21 April 2011, each Director is entitled to fixed annual compensation of €50,000 as well as a fee of €600 for attendance at each Board and Shareholders' Meeting. The members of the Control, Risk and Corporate Governance Committee, Human Resources and Strategy and Investment Committees are entitled to an additional annual compensation of €30,000, as well as €600 for attendance at each meeting of said Committees, also

due to the members of the Related-Party Transaction Committee. The Remuneration Report also indicates the amount of the fees paid to each Director.

For further information on the Directors' remuneration, see the Remuneration Report available at the Company's registered office and on its website ([www.autogrill.com](http://www.autogrill.com)).

### **Directors' indemnity in the event of resignation, dismissal or termination of the relationship following a take-over bid**

Regarding Directors' indemnity in the event of resignation, dismissal or termination of the relationship following a take-over bid, the contract disciplining the relationship between the CEO and the Company provides that, in case of said relationship being terminated for cause by the CEO or without cause by the Company, the Company must make up the indemnity for lack of notice (provided for in the collective employment contract for executives in the commercial sector) to €2m, if said indemnity is less than that amount.

The CEO will, in any event of discontinuation of office or powers retain the right to be paid the variable emoluments relating to the incentive plans in which he participates subject to achievement of the objectives and all other conditions provided for each plan or programme and in proportion to service rendered in the course of the period in question.

The contracts of two Directors of subsidiaries provide, in the event of discontinuation of the work relationship for a justifiable, objective reason ("for cause"), for an indemnity not exceeding two years remuneration (total direct compensation).

In the case of executives with strategic responsibilities, all rights acquired under incentive plans (including stock options) are forfeited in the event of discontinuation for cause, justifiable subjective reasons or voluntary resignation ("bad leaver").

In the event of discontinuation for a justifiable, objective reason or retirement, executives are entitled to remain beneficiaries of incentive plans on a *pro-rata* basis ("good leaver").

## **10. CONTROL, RISK AND CORPORATE GOVERNANCE COMMITTEE**

### **Composition and tasks of the Control, Risk and Corporate Governance Committee**

Since 2002, the Company has had an Internal Control Committee, whose members are non-Executive Directors, the majority of whom independent, with consulting and propositional functions. Its task is to analyse problems and propose decisions regarding the control of corporate operations.

In 2006, the Board of Directors invested the Internal Control Committee with consultative and propositional functions in relation to the adoption of corporate governance rules by the Company and the Group and renamed it the Internal Control and Corporate Governance Committee.

On 21 April 2011, the Board of Directors in office appointed as members of the Internal Control and Corporate Governance Committee independent Directors Mr. Stefano Orlando (Chairman of the Committee) and Mr. Marco Mangiagalli, and non-executive Director Mr. Paolo Roverato.

On 20 December 2012, with the approval of the Autogrill Code, the Committee was renamed "Control, Risk and Corporate Governance Committee".

The Committee's Charter, last updated on 24 January 2013 in the light of the provisions set forth in the 2011 Code and in the Autogrill Code, contains detailed regulations for the operation of the Committee. It is available in the Company's website ([www.autogrill.com](http://www.autogrill.com) - Governance section).

In compliance with principle 8.P.4 of the 2006 Code in force at the time of the appointment, the Committee consists of non-Executive Directors, of whom a majority independent. All its members have appropriate expertise in accounting and finance, as assessed by the Board of Directors upon appointment and as also shown in the CVs included in this Report.

The present composition of the Committee is also compliant with the recommendation contained in principle 7.P.4 of the 2011 Code, whereby the Committee may be composed of a majority of independent directors provided that, as in this case, (i) the chairperson of the Committee is also selected from independent directors, (ii) the issuer is not controlled by another listed company and (iii) the issuer is not directed or coordinated by another entity.

### **Functions assigned to the Control, Risk and Corporate Governance Committee**

The mandate of the Control, Risk and Corporate Governance Committee is to support the Board of Directors' assessments and decisions with appropriate investigation activities regarding the Control and Risk System.

More specifically, in line with application criterion 7.C.2 of the 2011 Code, section 12.2 of the Autogrill Code, as implemented by the operating regulations of the Control, Risk and Corporate Governance Committee, require the Committee to:

- a) Support the Board of Directors in performing its tasks within the Control and Risk System;
- b) Upon the Control and Risk System Director's request, express opinions concerning specific aspects related to the identification of the main corporate risks, as well as to the design, implementation and maintenance of the Control and Risk System;
- c) Evaluate the work plan prepared by the Chief Audit Executive, examine the periodic reports prepared by the Chief Audit Executive and monitors the independence, appropriateness, effectiveness and efficiency of the internal audit function;
- d) Evaluate, together with the Financial Reporting Manager and after listening to the opinion of the legal auditor and the Board of Statutory Auditors, the

appropriateness of the accounting principles adopted, their correct use and consistency for reporting purposes (financial statement and consolidated financial statement);

- e) Reports to the Board of Directors at least on a six-monthly basis when the annual and mid-year financial report is approved, on the activity carried out and on the appropriateness of the Control and Risk System;
- f) Ask the internal audit function to check and review specific operating areas and promptly notify the Chairman of the Board of Statutory Auditors;
- g) Carry out all the additional tasks assigned by the Board of Directors;
- h) Support with the adequate investigation activities the Board of Directors' decisions concerning the approval of periodic financial reports;
- i) Express its opinion to the Board of Directors concerning the Report on Corporate Governance and Ownership Structure for the purpose of describing the characteristics of the Control and Risk System and the evaluation of its appropriateness.

During the Year 2012, the Control, Risk and Corporate Governance Committee met 10 times (average length of meeting: approx. 4 hours), regularly accessed the corporate information required and mainly examined:

- the 2012 audit plan and quarterly reports drafted by Internal Auditing in 2012;
- the correctness of the accounting principles, in agreement with the Financial Reporting Manager and the Board of Statutory Auditors, after consulting the Independent Auditors for the purposes of the 2011 annual financial report and 2012 mid-year financial report;
- the annual report on the operation of the internal control system and the report on the organizational, administrative and accounting layout.

In 2013, the Committee has so far met 3 times already and discussed the following points:

- the *impairment* test for the 2012 financial statements;
- the adequacy of the accounting standards used and their homogeneity for the purposes of drafting the 2012 financial statements, this done together with the Financial Reporting Manager and the Statutory Auditors, after consulting the auditing firm;
- the 2012 report on the activities of the *Internal Audit* department and the 2013 annual Audit Plan;
- the approval of the Report on the Committees' activities for 2012.

All meetings are recorded in the Minutes.

Whenever it is deemed appropriate in connection with the points in the Agenda, the Chairperson, the CEO, the Control and Risk System Director, the Chief Audit Executive, the Financial Reporting Manager and the Secretary of the Board of

Directors, as well as the Company's and Group's Directors all take part in the Committee's meetings. The entire Board of Statutory Auditors usually takes part as well.

In performing its tasks, the Control, Risk and Corporate Governance Committee may use the help of Autogrill's and the Group's partners within the limits of the budget.

The actual attendance of the meetings by each of the Committee's members is detailed (%) in Table 2 in the appendix.

Eleven meetings are planned for 2013.

For the fulfilment of its tasks in 2012, the Committee had a fund of €15,000 allocated by the Board of Directors meeting on 15 December 2011.

## 11. INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM

### Foreword

The Control and Risk System adopted by Autogrill is the sum of the rules, procedures and organizational structures designed to promote – by means of an appropriate system of identification, measurement, management and monitoring of the main risks – company management that is sound, correct and in line with strategic objectives.

More specifically, pursuant to section 11.2 of the Autogrill Code, an effective internal control and risk management system contributes to:

- a) monitor the efficiency, knowledgeability and auditability of corporate operations and, in general, audit and monitor the correctness and reliability of the Company's and the Group's corporate governance and business management;
- b) ensure and control the quality and reliability of accounting and management information and of financial information in general, also through the auditing of their recording processes and of information flows;
- c) ensure and monitor compliance with the principles of the Code of Ethics and, in general, with the applicable legislation and regulations;
- d) ensure the correct and complete implementation of the Model;
- e) ensure the protection of corporate integrity, also with the purpose of preventing fraud that may damage the Company and the financial markets.

As laid down in its Code of Ethics, Autogrill takes measures aimed at developing the principle of responsibility vested in all controlled subjects and setting up a control system appropriate to its business, wherever it operates.

Autogrill takes steps to promulgate throughout the Group and at all levels the idea that a proper internal control and risk management system is an indispensable condition for the attainment of its business objectives.



In addition, the presence of an organizational Enterprise Risk Management function at Group level pursues the objective of ensuring an organic identification and management of risks by the various business units that make up the Group.

Autogrill has developed Group-wide Corporate Governance procedures (whose last update was approved by the Board of Directors on 10 November 2011) to ensure governance and control of the main decision-making processes and compliance with specific regulations also in Subsidiaries. The most significant procedures – in addition to those mentioned in this Report – regard investments, the financial policy, the management of financial risks and financial reporting.

## **Main characteristics of risk management systems**

### **Purpose and objectives**

The risk management model is based on the systematic and structured identification, analysis and measurement of risk areas capable of affecting the achievement of strategic objectives in support of the Management and Board of Directors in decision-making processes, in the assessment of the global risk exposure of the company, in defining the necessary mitigation actions, thus contributing to reduce the degree of volatility of preset objectives and, as a consequence, assess the nature and level of risks for an assessment of their compatibility with the strategic objectives of the Company.

### **Roles and functions involved**

The Control and Risk System Director defines the tools and procedures for the implementation of the Risk Management System in compliance with the indications of the Board of Directors and ensures their dissemination to all the business units of the Group, providing policy and coordination guidelines, particularly through the dedicated Enterprise Risk Management organizational structure of the Group.

The managers of each business unit of the Group are responsible for the entire systematic risk identification, measurement, management and monitoring process, as well as the definition of the related countermeasures, according to the model and Group policies specified below.

For a review of the correct operation of the Risk Management System, the Board of Directors uses the Control, Risk and Corporate Governance Committee, as well as the Chief Audit Executive.

### **Methodological Approach**

*The Enterprise Risk Management model:*

- is based on a global approach to all the potential risk areas and opportunities, but focuses on those that are potentially more significant in terms of impact on the achievement of strategic objectives or on the value of the company's equity;

- is based on the self-assessment of the risk profile by the Management;
- uses a quantitative determination of the impact of each individual risk event with respect to income/financial/equity metrics, while, where this is not feasible, it uses prioritization scales based on reputational impacts or on the efficiency/continuity of processes;
- pursues objectives of progressive integration in decision-making and business processes.

In the Autogrill Group's Risk Model, two main categories of risk are identified: strategic risks, which include business risks, financial risks and *governance & compliance* risks, and operational risks, which refer to the risks associated with corporate processes (human resources, operations, information technology, operational planning).

### **Main characteristics of the risk management and internal control systems existing in connection with the financial disclosure process**

#### **Purposes and objectives**

Within the framework of the Control and Risk System, as regards financial disclosure, the Administrative & Accounting Organizational Model plays a particularly important role. The Company implemented this Model within the framework of the alignment process with the Law on Savings and regularly updated it ever since after any change in the legislation or regulations and based on the Group's trends.

The purpose of this system is to mitigate risk significantly in terms of accountability, reliability, accuracy and promptness of the financial disclosures of the Autogrill Group.

#### **Main regulatory references and reference models**

The model adopted is consistent with national and international best practices, such as the CoSO framework, the COBIT for SOX (referring to the IT control environment) and Confindustria guidelines.

#### **Roles and functions involved**

In the organizational layout of the Autogrill Group, the activities of implementation, maintenance and development of the financial disclosure control model are separated in a detailed manner.

The CEO and the Financial Reporting Manager ensure the dissemination of the internal control system for financial disclosure purposes and provide policies and guidelines to the Group through the Administrative & Accounting Organizational Model, by issuing specific administrative and accounting procedures, among which the Group's Accounting Manual plays a particularly important role, and a Group

unit dedicated to the maintenance and implementation of the Model (L262 Compliance Office).

The primary responsibility of control is assigned to operational managers at the different levels of the organization, with special responsibilities for the Country Managers and the Finance Managers of the Reporting Units.

The Board of Directors approves the policies of the Internal Control System and supervises the Financial Reporting Manager to ensure that he/she is provided with adequate powers and instruments.

The Control, Risk and Corporate Governance Committee periodically plans meetings with the Financial Reporting Manager to define the content of any action to be implemented, also by involving the Board of Statutory Auditors, in order to assess the compliance of the actions implemented by the Financial Reporting Manager with the legal provisions, so as to detect any impact on the administrative and accounting system of the Company.

The *Internal Audit* function helps the Financial Reporting Manager to monitor the design and operational effectiveness of the most significant audits and provided governance and control bodies with an independent assessment of the appropriateness and actual operation of the model adopted by the Group to fulfil the legal requirements.

### **Methodological approach**

The Administrative & Accounting Organizational Model requires the internal control/auditing system to be continuously updated and maintained for the protection of financial disclosures.

On an annual basis, Autogrill updates the scope of the analysis of the administrative/accounting audits determined on the basis of both quantitative – based on the significance of each Reporting Unit of the Group and the different consolidated financial statement accounts – and qualitative considerations, that consider both the structure of the Group and the characteristics of specific balance sheet items.

Consistently with national and international best practices, the Group adopted a complex methodological approach for the analyses that each Reporting Unit involved has to carry out, whose main steps are:

- a) *Mapping of Entity Level Controls and IT General Controls;*
- b) *Process Level Controls;*
- c) *Testing Report on Internal Controls.*

### **Elements of the system**

- a) *Mapping of Entity Level Controls and IT General Controls*

Every year, the Company carries out a synthetic and global analysis of the Control and Risk System referring to financial disclosures at functional/organizational and IT level.

In particular, the components considered for the purpose of assessing Entity Level Controls are:

- The control environment within the organization (internal environment);
- The process of assessing risks that may jeopardize the achievement of business objectives (risk assessment);
- Control activities for mitigating risks (control activities);
- The information system and information flows between top management and operating personnel (information & communication); and
- The constant monitoring of the quality and results of the internal controls carried out (monitoring).

The IT General Controls focus on processes in the Information Technology area, linked to the production environment, and are designed to ensure a reliable IT environment, supporting the effectiveness of the applications controls.

*b) Process Level Controls*

The control activities implemented to protect the Company from significant risks which may jeopardize the trueness and correctness of financial disclosures are identified by the Reporting Units by means of Risk & Control Matrices and against specific control objectives that refer to the operating processes that feed the main consolidated balance sheet accounts.

This objective is achieved with an adequate understanding of the key activities associated with each process and an assessment of “balance sheet statements” (existence and occurrence, completeness, accuracy, rights and obligations, valuation and recording, presentation and disclosure) and other control objectives (such as, for example, the fulfilment of authorization limits, the segregation of incompatible tasks, controls on the physical safety and on the existence of assets, documentation and traceability of operations/transactions, and so on).

*c) Testing and Report on Internal Controls*

Testing is done to ascertain whether the controls designed for the risks identified work effectively and in line with the provisions of the relevant administrative/accounting procedures.

The final phase of testing consists of an assessment of the results of the operating phase and definition of corrective action and/or improvement plans.

The test results are consolidated by the Group Internal Audit function in a report submitted to the Financial Reporting Manager, along with the controls compensating critical areas and any remedial plans proposed by the Reporting Unit, and, for the purposes of Internal Audit’s reporting activities, to the Chief Executive Officer, the Control, Risk and Corporate Governance Committee and the Statutory Auditors.

The implementation and/or progress status of the corrective actions identified are reviewed annually against the observations raised after the design analysis and operational effectiveness activities conducted, previously shared with the managers of the operating processes.

### **11.1. Director responsible for the Control and Risk Management System**

On 20 December 2012, the Board of Directors confirmed to the CEO - that, pursuant to application criterion 8.C.5 of the 2006 Code, was the executive Director charged with the supervision of the operation of the Control and Risk System - the office of Director responsible for the Control and Risk System, pursuant to application criterion 7.C.4 of the 2011 Code.

Pursuant to section 11.4 of the Autogrill Code and in line with application criterion 7.C.4 of the 2011, the Director responsible for the Control and Risk System:

- a) defines the tools and procedures for the implementation of the Control and Risk System based on the indications of the Board of Directors; ensures the global appropriateness of the Control and Risk System, its correct implementation, its alignment with any change occurring in operating conditions and in the legislative and regulatory scenario; proposes to the Board of Directors the appointment or revocation of the Chief Audit Executive;
- b) implements the necessary actions for the Control and Risk System after seeing the outcome of the auditing activities conducted by the Board of Directors with the support of the Control, Risk and Corporate Governance Committee and the Chief Audit Executive;
- c) may ask the internal audit function to check and review specific operating areas and to oversee compliance with regulations and internal procedures in the execution of corporate operations, to then notify the Chairperson of the Board of Directors, the Chairperson of the Control, Risk and Corporate Governance Committee and the Chairperson of the Board of Statutory Auditors;
- d) promptly reports to the Control, Risk and Corporate Governance Committee (or Board of Directors) about any problem or criticality that may arise during the conduction of his/her activity or he/she may have become aware of, in order for the Control, Risk and Corporate Governance Committee (or Board of Directors) to be enabled to take action.

### **11.2. Person in charge of internal audit**

The operation of Autogrill S.p.A.'s internal auditing system, in connection with its operating responsibilities, is aligned with the international best practices consistent with the principle of the three control levels, more specifically:

- a) "Primary line control", carried out on corporate processes by each individual operating unit and then by the line management, sharing an integral part of each corporate process;
- b) "Secondary level control", carried out by the compliance functions that support the line management for the good operation of the system;
- c) "Third level control", carried out by the internal audit function.

Internal Audit is an independent and objective assurance activity aimed at continuously reviewing the effectiveness and efficiency of the internal control and risk management system, and its related organization. It helps the organization pursue its objectives by using a professional systematic approach that generates added value because its purpose is to allow for the assessment of the appropriateness of control, risk management and corporate governance processes and their actual operation.

The internal audit activity evaluates the correctness and efficacy of the control and risk management systems concerning operating activities, IT systems and the governance of the Group. They include:

- understanding risks;
- evaluating the appropriateness of the tools used to manage them;
- evaluating the appropriateness and efficacy of the internal control system by promoting an effective control at reasonable costs, with a special focus on the reliability and integrity of accounting, financial and operating information, effectiveness and efficiency of operating activities, protection of the corporate assets, compliance with policies, procedures, laws, regulations and agreements.

The internal audit activity is carried out based on an audit plan prepared after a risk analysis that concerns all the activities and processes mapped in the companies of the Group and consists in monitoring primary line and secondary controls by means of:

- specific auditing projects;
- the reliability of IT systems;
- reporting systems;
- follow up of the corrective actions identified during an audit, implemented to improve the internal control system.

On 12 December 2007, the Board of Directors, based on a proposal of the CEO and with the favourable opinion of the Internal Control and Corporate Governance Committee (now called Control, Risk and Corporate Governance Committee), appointed Mr. Silvio de Girolamo, former Group Chief Audit Executive & CSR Officer, as Internal Control Manager pursuant to application criterion 8.C.6 of the 2006 Code.

On 8 November 2012, the Board of Directors, with the favourable opinion of the Control, Risk and Corporate Governance Committee given on 30 October 2012

and after listening to the Board of Statutory Auditors' opinion, approved a document called "Autogrill Group Internal Audit Mandate", subsequently updated with Board's resolution of 24 January 2013, that defines the purposes, powers and responsibilities of the Internal Audit function and of the Group's Chief Audit Executive. Mr. Silvio de Girolamo was confirmed in the position of person in charge of internal audit (hereinafter "**Chief Audit Executive**").

Pursuant to section 11.3(c) of the Autogrill Code, approved on 20 December 2'12, the task of the Chief Audit Executive is to check that the Control and Risk System is appropriate and is being properly implemented and that internal audit activities are carried out in autonomy and in such a way as to ensure its effectiveness and efficiency.

More specifically, the Chief Audit Executive:

- a) reviews, both continuously and in connection with specific requirements and operating areas, and in compliance with international standards, the actual implementation and appropriateness of the Control and Risk System, taking into account the characteristics of the company and the risk profile adopted, and prepares, after listening to the opinion of the Control, Risk and Corporate Governance Committee, Board of Statutory Auditors and Control and Risk System Director, an audit plan that must be approved by the Board of Directors, based on a structured analysis and risk assessment process, inclusive of the necessary budget and resources;
- b) is not responsible for operating areas and reports to the Chairperson of the Board of Directors;
- c) has direct access to all the information that might be useful for the performance of his/her tasks;
- d) prepares periodic reports containing appropriate information on his/her activity, risk management approach adopted, as well as compliance with the plans defined for their mitigation. The periodic reports contain an evaluation of the appropriateness and effectiveness of the Control and Risk System, that considers the characteristics of the company and the risk profile adopted;
- e) promptly prepares reports on particularly significant events;
- f) transmits the reports described in points (d) and (e) above to the Chairpersons of the Board of Statutory Auditors, Control, Risk and Corporate Governance Committee and Board of Directors, as well as to the Control and Risk System Director;
- g) reviews, within the audit plan, the reliability of the IT systems, including reporting systems.

The Chief Audit Executive reports to the Board of Directors, to the Control, Risk and Corporate Governance Committee, to the Control and Risk System Director and to the Board of Statutory Auditors.

The Chief Audit Executive's fees are defined by the CEO, in agreement with the Chairperson, under the supervision of the Board of Directors and after listening to

the opinions of the competent Committees, in compliance with the corporate remuneration policies and in connection with the tasks performed.

The Chief Audit Executive has the financial and human resources required, as specified in an annual budget, for the performance of his/her tasks and has access to all the data and information required for the performance of his/her tasks.

The Chief Audit Executive and his/her structure in the conduction of their activity fulfil the principles of the Code of Ethics for the profession and with International Standards for the Professional Practice of Internal Auditing issued by the Institute of Internal Audit (IIA).

The activities and operating modes of the Internal Audit are defined in the Internal Audit Policy approved by the Board of Directors during the meeting held on 15 December 2010.

### **11.3. Organization model pursuant to Legislative Decree no. 231 of 8 June 2001**

Since 2003, the Board of Directors adopted the Model required by L.D. 231/2001 and appointed the Supervisory Body.

To this purpose, the Company took steps to map the activities for which each organizational structure was responsible, to identify the corporate functions involved in activity most exposed to risks, and to set up a corporate archive of 'sensitive' activities. For each sensitive activity identified a risk assessment schedule was prepared containing:

- a) details of the types of offence contemplated by the law and the main ways in which they may be committed;
- b) details of the system of preventive measures; and
- c) an assessment of the adequacy of such measures.

The Model includes policies and measures designed to ensure that business is conducted legally and to identify and eliminate situations at risk, and also to sanction failure to observe its prescriptions.

The Model has one general section and the following 14 special sections:

- A. Code of Ethics
- B. Assignment and delegation of powers
- C. Disciplinary system
- D. Offences against the public administration
- E. Company law offences
- F. Offences of terrorism or subversion of democratic order
- G. Offences against the person
- H. Market abuse crimes



- I. Accidental killing or serious/very serious accidental injury in breach of workplace health and safety regulations
- L. Computer crime and illegal data processing
- M. Handling stolen goods, money laundering and use of goods of illicit origin
- N. Offences against industry and trade and forgery of identification marks
- O. Breach of copyright
- P. Environmental offences.

A periodic check leading to changes to the Model is envisaged when there is evidence of risk, including potential risk, i.e. when changes are made to the organization or its business or to the relevant legislation or regulations.

The Supervisory Body appointed by the Board of Directors on 21 April 2011, with Mr. Giorgio Brunetti, formerly the Company's Lead Independent Director, and Mr. Silvio de Girolamo, Group Chief Audit Executive & CSR Officer, met 4 times during 2012 and provided details to the Board of Directors and to the control body on a six-monthly basis on the degree of implementation and compliance with the Model.

The general part of the Model, which was most recently updated in December 2011, can be consulted on the Company's website ([www.autogrill.com](http://www.autogrill.com) - Governance section).

#### **11.4. Independent Auditors**

On 29 July 2005, the Board of Directors adopted a Group-wide procedure for the selection of Independent Auditors for Autogrill and its Subsidiaries and, on 8 November 2012, approved a new version of that procedure. The procedure ensures that the Parent Company's Independent Auditors are also responsible for the statutory audits of Autogrill's Subsidiaries. Any use of statutory auditing companies other than that indicated by the Parent Company shall be properly justified and may be approved only with the favourable opinion of the Board of Statutory Auditors of the Company.

The procedure also aims to guarantee the independence of the Independent Auditors in respect of the company retaining it. To this end and in accordance with current regulations, mandates for services incompatible with the statutory audit role may not be given to the Independent Auditors.

The first application of the procedure took place at the Shareholders' Meeting held on 27 April 2006, which appointed KPMG S.p.A., Milan, as the Company's Independent Auditors for financial years 2006-2011, an engagement subsequently extended by law to cover 2012-2014 as a result of art. 17, Legislative Decree no. 39 of 27 January 2010 coming into force.

### **11.5. Financial Reporting Manager**

Under art. 18 of the Bylaws, the Board of Directors, acting on the CEO's proposal and having noted the non-binding opinion of the Board of Statutory Auditors, appoints the Financial Reporting Manager. This officer must have a university education and at least five years' experience in accounting, economics and finance, together with any further requirements laid down by the Board of Directors or the law or regulations. In addition to the aforementioned requirements, the Board of Directors determined that the Financial Reporting Officer should be subject to the provisions of eligibility and termination of office in art. 2382 CC.

On 10 November 2011, the Board of Directors in office, with the favourable opinion of the Board of Statutory Auditors and Internal Control and Corporate Governance Committee (now called "Control, Risk and Corporate Governance Committee"), appointed Mr. Alberto De Vecchi, the Chief Financial Officer of the Group, as Financial Reporting Manager.

The Financial Reporting Manager was informed and vested with powers enabling performance of such duties, also with reference to the provisions of the Rules disciplining the role of Financial Reporting Manager approved by the Board on 18 March 2008. To carry out his tasks, the Financial Reporting Manager has an annual budget of financial and human resources proposed by himself and approved by the Board of Directors.

## **12. DIRECTORS' INTERESTS AND RELATED-PARTY TRANSACTIONS**

On 29 November 2010, pursuant to the Related-Party Transaction Regulations, the Board of Directors approved the Related-Party Transaction Procedure ("RPT"), which replaced as of 1 January 2011 the procedure previously adopted by resolution of the Board on 24 January 2006.

On the same date, the Board appointed a Related-Party Transaction Committee, which is currently formed by the independent Directors Mr. Alfredo Malguzzi (Coordinator), Mr. Marco Mangiagalli and Mr. Stefano Orlando appointed by the Board now in office on 21 April 2011.

During 2012, the Related-Party Transaction Committee met twice (average length of meeting: around 3 hours).

By resolution of the Shareholders' Meeting (extraordinary session) on 21 April 2011, art. 16 of the Bylaws was modified to comply with art. 8, 11 and 13, Related-Party Transaction Regulations. Such modifications concern:

- a) the Board of Directors' obligation to adopt procedures to ensure transparency and substantial fairness in related-party transactions in accordance with art. 2391-bis CC and the Related-Party Transaction Regulations or any other legal or regulatory provisions from time to time in force;
- b) the Board of Directors' power to carry out related-party transactions of "greater importance" (as currently defined by the Related-Party Transaction Regulations)

even without a reasoned favourable opinion by the relevant committee formed by non-related independent Directors (or in any case without an equivalent control required by regulatory provisions) provided that such transactions are carried out with the approval of the Shareholders' Meeting pursuant to art. 2364, paragraph 1, n. 5 CC;

- c) the possibility of writing clauses into the related-party transaction procedures, where allowed, whereby such transactions may in cases of urgency be carried out under the terms and conditions provided for in current provisions of law and regulations in derogation of the ordinary procedures contemplated therein.

The Related-Party Transaction Procedure can be consulted on the Company's website ([www.autogrill.com](http://www.autogrill.com) - Governance section).

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

Under art. 20 of the Bylaws, the Board of Statutory Auditors is made up of three Standing Auditors and two Alternate Auditors. Statutory Auditors may be re-elected.

Minority interests are reserved the right to elect one Standing Auditor and one Alternate Auditor.

The powers, duties and term of office of the Board of Statutory Auditors are as required by law.

As pointed out in section 4.1 above, with the Resolution adopted on 27 September 2012, the Board of Directors aligned the Bylaws to the provisions introduced in the TUF by Law no. 120 of 12 July 2011 concerning equal access to the governing and control bodies of companies listed in regulated markets.

Pursuant to the Bylaws, amended to implement the above-mentioned Board's Resolution, persons already holding positions in administration and control in other companies in excess of the numerical limit, or who do not have the statutory or legal requirements in terms of honourableness and professional skills to hold office may not be elected Standing Auditors and if elected forfeit office.

The Board of Statutory Auditors is elected by the Shareholders' Meeting – who also fix its remuneration - on the basis of lists presented by Shareholders in accordance with laws and regulation from time to time in force, even in connection with the regulations requiring balance between genders, containing a number of candidates not to exceed the number of auditors to elect, listed with a progressive number. The list comprises two sections, one for Standing Auditor candidates and the other for Alternate Auditor candidates.

Each Shareholder, individually or with others, may only present one list and no candidate may run in more than one list, on pain of ineligibility.

Only Shareholders who individually or together hold shares amounting to at least 1.5% of the share capital or any lower percentage fixed by law or regulations are entitled to present lists.

In this regard, we specify that, with Resolution no. 18452 of 30 January 2013, Consob established that the share required by art. 144-*quater* of the Issuers' Regulations for the presentation of candidate lists for the election of Autogrill's governing and control bodies is 1%.

Statements by the candidates that they accept candidacy, that there are no causes of ineligibility or incompatibility and that they possess the requirements for holding the post prescribed by law and the Bylaws must be filed along with each list. A list which does not comply with the provisions illustrated above is considered as having not been presented

A CV of each candidate adequately illustrating his or her professional and personal characteristics must be filed along with the statements.

Lists presenting a total number of candidates of three or more persons must include candidates of both genders so that at least one fifth of the candidates (for the first mandate after 12 August 2012) and then one third (rounded up) of the candidates to the post of Standing Auditor and at least one fifth (for the first mandate after 12 August 2012) and then one third (rounded up) of the candidates to the post of Alternate Auditor belong to the less represented gender.

Statutory auditors are elected as follows:

- a) 2 (two) Standing Auditors and 1 (one) Alternate Auditor are taken from the list obtaining the highest number of votes cast at the shareholders' meeting and in the progressive order in which they appear in the sections of the list;
- b) the remaining Standing Auditor and the other Alternate Auditor are drawn from the list which obtained the second highest number of votes and is not connected in any way, even indirectly, with the shareholders that presented or voted the list that obtained the highest number of votes, in the progressive order in which they are indicated in the sections of the list. If more than one minority list obtain the same number of votes, the senior candidates by age in the standing and alternate sections of the list are elected;
- c) if only one list is submitted, the Board of Statutory Auditors is drawn entirely from that list.

If the procedure detailed above does not allow the Board of Statutory Auditors to reach a composition, in terms of standing auditors, in accordance with current law concerning balance between genders, the necessary replacements will be made in the candidates to the post of Standing Auditor of the list that obtained the highest number of votes, or from a sole list, according to the progressive listing sequence of the candidates.

The Chairperson of the Board of Statutory Auditors is appointed by the shareholders' meeting in accordance with the provisions of current law.

If a Statutory Auditor's requirements under the law and the Bylaws cease to obtain, he or she shall forfeit office.

If a Statutory Auditor has to be substituted for, he or she is replaced by the Alternate Auditor from the same list and may also, if necessary, assume the functions of chair.

The replacement procedures described in the previous paragraphs must in any case ensure compliance with the legislation on balance between genders.

The foregoing provisions disciplining the election of Statutory Auditors do not apply in shareholders' meetings called on to appoint standing and/or Alternate Auditors or the chair, as allowed by law, as a result of substitution or forfeiture. In such cases, the Shareholders will pass a resolution on a relative majority, subject to the principle indicated in art. 20, paragraph 2, By-laws (that reserves the minority's right to elect one Standing Auditor and one Alternate Auditor) and compliance with the applicable legislation on balance between genders.

## **14. STATUTORY AUDITORS**

The current Board of Statutory Auditors was elected by list vote at the ordinary Shareholders' Meeting on 19 April 2012 and will remain in office until approval of the financial statements at 31 December 2014.

In particular, the Standing Auditors Mr. Luigi Biscozzi and Eugenio Colucci and Alternate Auditor Mr. Giuseppe Angiolini were elected from the list submitted by the majority shareholder Schematrentaquattro S.r.l. with votes representing 59.481% of the share capital.

Standing Auditor Mr. Marco Rigotti, simultaneously appointed as Chairperson of the Board of Statutory Auditors, and Alternate Auditor Mr. Pierumberto Spanò were elected from the minority list submitted by 16 investment fund managers with votes representing 10.469% of the share capital.

The above-mentioned composition of the Board of Statutory Auditors did not change as of the date of this Report. The ordinary Shareholders' Meeting held on 19 April 2012 established that the remuneration for each of the years 2012-2013-2014 for the Chairperson of the Board of Statutory Auditors will be a lump-sum all-inclusive amount of Euro 82,500 and for each of the other two Standing Auditors a similar amount of Euro 55,000. The amount of the fees paid to each Auditor are specified in the Remuneration Report.

Further details on the Board of Statutory Auditors can be found in Table 3 in the appendix.

The personal and professional profiles of each Auditor are given below.

### **Marco Rigotti**

#### **Chairperson of the Board of Statutory Auditors**

Born in Milan on 16 June 1967, he obtained his Degree in Business Economics from the Bocconi University of Milan in 1992 and has been registered in the "Albo dei Dottori Commercialisti" (register of professional accountants) since 1993 and in the roll of chartered accountants since 1999.

After leaving Consob in 1998, where he carried out surveys on insider trading practices and the manipulation of share prices, he opened his own firm in Milan and conducts research activities with the Department of Legal Studies A. Sraffa of the Bocconi University, where he also teaches business law as temporary lecturer.

He authored many scientific publications on company law and the financial markets.

## **Luigi Biscozzi**

### **Standing Auditor**

Born in Salice Trentino (Lecce) in 1934, he graduated in economics and business from the Bocconi University in Milan. He has been registered in the "Albo dei Dottori Commercialisti" (register of professional accountants) since 1966. He has been on the roll of Official Auditors of Milan since 1972 and on that of chartered accountants since 1995. From 1965 to 1976 he was a partner in the tax section of Peat Marwick & Mitchell (now KPMG S.p.A.) in Milan. In 1976 he was a founding partner of the tax law firm L. Biscozzi - A. Fantozzi (now Studio Legale e Tributario Biscozzi Nobili).

He is Chairperson of the Board of Statutory Auditors at Costa Crociere S.p.A., Il Sole 24 Ore S.p.A. and Nuova Sidap S.r.l., and Standing Auditor at Touring Servizi S.r.l., Indesit Company S.p.A., Helvetia Vita Compagnia Italo Svizzera Assicurazioni sulla Vita S.p.A. and Chiara Vita.

## **Eugenio Colucci**

### **Standing Auditor**

Born in Lucera (FG) in 1946, he graduated in economics and business at L. Bocconi University in Milan.

He has been on the Register of Legal Auditors ("Registro dei Revisori Legali") since it was formed.

He started his career in 1969, with Arthur Andersen, where he became a partner in 1982 and was Audit Partner, Chairperson of the Committee on Professional Standards, Practice Director for Italy (1989 onwards), for Luxembourg (1994 onwards) and for Greece. He was also Professional Practice Director in the company formed by the integration of Arthur Andersen and Deloitte, which he left on 1<sup>st</sup> June 2004 to work independently. From May 2002 to April 2005 he was a member of the Executive Committee of the Organismo Italiano di Contabilità (Italian accounting standards organization).

He has been a Standing Auditor of the Boards of Statutory Auditors of Autogrill S.p.A. since 2009 and holds the same office in Nuova Sidap S.r.l., and Chairperson of the Board of Statutory Auditors of Assicurazioni Generali S.p.A..

\*\*\*

Pursuant to art. 3 of Decree no. 162 of 30 March 2000, issued by the Justice Minister in concert with the Treasury Minister, the Board has ascertained that the current members of the Board of Statutory Auditors fulfil the requirements laid down in art. 1 and 2 of the above Decree. Specifically, the Statutory Auditors are enrolled in the register of accounting auditors and have practiced for at least three years.

During its meeting of 12 December 2007, the Board of Directors deliberated on the applicability of the same independence requirements set out for Directors also for the members of the Board of Statutory Auditors. For these requirements, see section 4.6 above in this Report. A similar provision was also introduced in section 15.2 of the Autogrill Code.

On 28 February 2013, the Board of Statutory Auditors, in compliance with the respective provisions of application criterion 10.C.2 of the 2006 Code and application criterion 8.C.1 of the 2011 Code, ascertained that all its members met the Director independence requirements established by the Board of Directors.

The Board of Statutory Auditors supervises the independence of Independent Auditors, in compliance with our corporate policy, particularly as regards appointments that are incompatible with auditing activities. In addition, during the performance of its tasks, the Board of Statutory Auditors liaises with the Control, Risk and Corporate Governance Committee, using the support of the Group's Internal Audit department.

During the performance of its tasks, the Board of Statutory Auditors cooperates with the Chief Audit Executive and with the Control, Risk and Corporate Governance Committee. See section 11 of this Report above for more details on this issue.

The average length of the 17 meetings of Statutory Auditors in 2012 was approx. 3 and a half hours. Sixteen 16 meetings are scheduled for 2013, 4 of which have already been held.

## 15. INVESTOR RELATIONS

The Company set up its Investor Relations function in 1997 with the aim of initiating and maintaining continuous dialogue with shareholders in general and institutional investors and analysts in particular. The function works in compliance with the policy for disclosing price sensitive information and in line with senior management's decisions by promptly making information on business performance and significant events available to the public, providing continuous telephone contact and periodical meetings with investors and analysts and publishing additional information in further explanation of the Group's strategic and operating decisions.

Information of particular relevance to shareholders, Company's accounting documents, financial releases, procedures, codes and any other relevant information regarding the Company are posted in the "Investor Relations" and "Governance" sections of the Company's website ([www.autogrill.com](http://www.autogrill.com)).

The Investor Relations Manager is Ms. Elisabetta Cugnasca.

With the aim of further improving out business, starting from 2012 the function was reinforced with the addition of another resource fully dedicated to investor relation activities.

During 2012, investor relation activities consisted in:

- 298 meetings with investors, more than 80% of which as a one-to-one conversation;
- 18 road-shows, almost entirely held in foreign locations;
- participation in 6 industry conferences organized by brokers or financial institutions in international locations;
- 1 analyst meeting upon the publication of the 2011 financial report;
- 3 conference calls upon the publication of intermediate financial reports for the first and third quarters of 2012 and of the 2012 mid-year financial report.

The desire of the Group of increasing its visibility in the international scenario was reflected, also with the help of a reinforced Investor Relations Team, first of all in an increased participation in road-shows and industry conferences, which passed from 18 to 24. This brought about a considerable increase in the number of meetings with investors in financial markets where the Group is already known, of road-shows in new markets (e.g. Vancouver, US West Coast) and financial centres less frequently considered in the past (e.g. Switzerland, Austria).

All this translated into a 7% increase in the number of meetings compared to 2011, for a total of 298, the maximum number ever reached.

## 16. SHAREHOLDERS' MEETINGS

Notice of Meeting, quorums, validity of resolutions voted, eligibility to participate and proxy voting are disciplined by the law.

Pursuant to art. 7, Bylaws, Shareholders' Meetings are called by posting a notice on the Company's website ([www.autogrill.com](http://www.autogrill.com)) and in the manner required by law and regulations from time to time in force, with prior notice that may not be less than the minimum required by law in respect of the date fixed for the Shareholders' Meeting.

In an extraordinary session on 21 April 2011, the Shareholders' Meeting voted to make the mandatory modifications to the Bylaws needed to reflect current provisions of law and regulations as modified by legislative decree 27/27 January 2010, which enforced the European Shareholders' Rights Directive in Italy.

Such modifications were mostly to art. 7 and 8 of the Bylaws and provide that meetings in ordinary and extraordinary session may be held in a single call pursuant to the new paragraph 1 in art. 2369 CC.

Art. 11 of the Bylaws was also modified to provide, pursuant to art. 123-ter, TUF, for the power of the Shareholders' Meeting to express itself, albeit in a non-binding form, for or against the remuneration policies for Directors, general managers and



executives with strategic responsibilities and on the procedures used to adopt and implement such policies.

Shareholders representing at least 2.5% of the share capital, whether individually or jointly, may apply to the Company in the manner required by the law and regulations from time to time in force to add items to the agenda and must indicate the matters they propose for discussion in their written application. Notice of any additions proposed in accordance with current law is announced as and when required by the law and regulations from time to time in force. In order to facilitate Shareholders, the exercise of said right, as well as, more generally, the dialogue with the Company, a dedicated electronic mail address has been opened: [societario@autogrill.net](mailto:societario@autogrill.net).

Meetings are conducted according to the Rules for Shareholders' Meetings approved by the Shareholders' Meeting, on a motion by the Board of Directors, on 27 April 2004 and modified by shareholders' resolution on 21 April 2011. In the course of the last meeting held on 20 December 2012, the Board of Directors examined the new recommendations contained in the comment to art. 9 of the 2011 Code and, upon the Control, Risk and Corporate Governance Committee's proposal, deliberated on putting off any further assessment of possible changes to the meeting regulations to a next meeting.

The Rules for Shareholders' Meetings are posted on the Company's website ([www.autogrill.com](http://www.autogrill.com) - [Governance section](#)).

In particular, such Rules require that, upon opening a Shareholders' Meeting, the Chairperson should fix the maximum duration of each speech, usually not exceeding 15 minutes. The Meeting Chairperson may invite speakers to conclude if they go beyond the fixed time limit or digress from the subjects on the agenda and prevent inappropriate behaviours also by suspending the right to speak or, in more serious cases, by having the person/s removed from the room for the remainder of the discussion. A shareholder expelled in this way may appeal to the Meeting, which will vote with a majority of the share capital represented at the Meeting.

Requests to address the Meeting on individual items on the agenda may be made to the Chairperson's office upon constitution of the Meeting and up to such time as the Meeting Chairperson opens the discussion on each item on the agenda. In granting the floor, the Meeting Chairperson usually follows the order in which requests were submitted. A shareholder may only speak once on each point in the agenda.

The Shareholders' Meeting is the official opportunity for Directors and Shareholders to meet and discuss matters. Eleven Directors attended the Meetings held in 2012, and, upon the Shareholders' request, information was made available on the Company's performance and on the items on the agenda. The documents and information required by applicable law (already made public) were delivered to the shareholders within the legal term at the registered office and secondary headquarters of the Company, at Borsa Italiana S.p.A. and on the Company's website ([www.autogrill.com](http://www.autogrill.com) - [Governance section](#)).

## **17. ADDITIONAL CORPORATE GOVERNANCE PRACTICES**

The Company does not apply any corporate governance practices over and above those required by law and regulations other than the ones indicated in this Report. Details on the Strategies and Investments Committee and the organization Model adopted by the Company pursuant to legislative decree 231/2001 may be found in sections 6 and 11.3.

## **18. CHANGES AFTER THE CLOSE OF THE BUSINESS YEAR**

No changes to the corporate governance structure have occurred since the close of the Business Year.

## TABLES

TABLE 1: SIGNIFICANT SHARES OF THE SHARE CAPITAL

Reference date: 7 March 2013			
Informant	Direct Shareholder	Share % of ordinary share capital	Share % of voting capital
Edizione S.r.l.	Schematrentaquattro S.r.l.	59.283	59.283
Invesco LTD	Invesco LTD	2.044	2.044

**TABLE 2: STRUCTURE OF THE BOARD OF DIRECTORS AND COMMITTEES**

Board of Directors											Internal Control & Corp. Gov. Committee	Human Resources Committee	Strategy & Investment Committee	Related-Party Transaction Committee
Office	Member	In office since	In office till	List (M/m) *	Exec.	Non-Exec.	Indep. purs. to Code **	Indep. purs. to TUF	% ***	Number of other offices*** *	****	****	****	****
Chairperson	Benetton Gilberto	21/4/11	Approval of accounts at Dec.31,2013	M		X			100	2				
Chief Executive Officer	Tondato Da Ruos Gianmario	21/4/11	Approval of accounts at Dec.31,2013	M	X				100	1				
Director	Benetton Alessandro	21/4/11	Approval of accounts at Dec.31,2013	M		X			84.6	-				
Director	Barracco Tommaso	21/4/11	Approval of accounts at Dec.31,2013	M		X	X	X	100; 92.3	-			X	
Director	Camuffo Arnaldo	21/4/11	Approval of accounts at Dec.31,2013	M		X	X	X	84.6; 100	1		X		
Director	Massimo Fasanella d'Amore di Ruffano	7/3/12	Approval of accounts at Dec.31,2013	M		X	X	X	100	-				
Director	Giavazzi Francesco	21/4/11	Approval of accounts at Dec.31,2013	M		X	X	X	69.2	-				
Director	Marco Jesi	21/4/11	Approval of accounts at Dec.31,2013	M		X	X	X	92.3; 92.3	2			X	
Director	Malguzzi Alfredo	21/4/11	Approval of accounts at Dec.31,2013	M		X	X	X	100; 100; 100	5		X		X
Director	Mangiagalli Marco	21/4/11	Approval of accounts at Dec.31,2013	M		X	X	X	92.3; 90; 100	2	X			X
Director	Mion Gianni	21/4/11	Approval of accounts at Dec.31,2013	M		X			100; 92.3	2			X	
Director	Orlando Stefano	21/4/11	Approval of accounts at Dec.31,2013	M		X	X	X	100; 100; 100	-	X			X
Director	Roverato Paolo	21/4/11	Approval of accounts at Dec.31,2013	M		X			100; 100; 100	1	X	X		
DIRECTORS LEAVING OFFICE IN REFERENCE PERIOD														
----														

Quorum required to present lists at last appointment: 1.5%.

No. of meetings held in reference Year : BoD: 13; Int. Contr. Comm: 10; HR Comm.: 8; Str.&Inv. Comm.: 13; Rel.Party Tr. Comm.: 2.

**NOTES**

\* Elected from majority list (M) or minority list (m).

\*\* Independent Director, as defined in 2011 Code.

\*\*\* Director's attendance (%) at meetings of BoD and Committees, respectively (# of meetings actually attended out of total meetings held during period in office).

\*\*\*\* Number of offices held as Directors or Auditors in other companies according to the criteria adopted by the BoD indicated in section 4.2 of this Report.

\*\*\*\*\* "X" = membership of Committee.

### List of Directors' offices

The table below details the positions held by the Directors in other companies as of the date of this Report, according to the criteria adopted by Autogrill's Board of Directors, as indicated in section 4.2 of this Report.

Director	Office	Company
Gilberto Benetton	Director	Mediobanca S.p.A.
	Director	Pirelli & C. S.p.A.
	Director	Atlantia S.p.A. (gruppo Edizione S.r.l.)
	Director	Benetton Group S.p.A. (Edizione S.r.l. Group)
Gianmario Tondato	Director	Lottomatica Group S.p.A.
Alessandro Benetton	Executive President	Benetton Group S.p.A. (Edizione S.r.l. Group)
	BoD Chairperson without powers of attorney	21 Investimenti SGR S.p.A. (Edizione S.r.l. Group)
	Chairperson of Supervisory Board	21 Centrale Partners SA (Edizione S.r.l. Group)
	BoD Chairperson with powers of attorney	Schemaquattordici S.p.A. (Edizione S.r.l. Group)
	Chairperson with powers of attorney	21 Partners S.p.A. (Edizione S.r.l. Group)
Tommaso Barracco	-	
Arnaldo Camuffo	Director	Carraro S.p.A.
Massimo Fasanella d'Amore di Ruffano	-	
Francesco Giavazzi	-	
Marco Jesi	Director	Safilo Group S.p.A.
	Director	Parmalat S.p.A.
Alfredo Malguzzi	Standing Auditor	Parmalat S.p.A.
	Standing Auditor	BNP Paribas Lease Group S.p.A.
	Chairperson Statutory Auditors	DeA Capital Real Estate S.p.A.
	Standing Auditor	Gruppo Lactalis Italia S.p.A.
	Director	FinecoBank Banca Fineco S.p.A.
Marco Mangiagalli	Director	Benetton Group S.p.A. (Edizione S.r.l. Group)
	Director	Luxottica Group S.p.A.
	Supervisory Director	Intesa Sanpaolo S.p.A.
Gianni Mion	Director	Gemina S.p.A.
	Director	AdR – Aeroporti di Roma S.p.A.
	Director	Atlantia S.p.A. (Edizione S.r.l. Group)
	Director	Benetton Group S.p.A. (Edizione S.r.l. Group)
Stefano Orlando	Director	Benetton Group S.p.A. (Edizione S.r.l. Group)
Paolo Roverato	Director	AdR – Aeroporti di Roma S.p.A.
	Director	Edizione Property S.p.A. (Edizione S.r.l. Group)
	Director	Edizione Alberghi S.r.l. (Edizione S.r.l. Group)

**TABLE 3: STRUCTURE OF THE BOARD OF STATUTORY AUDITORS**

**Board of Statutory Auditors**

Office	Member	In office since	In office till	List (M/m) *	Independence as per Code**	%***	# of other offices****
Chairperson	Marco Rigotti	Apr. 19, 2012	Approval of accounts at Dec. 31, 2014	m	X	100	5
Standing Auditor	Luigi Biscozzi	Apr. 19, 2012	Approval of accounts at Dec. 31, 2014	M	X	92.9	8
Standing Auditor	Eugenio Colucci	Apr. 19, 2012	Approval of accounts at Dec. 31, 2014	M	X	100	2
Alternate Auditor	Giuseppe Angiolini	Apr. 19, 2012	Approval of accounts at Dec. 31, 2014	M	X		
Alternate Auditor	Pierumberto Spanò	Apr. 19, 2012	Approval of accounts at Dec. 31, 2014	m	X		

**STATUTORY AUDITORS LEAVING OFFICE IN REFERENCE PERIOD**

Standing Auditor	Ettore Maria Tosi	Apr. 21, 2009	Approval of accounts at Dec. 31, 2011	M	X	100	
Alternate Auditor	Giorgio Silva	Apr. 21, 2009	Approval of accounts at Dec. 31, 2011	M	X		

Quorum required to present lists at last appointment: 1.5%.

No. of meetings held in reference period: 17.

\* Elected from majority list (M) or minority list (m)

\*\* Independent Auditor as defined in 2011 Code.

\*\*\* Auditor's attendance (%) at meetings of Board of Statutory Auditors (# of meetings actually attended out of total meetings held during period in office).

\*\*\*\* This column indicates the number of office held as Director/Auditor according to art. 148-bis of TUF. The complete list of offices is published by Consob in its website pursuant to art. 144-quinquiesdecies of the Issuers' Regulations.