



PININFARINA S.p.A.

2012
REPORT ON CORPORATE GOVERNANCE
AND THE COMPANY'S OWNERSHIP STRUCTURE

Pursuant to Article 123 *bis* of the Uniform Financial Code

(conventional management and control model)

(Approved by the Board of Directors on March 21, 2013)

(website: www.pininfarina.com)

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1 ISSUER'S PROFILE

The Pininfarina Group's core business is in the automotive industry and, consequently, is based on the establishment of comprehensive collaborative relationships with carmakers. Operating as a global partner, its highly flexible approach enables it to work with customers through the entire product development process — design, planning, development and industrialization — or provide support during any one of these phases with the utmost flexibility.

The Group has facilities in Italy, Germany, Morocco and China. Its customers are located mainly in Italy, Germany and China.

The headquarters of Pininfarina S.p.A., the Group's Parent Company, are located at 6 via Bruno Buozzi, in Turin.

The shares of Pininfarina S.p.A. have traded on Borsa Italiana since 1986. The Company's governance structure is consistent with a conventional management and control model.

2 INFORMATION ABOUT THE COMPANY'S OWNERSHIP STRUCTURE PURSUANT TO ARTICLE 123-BIS OF LEGISLATIVE DECREE No. 58/1998 AS OF MARCH 21, 2013

a) Structure of the Company's share capital

The Company's share capital is comprised exclusively of common shares, par value 1 euro each.

The shares are registered shares issued in dematerialized form.

STRUCTURE OF THE SHARE CAPITAL				
	No. of	% of share	Where traded	Rights and obligations
Common shares	30,166,652	100%	Borsa Italiana	
Shares with limited voting rights				
Shares without voting rights				

b) Restrictions on transfers of securities

Further to the 2008 agreement to restructure the Company's financial debt, the shares of Pininfarina S.p.A. held by the majority shareholder Pincar S.r.l (76.062% of the share capital) are encumbered by a pledge for the benefit of the Lender Institutions.

c) Shareholders with significant interests in the share capital

Based on the communication received pursuant to Article 120 of the Uniform Financial Code, the following parties hold a significant interest, larger than 2%, in the share capital:

SIGNIFICANT INTERESTS HELD IN THE SHARE CAPITAL			
Reporting party	Shares held directly	% interest in the common share capital	% interest in the voting share capital
PINCAR S.r.l.	22,945,566	76.062	76.062

d) Securities that convey special rights

There are no securities that convey special rights.

e) Employee stock ownership: mechanisms to exercise voting rights

There is no employee stock ownership plan.

f) Voting right restrictions

Pursuant to the Framework Agreement, as disclosed to the market on December 30, 2008, all Pininfarina shares held by Pincar are encumbered by a pledge for the benefit of the Creditor Banks to secure Pincar's and Pininfarina's performance of the obligations they have undertaken towards the Creditor Banks pursuant to the

Framework Agreement and the Rescheduling Agreement. Pursuant to the pledge agreements: (i) dividends and any other distribution of amounts payable on the Pininfarina shares or any other financial instruments issued by Pininfarina and held by Pincar shall be paid to the Creditor Banks; and (ii) the pledgers shall retain the voting right, but the Creditor Banks shall retain the right to exercise the voting right in the event of default (for example, Pininfarina's failure to comply with its contractual obligations).

g) Shareholders' agreements pursuant to Article 122 of the Uniform Financial Code

The Company is not aware of the existence of any shareholders' agreements, as defined in Article 122 of Legislative Decree No. 58/1998 (Uniform Financial Code).

h) Change of control clauses and provisions of the Bylaws governing tender offers

If the estate of Sergio Pininfarina, Lorenza Pininfarina, Paolo Pininfarina and the estate of Andrea Pininfarina, severally or jointly, cease to hold, directly or indirectly, at least 30.1% of the voting rights of Pininfarina, except for the sales transactions required by the Framework Agreement, upon such event being communicated by the Agent Bank, the Rescheduling Agreement shall be cancelled without retroactive effect.

The Company Bylaws do not contain special provisions concerning tender offers.

i) Mandates to increase the share capital and authorizations to purchase treasury shares

Share capital increases

Acting pursuant to Article 2443 of the Italian Civil Code, the Extraordinary Shareholders' Meeting of April 29, 2008 provided the Board of Directors, for a period of up to five years from the date of the abovementioned Shareholders' Meeting, with the power to carry out contributory share capital increases, on a divisible basis and in one or more installments. The share capital increase, which may include the issuance of warrants, requiring in such a case that a portion of it be reserved for the exercise of the warrants, may not be larger than 100,000,000 euros in par value and shall be carried out by means of a rights offering for the common shares, not applicable to any treasury shares held by the Company.

In the exercise of the abovementioned power, the Board of Directors shall enjoy the most ample discretion to determine on each occasion, taking into account conditions in the financial markets and the performance of the Company's shares, the methods, terms and conditions of the capital increase, including the number of shares or warrants to be issued on each occasion in implementation of the abovementioned mandate, the subscription price (including any additional paid-in capital) and the subscription ratio for the exercise of the rights to acquire the shares offered to the shareholders (with the exception of the Company itself, with regard to treasury shares), as well as to decide, on each occasion, whether the share capital increase will be reserved for the exercise of warrants and define the warrants' regulations. On each occasion, the Board of Directors shall adopt resolutions setting forth the deadlines for the subscription of shares and, when applicable, the exercise of warrants, and specifying that, if the approved capital increase is not subscribed within the applicable specified deadline, the share capital will increase by the amount of the subscriptions received up to the abovementioned deadline.

Authorizations to Purchase Treasury Shares

As of the date of this Report, no authorization to buy treasury shares is in effect.

j) Management and coordination activities

Pininfarina S.p.A. is not subject to management and coordination by another party, as defined in Article 2497 of the Italian Civil Code, because it has been the intention of Pincar S.r.l., the controlling company, to enable Pininfarina S.p.A. to independently negotiate transactions with its customers and suppliers. Consistent with this independent approach, no procedures by which the controlled company must obtain the authorization of or inform the controlling company have been established, nor does Pincar S.r.l. perform a centralized cash management function.

Indemnity in the event of resignation, termination without cause or end of the employment relationship due to a tender offer

The disclosures required by the abovementioned article are provided in the Compensation Report published pursuant to Article 123-ter of the Uniform Financial Code.

Rules concerning the election and replacement of Directors and amendments to the Bylaws

The disclosures required by the abovementioned article are provided in the section of this Report that deals with the Board of Directors (Section 4.1).

3. COMPLIANCE

This Report on Corporate Governance and the Company's Ownership Structure was approved by the Board of Directors on March 21, 2013. It sets forth the rules of corporate governance that Pininfarina has developed or adopted pursuant to its obligations as a publicly traded company, consistent with the provisions of the Corporate Governance Code for Listed Companies currently in effect, which is available on the Borsa Italiana website (www.borsaitaliana.it). This Report on Corporate Governance and the Company's Ownership Structure is also available on the Company website www.pininfarina.com (Financial – Corporate Governance).

Pininfarina S.p.A. and its strategic subsidiaries are not required to comply with non-Italian laws that would affect the corporate governance structure of the Group's Parent Company.

4. BOARD OF DIRECTORS

4.1 ELECTION AND REPLACEMENT

Motions to elect Directors submitted to the Shareholders' Meeting, together with the candidates' personal data and professional qualifications, and indications about which candidates may qualify as independent Directors, as defined in Section 4.6 below, must be deposited at the Company's registered office at least 25 days before the date set for the Shareholders' Meeting and made available to the public at least 21 days before the date set for the Shareholders' Meeting.

Pursuant to Article 144 *quater* of the Issuers' Regulations, the equity ownership percentage required to file slates of candidates is equal to 2.5% of the share capital.

Pursuant to Article 15 of the Bylaws, Slates that at the Shareholders' Meeting receive a percentage of the votes equal to less than half of the percentage required shall not be taken into account.

Once the Shareholders' Meeting has determined the number of Directors that it plans to elect and the length of their term of office, the procedure outlined below shall be followed:

1. All except one of the Directors that need to be elected shall be taken from the slate that received the highest number of votes cast by the shareholders, in the consecutive order in which they are listed on the slate;
2. The remaining Director shall be elected, pursuant to law, from the slate that received the second highest number of votes, selecting the first of the candidates who are listed in consecutive order on the slate.

The rules provided above for the election of the Board of Directors shall not apply unless at least two slates are filed and voted on, nor shall they apply to Shareholders' Meetings convened to replace Directors during the term of office of the Board of Directors. In such cases, the Shareholders' Meeting shall approve resolutions by a relative majority.

In order to ensure the election of a minimum number of independent Directors (pursuant to article 147-*ter*, Section 4, of the Uniform Financial Code), a candidate who is listed first in consecutive order on a slate must also meet the independence requirements of the relevant laws, as well as those of the Corporate Governance Code, which the Company has agreed to adopt.

A shareholder may not file or vote for more than one slate, either personally or through a representative or a nominee company. Shareholders who belong to the same group or are members of a shareholders' agreement concerning the Company's shares may not file or vote for more than one slate, either personally or through a representative or a nominee company. A candidate may be listed only on one slate on penalty of losing the right to be elected.

Upon submitting their names as candidates for election, all members of the Board of Directors signed an affidavit attesting that they met the relevant statutory requirements. Specifically, they attested that:

- they were not affected by any of the situations referred to in Article 2382 of the Italian Civil Code
- they were not affected by any of the situations referred to in Article 160 of Legislative Decree No. 58 of February 24, 1998;
- they were never convicted of a crime, including in countries other than their country of residence;
- they met the integrity requirements of Article 147 *quinquies* of Legislative Decree No. 58 of February 24, 1998;
- they met the requirements of Article 147 *ter*, Section 4, of Legislative Decree No. 58 of February 24, 1998 and, insofar as the candidates standing for election as independent Directors are concerned, that they met the requirements of the Corporate Governance Code for listed companies.

Unless the Shareholders' Meeting resolves otherwise, the Directors shall not be bound by the restrictions set forth in Article 2390 of the Italian Civil Code."

Amendments to the Bylaws

Amendments to the Bylaws must be approved by the Shareholders' Meeting, pursuant to law. Pursuant to Article 21 of the Bylaws, the Board of Directors may adopt resolutions to amend the Bylaws to make them compliant with statutory requirements. Pursuant to the mandate to increase the Company's share capital, referred to in Section 2 i), the Board of Directors may amend Article 5 of the Bylaws with regard to the amount of the share capital and the number of shares of which it is comprised, following the implementation of each tranche of the capital increase, and the expiration of the five-year term of the mandate.

Aside from the provisions of the Uniform Financial Code, the Company is not subject to additional statutory requirements regarding the composition of the Board of Directors.

Succession plans

The Board of Directors did not adopt a succession plan for the executive Directors because it does not believe that there is a concrete risk of having to replace the current executives over the remaining portion of their term of office.

4.2 COMPOSITION

The Shareholders' Meeting of May 3, 2012 elected a new Board of Directors. All of its members belonged to the slate filed by Pincar S.r.l., the majority shareholder, which was the only slate filed and received a unanimous vote.

The current Board will remain in office until a Shareholders' Meeting is convened to approve the statutory financial statements at December 31, 2014 and appoint new corporate governance bodies.

As of March 21, 2013, the Board of Directors was comprised of seven Directors, as follows:

- Paolo Pininfarina (Chairman)
- Silvio Pietro Angori Chief Executive Officer and General Manager
- Gianfranco Albertini Managing Director with responsibility for relations with the Consob and Borsa Italiana
- Edoardo Garrone (*) (§) (#) Independent Director
- Enrico Parazzini (#) Independent Director
- Carlo Pavesio (*) Non-executive Director
- Roberto Testore (*) (§) (#) Independent Director

(*) Member of the Nominating and Compensation Committee.

(§) Member of the Control and Risk Committee.

(#) Member of the Committee for Transactions with Related Parties.

Personal and professional background of Directors

Paolo Pininfarina – Born in Turin on August 28, 1958, he earned a degree in Mechanical Engineering from Turin's Politecnico University. He began his career at Pininfarina in 1982, with internships at Cadillac, in Detroit, United States, and Honda, in Japan, in 1983. In 1987, he was appointed Chairman and Chief Executive Officer of Pininfarina Extra S.r.l. In 1988, he joined the Board of Directors of Pininfarina S.p.A., was named Deputy Chairman in 2006 and has been Chairman since August 12, 2008.

Silvio Pietro Angori – Born in Castiglione del Lago (PG) on June 29, 1961, he earned a degree in Theoretical Physics from "La Sapienza" University in Rome and a Master's Degree of Business Administration from the Booth School of Business at the University of Chicago. In 1989, he was hired by Agusta Helicopters as a research specialist in aerodynamics. In 1990, he joined the Fiat Group as manager of advanced research programs funded by national and transnational government entities. In 1994, he was recruited by Arvin Meritor, in Detroit, where he rose to the post of Vice President and General Manager of the Commercial Vehicle Emissions Division. In 2007, he joined Pininfarina S.p.A. as General Manager for the Group. In August 2008, he was coopted by the Board of Directors and his appointment was confirmed by the Shareholders' Meeting of April 23, 2009, and has been serving as Chief Executive Officer since that date.

Gianfranco Albertini – Born in Turin on February 9, 1958, he earned a degree in Economics and Business Administration from the Turin School of Economics. In 1979, he began his career at Telettra S.p.A. in the area of Management Control. In 1983, he joined Pininfarina S.p.A. with responsibilities in the cash management area and managed the project to list the Company on the Stock Exchange. Over the years, he handled numerous assignments, becoming Manager of Finance and Corporate Affairs of Pininfarina S.p.A. and Secretary to the Board of Directors in

2002. In 2007, he was named C.F.O. of the Pininfarina Group and Corporate Accounting Documents Officer. In August 2008, he was coopted by the Board of Directors and the Shareholders' Meeting confirmed his appointment on April 23, 2009, and, since that date, is empowered to handle relations with the Consob and Borsa Italiana.

Edoardo Garrone – Born in Genoa on December 30, 1961, he earned a degree in Political Science from the Alfieri Institute in Florence. He then completed graduate courses in Economics and Finance in London and the United States, and a course in Business Administration for young business managers at the INSEAD in Fontainebleau. After beginning his career at Marsud S.p.A., he joined ERG S.p.A. in 1988, serving in various capacities at this company and ultimately rising to his current post as Chairman. He has been a Director of Pininfarina since 2006.

Enrico Parazzini – Born in Milan on March 18, 1944, he earned a degree in Economics and Business Administration from the Bocconi University in Milan. He was a professor at the Bocconi and is a Senior Lecturer at the Business Management School of the Bocconi University. Early in his career, he served as manager of various administrative departments of Honeywell Information Systems Italia. He subsequently moved to Bull Information Systems Italia, Pirelli S.p.A., Pirelli Settore Cavi e Sistemi S.p.A. and Telecom Italia Media S.p.A., where he served as Chief Executive Officer, Chairman and Director, finally joining the Telecom Italia Group as its C.F.O. and General Manager. He has been a member of Pininfarina's Board of Directors since 2009.

Carlo Pavesio – Born in Turin on February 1, 1956, he graduated from the University of Turin with a Law Degree and earned a Master of Laws (L.L.M.) from the London School of Economics. In 1980-1981 he interned at the Legal Department of the Economic Commission of the European Community in Brussels and, in 1985-1986, was a Visiting Foreign Lawyer at the law offices of Gibson, Dunn & Crutcher in New York. He is a founding partner of Studio Pavesio e Associati. He was a founding partner of Studio Brosio, Casati e Associati (founded in 1990) and was a partner of Allen & Overy from January 1, 1998, when these two law firms merged, until December 31, 2006. He has been a member of Pininfarina's Board of Directors since 2003.

Roberto Testore – Born in Turin on October 17, 1952, he earned a degree in Mechanical Engineering from Turin's Politecnico University. He began his career at Fiat S.p.A., first in the Automobile Sector and later in the Planning and Control Department. He later joined Comau, where he served in various capacities and was ultimately named Chief Executive Officer and General Manager of Comau S.p.A. and Comau Finanziaria S.p.A., a position that he later resigned to become Chief Executive Officer of Fiat Auto S.p.A. In April 2002, he was appointed Chief Executive Officer and General Manager of Finmeccanica S.p.A. and was named Chief Executive Officer of Trenitalia S.p.A. in 2004. Since 2007, he has been Chairman of Pantheon Corporate Consultants Ptv Ltd. He has been a member of Pininfarina's Board of Directors since 2009.

Some of the Company's Directors serve as officers at other publicly traded companies or companies that are significant because of their size. The posts held by each Director are listed below:

- **Edoardo Garrone:** At publicly traded companies, he is Chairman of the Board of Directors of ERG S.p.A.; at companies of significant size, he is Chairman of the Supervisory Board of San Quirico S.p.A.
- **Enrico Parazzini:** At publicly traded companies, he is Deputy Chairman of Prelios SpA
- **Carlo Pavesio:** At other publicly traded companies, he is a Director and serves on the Compensation Committee of BasicNet S.p.A. At other companies, he is Chairman of the Board of Directors of Basic World S.r.l.; a Director and member of the Compensation Committee of Fenera Holding S.p.A.; a Director and Chairman of the Internal Control Committee and Oversight Board and a member of the Group Investment Committee of Reale Mutua Assicurazioni S.p.A., a Director of Banca Reale S.p.A. (bank of the Reale Mutua Group); Director and Deputy Chairman of Farmaceutici Procemsa SpA; and Director of BasicItalia SpA, Fratelli Gancia & C. S.p.A., Pininfarina Recchi Buildingdesign S.r.l. and Tosetti Value SIM S.p.A. He is also a member of the Oversight Board of Fondazione Piemonte per l'oncologia.

Considering the current and potential future commitments of its members, the Board of Directors did not define general criteria regarding the maximum number of management and control posts that can be held at other companies.

In view of the experience about the Company's areas of business, company dynamics and regulatory framework gained by all Directors in previous terms of office, there appear to be no need to establish an Induction Program.

4.3 FUNCTIONS OF THE BOARD OF DIRECTORS

The Board of Directors held seven meetings in 2012, with an average attendance of about 92%. The meetings lasted about two hours on average.

Four meetings have been planned for the current year.

The Board of Directors is charged with overseeing the Company's operations. The Board of Directors has all of the ordinary and extraordinary powers needed to govern the Company, and has jurisdiction over all matters that the law and the Company's Bylaws do not expressly reserve for the Shareholders' Meeting.

The Board of Directors meets at least once every three months and may be convened by the Chairman, or any other party so empowered pursuant to law, whenever he or she deems it appropriate, and upon written request of at least four Directors or of the governance bodies authorized to do so.

In order to enable the members of the Board of Directors to perform their duties in an informed fashion, the Office of the Secretary to the Board of Directors, working under the direct supervision of the Chairman and the Managing Directors, will strive to ensure that the Directors are informed about major changes in the laws and regulations that affect the Company and its corporate governance bodies. The same information is also provided to the Board of Statutory Auditors.

In order to ensure that the Directors are able to make informed decisions and perform an accurate and complete assessment of the facts submitted to the Board of Directors, the Chairman of the Board of Directors ensures that the Directors receive the relevant documents and information sufficiently in advance (usually three to five business days) of the Board meeting. The Chairman may ask parties whose input may be necessary to provide the required insight about items on the Agenda to attend the meetings of the Board of Directors.

The Board of Directors has sole jurisdiction over reviewing and approving the industrial and financial plans of the Company and the Group developed by the internal functions of the Group's Parent Company with the help of the other Group companies. The Group's Parent Company promotes its own corporate governance structure and provides guidelines for those of its subsidiaries.

The Board of Directors assesses the adequacy of the organizational, general administrative and accounting structure of the Company and the Group, with special focus on the Pininfarina Deutschland and Pininfarina Extra subsidiaries, strategically and size-wise the most important, by means of quarterly reviews performed together with the internal control officer and external consultants and through an ongoing exchange of information with the Independent Auditors. The Group's operating performance is assessed at each meeting of the Board of Directors based on information provided by the managing governance entities.

The Board of Directors determines the compensation of Directors and General Managers, based on recommendations by the Nominating and Compensation Committee, and the compensation of the Chairman, the Managing Directors and other Directors with special assignments, based on recommendations by the Board of Statutory Auditors. The full amount of the compensation payable to the Board of Directors is decided by the Shareholders' Meeting and the Board of Directors determines how it should be allocated among the Directors.

The Board of Directors supervises the Company's overall performance, paying special attention to conflict of interest situations, based on the information it receives from the Chairman, the Managing Directors, the other Directors and the Consultative Committees, and compares the Company's actual performance with projected results.

The Board of Directors has sole jurisdiction over reviewing and approving in advance the most important transactions of the Company and the Group. With regard to issues entailing significant subject matters and amounts, decisions must be made by the Board collectively. In 2010, the Board of Directors approved Internal Regulations Governing Transactions with Related Parties, which was updated on February 25, 2011 to make them consistent with changes in the regulatory framework.

The Board of Directors set limits, in terms of size and otherwise, for highly material transactions, beyond which decisions must be made by the Board collectively. In addition to the parameters related to size, whether or not a transaction is material is defined based on its medium/long-term impact on such financial parameters as shareholders' equity and net financial position.

The Board of Directors assessed with positive results its effectiveness and that of its Committees in terms of the number of their members, their composition and their rules of operation. This assessment was performed initially at the first Board meeting convened following its election by the Shareholders' Meeting in 2012. The presence of professionals, entrepreneurs and top managers on the Board has always been the best guarantee of professionalism in the different types of activities pursued by the Company and the Group. This assessment is repeated annually, taking also into account the amount of time that each Director can devote to the Company's business, and external consultants are not used. Upon the election of the new Board of Directors, the exiting Directors provided no specific indications for the shareholders regarding the presence of professional competencies, for the reasons mentioned above.

The Shareholders' Meeting did not amend the provision of the Bylaws pursuant to which the Directors are not required to comply with the non-compete obligation of Article 2390 of the Italian Civil Code. In any event, there are no negative issues in this area.

4.4 MANAGING GOVERNANCE ENTITIES

Managing Directors

Silvio Angori, the Company's Chief Executive Officer, has management responsibility for all activities that have not been delegated to other Directors. The Director Gianfranco Albertini has management responsibility for relations with the Consob and Borsa Italiana.

There are no "interlocking directorate" situations.

With regard to certain issues, decisions must be made by the Board collectively. These issues include:

- acts of disposition involving partnership interests, shares of stock, companies, business operations, real property or trademarks with a value in excess of 2 million euros;
- establishment of pledges, mortgages, indebtedness or encumbrances on corporate assets valued in excess of 2 million euros;
- execution of contracts with an annual cost in excess of 5 million euros, except for engineering contracts, the annual cost of which must be in excess of 20 million euros;
- financial indebtedness transactions in excess of 5 million euros;
- granting of any guarantee, mandatory or involving collateral, for amounts in excess of 2 million euros.

Chairman of the Board of Directors

The Chairman of the Board of Directors, to whom no management authority has been delegated, contributes, like all other Directors, to the development of the Company's strategies. He is the Company's legal representative.

The Chairman is not the Company's controlling shareholder.

Executive Committee

An Executive Committee has not been established.

Reports to the Board of Directors

The Chairman and the Managing Directors report to the Board of Directors promptly, usually when the Board is in session, and at least once every three months, about the work they have performed and about highly material operating, financial and asset transactions executed by the Company or its subsidiaries, with special emphasis on atypical or unusual transactions or transactions that could give rise to a conflict of interest, including transactions with related parties.

Pursuant to Article 18 of the Bylaws, the same information is provided to the Board of Statutory Auditors within the deadlines and in the manner set forth in said Article.

4.5 DIRECTORS WITH EXECUTIVE POWERS

The Directors with executive powers are: the Chairman of the Board of Directors Paolo Pininfarina (who is also Chairman and Chief Executive Officer of the Pininfarina Extra S.r.l. subsidiary), the Chief Executive Officer Silvio Pietro Angori and the Chief Financial Officer Gianfranco Albertini.

4.6 INDEPENDENT DIRECTORS

As recommended by the Corporate Governance Code, substance prevails over form in deciding whether a Director qualifies as an Independent Director. Specifically, Directors qualify as Independent Directors if:

- a) They do not own, directly, indirectly or on behalf of third parties, equity investments in the Company.
- b) During the previous three years, they were not a major player with regard to the Company, one of its strategically significant subsidiaries or a company or other legal entity that, either directly or through a shareholders' agreement, was able to control the Company or exercise a significant influence over it.
- c) They are not or have not been parties during the previous year, whether acting directly, indirectly or on behalf of third parties, to significant commercial, financial or professional transactions with the Company, its subsidiaries, its Directors with executive powers or the shareholder or group of shareholders who controls the Company, when such transactions are large enough to affect the Director's independent judgment.
- d) During the previous three years, they were not employed by the parties referred to in Item c) above.

- e) They are not receiving, or did not receive during the previous three years, from the Company or one of its subsidiaries compensation of a material amount in addition to the fee for services rendered as a Director of the Company without executive powers, including enrollment in incentive plans tied to the Company's performance.
- f) They did not serve as a Company Director for nine of the last 12 years (in such instances, independence will be assessed on a case-by-case basis).
- g) They do not serve as Directors with executive powers at another company where a Company Director with executive powers also serves as a Director.
- h) They are not shareholders or Directors of a company or other legal entity that serves as the Company's independent auditors.
- i) They are not part of the immediate family of a person who is in one of the positions described in the items listed above.

A Director's independent status is not impaired by the following situations: nomination or election to the Company's Board of Directors with the favorable vote of the shareholder or group of shareholders who controls the Company; service as Director on the Board of the Company or its subsidiaries and receipt of the related compensation; and membership on one or more Consultative Committees.

Independence, as defined above, is a suitable tool for effectively reconciling the interests of the different components of the Company's shareholder base and meeting the expectations of the financial markets.

During the year, the Board of Directors verified whether each of the Directors elected as Independent Directors met the Code's independence requirements.

The Board of Statutory Auditors determined that the verification criteria and procedures adopted by the Board of Directors to assess the independence of its members were being properly applied.

The Board of Directors assesses the independence of Directors at least once a year, based on the information provided directly by the Independent Directors about their status and the information available to the Company. This assessment was performed initially at the first Board meeting convened following its election by the Shareholders' Meeting. The findings of the Board of Directors are communicated promptly to the financial markets if they show that changes have occurred since the previous communication.

The current Board of Directors includes three Independent Directors (Messrs. Garrone, Parazzini and Testore), who were elected in this capacity by the Shareholders' Meeting of May 3, 2012 and whose independence qualifications have been confirmed.

At a meeting held on March 21, 2013, the Board of Directors determined that no new event occurred that could undermine the independence of the abovementioned Directors.

The independent Directors met separately from the other Directors on two occasions during the year, mainly to discuss the current industrial and financial restructuring plans.

4.7 LEAD INDEPENDENT DIRECTOR

Given the current allocation of executive authority and delegation of powers within the Board of Directors, the appointment of a Lead Independent Director is no longer necessary.

5 HANDLING OF COMPANY INFORMATION

The Board of Directors follows special procedures to protect the confidentiality of classified and insider information made available to Directors, Statutory Auditors, senior executives, employees or independent contractors who may have access to:

- confidential information; or
- insider information, i.e., information about one or more issuers of financial instruments or financial instruments that have not been made public and which, if made public, could have a material impact on the prices of the abovementioned securities or of derivatives based on those securities (so-called price-sensitive information).

Specific provisions prohibit the individuals listed above from communicating to other individuals the abovementioned information, except insofar as it may be necessary because of their work, profession or function.

Insofar as Company employees are concerned, a strict implementation of Article 115 *bis* of the Uniform Financial Code (Register of Parties with Access to Insider Information), coupled with an ongoing disclosure process, appear to be sufficient to monitor compliance with the confidentiality obligation applicable to insider information.

The Chairman is responsible for the proper handling and disclosure of insider information to the public and the regulatory authorities. Insider information is information about one or more financial instruments issued by Pininfarina that has not been made public and which, if made public, would have a material impact on the price of those instruments (price-sensitive information).

Special attention is paid to avoiding situations that involve abuse of insider information and manipulation of the financial markets, as defined in Title III, Chapter I, of Legislative Decree No. 58/98 and Title VII of Consob Resolution No. 11971/99, as amended.

Accordingly, the Company established a register of parties with access to insider information, as required by Article 115 *bis* of the Uniform Financial Code.

Disclosures to the regulatory authorities and the public (including shareholders, investors, financial analysts and journalists) are provided within the deadlines and in the manner set forth in the applicable statutes and in compliance with the principle of equal access to information.

The abovementioned information is also posted on the Pininfarina website.

As a rule, information is disclosed by the following Company Departments, working in cooperation with the Chairman:

- Office of the Corporate Secretary, for disclosures to regulatory authorities and shareholders;
- Communications and Image Department, for disclosures to the press;
- Investor Relations Department, for disclosures to institutional investors.

All Directors are required to treat as confidential any document or information they may become privy to in discharging the duties of their office and must comply with the procedures referred to above to disclose said documents or information to the public.

Company employees are required to comply with an operational procedure that governs the process by which technical or business data that could qualify as “price sensitive” may be disclosed.

6 INTERNAL COMMITTEES OF THE BOARD OF DIRECTORS

The Board of Directors may establish internal Consultative Committees.

The establishment and the activities of the Consultative Committees does not affect the principle of the functional unity of the Board of Directors and of the commonality of the obligations and purposes shared by each Director.

The Control and Risk Committee, the Nominating and Compensation Committee and the Committee for Transactions with Related Parties elect their own Chairmen, and their meetings are convened by the Committee Chairman or his or her deputy.

Meetings are convened in writing — which includes fax or e-mail communications — at least three days prior to the date of each meeting. In urgent cases, 24-hour notice is sufficient.

Written minutes are kept of Committee meetings.

Resolutions of a Consultative Committee must be communicated to the Board of Directors when the Board holds its next meeting.

Such resolutions serve only a consultative and suggestive purpose and are not binding in any way on the Board of Directors. In view of the number of Directors and their qualifications and the Company’s size, the Board established a single Nominating and Compensation Committee.

7/8 NOMINATING AND COMPENSATION COMMITTEE

The Committee with responsibility for making recommendations regarding the appointment and compensation of Directors submits proposals to the Board of Directors when the Board is required to replace one or more Directors, including independent Directors, and in those cases where it is asked to submit a motion to the Shareholders’ Meeting nominating candidates to the Board of Directors. The Committee also submits proposals to the Board of Directors concerning the compensation of the Chairman, the Managing Directors, the General Manager and Directors performing special assignments.

In formulating its proposals, the Committee takes into account the posts already held by candidates for the office of Director.

The Committee also makes recommendations to the Board of Directors concerning the appointment of Directors to other Consultative Committees, except when the Board takes action on its own.

Lastly, the Committee provides consulting support regarding the size and composition of the Board of Directors and concerning the professional competencies that should be represented on the Board.

The current Committee, appointed by the Board of Directors on May 3, 2012, has a Chairman and is comprised of three Directors, including two independent Directors and a Director without executive powers.

The current members of the Nominating and Compensation Committee are:

- Edoardo Garrone (Chairman): independent Director;
- Carlo Pavesio: Director without executive powers;
- Roberto Testore: independent Director.

The Board of Statutory Auditors and any other party whom the Committee wishes to invite may attend Committee meetings but will not be allowed to vote.

With regard to the Committee's consultative functions regarding compensation, a Committee member has adequate expertise about financial matters. Directors shall refrain from attending a Committee meeting in which a proposal about their compensation is being developed for submission to the Board of Directors.

The Committee makes recommendations about the general compensation policy of Directors with executive authority, Directors who perform special functions and executives with strategic responsibilities. The Committee periodically assesses the adequacy, overall consistency and concrete implementation of the general policy adopted for the compensation of the abovementioned parties, based on information provided by the managing Directors. In addition, it makes recommendations about performance targets related to variable compensation and monitors the implementation of the resolutions adopted by the Board of Directors, verifying that the performance targets have actually been achieved.

In the course of its activities, the Committee was provided with access to the information and company departments needed to perform its duties.

Minutes are kept of all Committee meetings.

In 2012, the Nominating and Compensation Committee held two meetings, with 100% attendance, each lasting about one hour.

The Committee was not provided with a specific expense budget.

9 COMPENSATION OF DIRECTORS

The information provided with regard to this section is supplied in the "Compensation Report" published in accordance with Article 123-ter of the Uniform Financial Code.

10 CONTROL AND RISK COMMITTEE

The current Control and Risk Committee, which was appointed internally by the Board of Directors on May 3, 2012, is comprised of two Independent Directors. They are:

- Roberto Testore (C)
- Edoardo Garrone

Committee members have adequate expertise in financial and accounting matters and risk management.

The following parties may also attend Committee sessions (but will not be allowed to vote): the Chairman of the Board of Statutory Auditors, the Director Responsible for the internal control and risk management system and the Internal Auditing Manager, as well as, if invited by the Committee, Directors with executive powers, representatives of the Independent Auditors and any other party whose presence the Committee may find necessary.

In 2012, the Control and Risk Committee met four times, with an attendance of 100%. On average, meetings lasted one hour and written minutes were kept of Committee meetings.

Three meetings have been planned for 2013.

In the course of its activities, the Committee was provided with access to the information and company departments needed to perform its duties.

The Control and Risk Committee provides the Board of Directors with consulting support and proposals in areas related to internal control.

More specifically, the Committee:

- a) supports the Board of Directors in the performance of its duties under the Code with regard to internal control;
- b) working with the Corporate Accounting Documents Officer and the Independent Auditors, assesses the correct application of the accounting principles, including with respect to the consolidated financial statements;
- c) at the request of the executive Director Responsible for the internal control and risk management system provides advice on issues related to mapping the main business risks and designing, implementing and managing the Internal Control and Risk Management System;
- d) reviews the work plan prepared by the Internal Auditing Manager and the reports that he/she is required to prepare periodically;
- e) assesses the work plan for the independent auditing engagement and any findings noted in the report and the management letter;
- f) monitors the effectiveness of the independent auditing process;
- g) reports to the Board of Directors on the work it has performed and on the effectiveness of the Company's Internal Control and Risk Management System;

The activities carried out in 2012 addressed all of the issues listed above.

Minutes are kept of all Committee meetings. In the performance of its functions, the Committee is empowered to access the information and the Company departments necessary to discharge its duties.

The Committee was not provided with a specific expense budget.

11 INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM

The Board of Directors, working with the support of the Control and Risk Committee, defined the guidelines of the Company's Internal Control and Risk Management System, the purpose of which is to enable the Company to achieve the following objectives:

- effective and efficient operations;
- reliable information;
- compliance with the laws and regulations (and internal rules) in force;
- type and level of risk compatible with the Issuer's strategic objectives, consistent with the Industrial and Financial Plan currently in effect;

so as to ensure that the main risks are correctly mapped, adequately measured, managed and monitored.

Pursuant to Article 123 *bis*, Section 2, Letter b) of the Uniform Financial Code, information about the main characteristics of the existing risk management and internal control systems, as they apply to financial reporting and specifically with regard to the phases of the system and the roles and functions involved, is provided in Annex 1 to this Report.

The Internal Control and Risk Management System must be consistent with the applicable statutes currently in force, particularly the provisions that apply to publicly traded companies.

Having reviewed the report submitted periodically by the Control and Risk Committee, the Board of Directors concluded that the Internal Control and Risk Management System was adequate, effective and was correctly implemented, based on the findings of the activities carried out during the year.

11.1 DIRECTOR RESPONSIBLE FOR THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM

Meeting on May 3, 2012, the Board of Directors designated Gianfranco Albertini as Director Responsible for overseeing the effectiveness of the Internal Control and Risk Management System, asking him to perform the following tasks:

- map the main business risks, based on the characteristics of the Group's business, and submit them periodically to the Board of Directors for review;
- design, implement and manage the Internal Control and Risk Management System in accordance with the guidelines defined by the Board of Directors;
- update the Internal Control and Risk Management System to reflect changes in operating conditions and in the legislative and regulatory framework.

- ask the Internal Auditing Department to perform audits of specific operating area and to assess compliance with internal rules and procedures in the execution of Company transactions, communicating the resulting findings to the Chairman of the Board of Directors, the Chairman of the Control and Risk Committee and the Chairman of the Board of Statutory Auditors.

Reports about the work performed were provided at meetings of the Control and Risk Committee and the Board of Directors.

11.2 INTERNAL AUDITING MANAGER

At a meeting held on May 3, 2012, upon a motion by the Director Responsible for the Internal Control and Risk Management System, based on a prior favorable opinion by the Board of Statutory Auditors, the Board of Directors reappointed Elena Bocchino to the post of Internal Auditing Manager. The compensation of the Internal Auditing Manager is consistent with Company policies and, through the Director Responsible for the Internal Control and Risk Management System, she has access to adequate resources to discharge her responsibilities, even though she has not been assigned a specific budget.

The Internal Auditing Manager is not an employee of the Company and does not have corporate ties to it. This function was outsourced to ensure its independence from Company departments and to access adequate competencies. It reports its activities to the Control and Risk Committee.

The Internal Auditing Manager was provided with direct access to any information useful for the performance of her duties. She provided reports about her activities to the Control and Risk Committee (and, consequently, to the Director Responsible for the Internal Control and Risk Management System) and to the Board of Statutory Auditors on the occasion of meetings held by the abovementioned governance bodies.

The Internal Auditing Manager was in constant contact with the information technology area to monitor the system's reliability with regard to the Audit Plan.

In 2012, the activities of the Internal Auditing Department focused on the following areas:

1. Activities aimed at verifying and assessing the design and effectiveness of the controls of processes relevant to the Company's financial reporting system, based on a mapping process carried out by the Company in 2010 with the operational support of PWC and in accordance with Article 19 of Legislative Decree No. 39/2010.
2. Analysis of the proxies and powers of attorney existing within the Company to verify whether the allocation of powers and responsibilities to the different individuals was consistent with the governance system defined by the Board of Directors.
3. Verification of the existence and correct implementation of a personnel recruitment procedure, specifically with regard to the most important technical resources and considering the current phase of the Company's history, in which it is completing the change of its operational mission.

The verification and control activities mentioned above did not uncover any significant issues; the implementation of improvement programs will be verified in 2013.

11.3 ORGANIZATION MODEL (pursuant to Legislative Decree No. 231/2001)

Pininfarina is sensitive to the need to abide by rules of business conduct that are fair and transparent in order to protect its position and image, the expectations of its shareholders and the jobs of its employees.

By adopting this Model (adopted by the Italian companies Pininfarina S.p.A. and Pininfarina Extra) the Company is pursuing the following objectives:

- Make all those who work for and on behalf of the Company in areas of activity that pose a potential risk aware that violations of the provisions contained in the Model could result in criminal and administrative penalties for the Company;
- Emphasize that Pininfarina strongly condemns all unlawful actions because such actions are not only illegal, but are also contrary to the principles of ethics that Pininfarina is committed to abide by (see also the Pininfarina Code of Ethics);
- Monitor areas of potential risk on an ongoing basis, so as to enable the Company to intervene promptly to prevent or block the occurrence of a violation.

As part of a program of systematic and organized initiatives designed to update its Organization and Control Model, Pininfarina has prepared a map of the Company's activities and identified "risk-prone activities," i.e., those activities that, because of their very nature, require scrutiny and monitoring, in accordance with Legislative Decree No. 231/2001.

In 2004, the Company established for the first time an Oversight Board, which is specifically required by Legislative Decree No. 231/2001. The following members were reappointed by the Board of Directors on May 3, 2012:

- Carlo Pavesio – Chairman, Director without executive powers;
- Gianfranco Albertini – Director, Chief Financial Officer and Corporate Accounting Documents Officer;
- Elena Bocchino – Internal Audit Manager.

The Organization Management and Control Model is available on the Company website www.pininfarina.com (Financial – Corporate Governance – 231/01 Organization Model).

11.4 INDEPENDENT AUDITORS

On May 11, 2004, the Shareholders' Meeting awarded to PricewaterhouseCoopers S.p.A. the assignment to audit the statutory and consolidated financial statements for three years, from 2004 to 2006.

The Shareholders' Meeting of May 11, 2007 extended the audit assignment to cover the years from 2007 to 2012, as allowed by Legislative Decree No. 303/2006, which amended Article 159, Section 4, of Legislative Decree No. 58 of February 24, 1998. The assignment will end with the approval of the financial statements at December 31, 2012.

11.5 CORPORATE ACCOUNTING DOCUMENTS OFFICER

The Corporate Accounting Documents Officer was appointed by the Board of Directors, with the prior approval of the Board of Statutory Auditors, as required by Article 23 of the Bylaws. Candidates for this post must have several years of experience in accounting and finance at a major company.

On May 3, 2012, the Board of Directors reappointed Gianfranco Albertini to the post of Corporate Accounting Documents Officer. Mr. Albertini, a Directors with responsibility for relations with the Consob and Borsa Italiana, meets the requirements of the Bylaws.

The budget allocated to the Corporate Accounting Documents Officer is included in the larger budget of the Corporate and Finance Department, also headed by Mr. Albertini. The support of professional resources is provided internally by the management control organization of the Accounting Department and by external consultants, as needed.

11.6 COORDINATION AMONG PARTIES INVOLVED WITH THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM

The Company did not define formal modalities for coordination among the abovementioned parties in view of the long established practice of holding all inclusive meetings attended by members of the Control and Risk Committee, the Oversight Board and the Board of Statutory Auditors, as well as the Internal Auditing Manager and the Director Responsible for the Internal Control and Risk Management System.

12 INTEREST OF DIRECTORS AND TRANSACTIONS WITH RELATED PARTIES

As required by law, the Board of Directors, with the support of the appropriate Company Departments and the input of its Consultative Committees, watches for situations that could create or have the potential of creating conflicts of interest. On November 12, 2010, the Board of Directors approved the Regulations Governing Transactions with Related Parties (available on the Company website www.pininfarina.com – Financial – Corporate Governance – Related-party Regulations). The procedure currently in effect for this type of transactions makes it possible, at the operational level, to identify and manage situations in which a Director may have an interest directly or on behalf of a third party. In practice, since the Committee for Transactions with Related Parties has been established, there has been only one instance that required review by this Committee and the amounts involved were not material.

13 ELECTION OF STATUTORY AUDITORS

The motions to elect Statutory Auditors that are submitted to the Shareholders' Meeting, and the accompanying personal data and professional qualifications for each candidate, must be deposited at the Company's registered office at least 25 days before a Shareholders' Meeting, in accordance with the terms and procedures set forth in the Bylaws.

Statutory Auditors are selected among candidates who can meet the independence requirements set forth in the Corporate Governance Code with regard to Directors.

Subsequent to their election, the independence qualifications of Statutory Auditors are reviewed at least once a year.

Statutory Auditors are elected through slate voting.

It is in the Company's best interest to create conditions that would allow the election of Statutory Auditors designated by minority shareholders who, alone or in combination with others, hold a minimum required equity interest in the Company (minimum threshold of 2.5% set by the Consob), which shareholders or groups of shareholders who own equity interests in the Company consistent with the abovementioned requirements may accomplish by filing slates of candidates.

The Board of Statutory Auditors is comprised of three Statutory Auditors and two Alternates. Minority shareholders are entitled to elect a Statutory Auditor and an Alternate.

All Statutory Auditors and Alternates shall be selected from among candidates who are members of the Italian Board of Statutory Independent Auditors and have engaged professionally in the performance of statutory independent audits of corporate accounting records for at least three years.

Statutory Auditors are elected through voting on slates of candidates filed by shareholders. Candidates must be assigned a number and are listed on the slates in consecutive order. These slates shall consist of two sections: one for candidates for the post of Statutory Auditor and another for candidates for the post of Alternate, whose number shall not be greater than that of the Statutory Auditors that need to be elected.

Only shareholders who, alone or together with other shareholders, hold a number of voting shares equal to the percentage set forth in the fifth paragraph of Article 15 shall be allowed to file a slate. This ownership percentage must be set forth in special communications delivered to the Company at least 21 days before a Shareholders' Meeting. All of the above must be stated in the Notice of Shareholders' Meeting.

The slates filed at the Company's registered office must be accompanied by the following information:

- a) The names of the shareholders who are filing the slates, the total percentage interest held and a statement certifying the ownership of the corresponding shares;
- b) An affidavit by the shareholders different from those who hold, jointly or individually, a controlling or relative majority interest attesting that they are not linked with the latter as a result of transactions such as those defined in the relevant laws and regulations currently in force;
- c) Detailed information about the candidates' personal and professional backgrounds, and affidavits by the candidates attesting that they meet statutory requirements and accept the nomination;
- d) A list of any management and control posts held by the candidates at other companies and a commitment on the candidates' part to update such list as of the date of the Shareholders' Meeting.

Candidates who fail to comply with the rules set forth above may not be elected.

If by the filing deadlines referred to above only one slate or only slates submitted by shareholders who, based on the guidelines provided above, are deemed to be linked together pursuant to the laws currently in force, have been filed, additional slates may be filed up to the third day past the abovementioned deadline. In such cases, the abovementioned deadline is reduced by half.

Slates may also be filed using a remote communication system, with modalities, specified in the Notice of Shareholders' Meeting, that allow the identification of the filing parties.

A shareholder may not file or vote for more than one slate, either personally or through a representative or a nominee company. Shareholders who belong to the same group or are members of a shareholders' agreement concerning the Company's shares may not file or vote for more than one slate, either personally or through a representative or a nominee company. A candidate may be listed on only one slate on penalty of forfeiting the right to be elected.

Only individuals who are in compliance with the limits on the number of governance posts that they are allowed to hold pursuant to the applicable laws and meet the requirements of the abovementioned laws and these Bylaws may be listed on a slate. Statutory Auditors may be reelected at the end of their term of office.

The election of Statutory Auditors shall be carried out in the following manner:

1. Two Statutory Auditors and one Alternate shall be elected from the slate that receives the highest number of votes at the Shareholders' Meeting, in the consecutive order in which they are listed in the corresponding sections of the slate;
2. The remaining Statutory Auditor and Alternate shall be elected from the slate that receives the second highest number of votes at the Shareholders' Meeting (provided that such slate is not linked to reference shareholders, as defined in the relevant provisions of the law) in the consecutive order in which they are listed in the corresponding sections of the slate. If two or more lists receive the same number of votes, candidates listed in the slate filed by the shareholders who own the largest percentage interest or, alternatively, the slate filed by the largest number of shareholders, shall be elected.

The Statutory Auditor who is listed first on the slate referred to in section 2 above shall be elected Chairman of the Board of Statutory Auditors.

If using the election system outlined above should become impossible, the Shareholders' Meeting shall elect Statutory Auditors by a plurality of the votes.

Any Statutory Auditor who no longer meets the requirements of the applicable laws and these Bylaws shall be automatically removed from his or her office.

If a Statutory Auditor, including the Chairman, needs to be replaced, the vacancy shall be filled by the Alternate elected from the same slate as the Auditor who is being replaced.

The stipulations set forth above with regard to the election of Statutory Auditors shall not apply to Shareholders' Meetings convened pursuant to law for the purpose of filling vacancies on the Board of Statutory Auditors in connection with the replacement or lapsing of Statutory Auditors and/or Alternates or the Chairman.

In such cases, the Shareholders' Meeting shall elect Statutory Auditors with a plurality of the votes, in a manner consistent with the right to representation of minority shareholders.

14 COMPOSITION AND ACTIVITIES OF THE BOARD OF STATUTORY AUDITORS

The Board of Statutory Auditors is comprised of three Statutory Auditors and two Alternates. Minority shareholders are entitled to elect a Statutory Auditor and an Alternate.

Because only one slate had been filed within the deadline of 15 days before the Shareholders' Meeting, the Company issued a press release informing the market that, pursuant to the applicable regulations, shareholders who, alone or in conjunction with others, owned at least 1.25% of the shares could file additional slates up to 10 days before the Shareholders' Meeting.

The only slate filed for the election of the new Board of Statutory Auditors was submitted by Pincar S.r.l., the majority shareholder, which, at that time, owned 76.06% of the Company's share capital. This slate, which listed the names of the candidates to the post of Statutory Auditor, was approved with a unanimous vote by holders of the voting capital.

On May 3, 2012, the Shareholders' Meeting elected a new Board of Statutory Auditors, due to the expiration of its three-year term of office.

The current members of the Board of Statutory Auditors, who will remain in office until the financial statements at December 31, 2014 are approved, are:

- | | |
|-----------------------------|-------------------|
| - Nicola Treves | Chairman |
| - Giovanni Rayneri | Statutory Auditor |
| - Mario Montalcini | Statutory Auditor |
| - Guido Giovando | Alternate |
| - Alberto Bertagnolio Licio | Alternate |

In 2012, the Board of Statutory Auditors met eight times, with an attendance of 96% (Mario Montalcini was absent but excused on one occasion). On average, meetings lasted about two hours.

A total of five meetings have been scheduled for 2013, including one already held.

Some of the Company's Statutory Auditors serve as officers of other publicly traded companies or companies that are significant because of their size. The personal and professional backgrounds of the Statutory Auditors and the posts they hold at other companies are listed below:

- **Nicola Treves** – Born in Turin on December 6, 1958, he earned a degree in Economics and Business Administration from the University of Turin. He began to practice as a certified public accountant in 1985. He is listed in the Register of Certified Public Accountants and Accounting Experts for the Ivrea-Pinerolo-Turin district since 1987. He is also listed in the Register of Independent Auditors and serves as a Judge's Technical Consultant at the Civil and Criminal Court of Turin.

POSTS HELD – He holds no posts at publicly traded companies. At financial companies, he is a Statutory Auditor at Fintorino S.p.A.

- **Giovanni Rayneri** – Born in Turin on July 20, 1963, he earned a degree in Economics and Business Administration from the University of Turin. He began to practice as a certified public accountant in 1988. He is listed in the Turin Register of Certified Public Accountants since 1989. He is also listed in the Register of Independent Auditors and serves as a Judge's Technical Consultant at the Court of Turin.

POSTS HELD – At listed companies, he is a Statutory Auditor of Fidia S.p.A. and Centrale del Latte di Torino & C. S.p.A. At financial companies, he is a Statutory Auditor of Family Advisory SIM S.p.A.

- **Mario Montalcini** – Born in Turin on July 20, 1963, he earned a degree in Economics and Business Administration from the University of Turin. He began to practice as a certified public accountant in 1988. He is listed in the Turin Register of Certified Public Accountants since 1989. He is also listed in the Register of Independent Auditors and serves as a Judge’s Technical Consultant at the Court of Turin.

POSTS HELD – He holds no posts at publicly traded companies. At other medium-size companies he is a Director and a member of the Management Committee of Fuchs Lubrificanti S.p.A. He is also Chairman of Campi di Vinovo S.p.A. and Statutory Auditor of Eurotrol S.p.A., FIDIVI S.p.A., FIDIVI Tessiture Vergnano S.p.A. and MOSAICO S.p.A.

Upon submitting their names as candidates for election, all members of the Board of Statutory Auditors signed an affidavit attesting that they met the relevant statutory requirements. Specifically, they attested that:

- they were not affected by any of the situations referred to in Article 148, Sections 3 and 4, and Article 160 of Legislative Decree No. 58 of February 24, 1998;
- they were never convicted of a crime, including in countries other than their country of residence;
- if elected, they would not exceed the limit on the number of governance posts held, as set forth in Article 148 *bis* of Legislative Decree No. 58 of February 24, 1998.

The Board of Statutory Auditors determined that its members met the Code’s independence requirements.

If a Statutory Auditor has an interest in a specific transaction, either directly or on behalf of another party, he/she must promptly provide the other Statutory Auditors and the Chairman of the Board of Directors with exhaustive information about the nature, terms, origin and scope of his/her interest.

In the performance of its activities the Board of Statutory Auditors worked in coordination with the Internal Auditing Department, the Control and Risk Committee and the Oversight Board established pursuant to Legislative Decree No. 231/2001, establishing an effective exchange of information by attending all of the meetings of the abovementioned governance bodies.

Given the in-depth knowledge of the Company and its industry possessed by the Board of Statutory Auditors, no special educational programs are planned in this area.

15 SHAREHOLDER RELATIONS

In order to provide a consistent level of information, especially to small investors, Pininfarina has developed a Company website (www.pininfarina.com - Financial), where it posts the following documents, making them available also in English:

- 1) The Annual Report and other financial reports that the Company is required to publish on a regular basis, as well as documents and communications addressed to the financial markets and the annual Corporate Governance Report and its Annexes;
- 2) Historical and current information about the Company;
- 3) Information about the performance of the Company stock.

The Chairman oversees the Company’s relations with institutional investors and other shareholders.

Given its size, the Company did not establish a separate unit responsible for handling investor relations. Gianfranco Albertini was named Investor Relations Manager.

Because of the financial problems that arose in 2008 and continued in subsequent years, and the resulting negotiations with the Lender Institutions, the Company was able to communicate information to the market only by means of press releases issued voluntarily or at the Consob’s request.

16 SHAREHOLDERS’ MEETINGS

Duly convened Shareholders’ Meetings represent all of the Company’s shareholders, and any resolution they may adopt pursuant to law and these Bylaws shall be binding on all shareholders, including those who did not attend or dissented.

Shareholders’ Meetings may be held at a location other than the Company’s registered office, provided such location is in Italy.

Because the Company is required to prepare consolidated financial statements, a Shareholders’ Meeting convened to approve the financial statements shall be called at least once a year, within 180 days from the end of the fiscal year.

The Shareholders' Meeting shall be convened by means of a notice published within statutory deadline on the Company website and with the other modalities required by the applicable regulation, which shall provide the information referred to in the abovementioned regulations.

The Notice may provide for a first, second and, limited to the Extraordinary Shareholders' Meeting, a third calling or may provide for a single calling, in which case the voting majorities set forth in Article 2368, Section 1, second sentence, and Article 2369, Section 3, of the Italian Civil Code shall apply to the Ordinary Shareholders' Meetings, while those of Article 2369, Section 7, of the Italian Civil Code shall apply to the Extraordinary Shareholders' Meeting.

The right to attend Shareholders' Meetings and vote shall be certified by means of a communication provided to the Company by an authorized intermediary in the manner and within the deadline required by the applicable regulations.

The Board of Directors may activate modalities that allow electronic voting.

Proxies to attend Shareholders' Meeting and vote may be granted electronically, in accordance with the applicable regulations.

Electronic proxy notification may be given, in accordance with the procedures specified in the Notice of Shareholders' Meeting, using a special page on the Company website or by means of a message sent to the certified e-mail address provided in the Notice.

For each Shareholders' Meeting, the Company may designate one or more parties whom the holders of voting rights may appoint as their proxies, with voting instructions for all or some of the items on the Meeting's Agenda. The names of the designated parties and the modalities and deadline for appointing them as proxy agents shall be specified in the Notice of Shareholders' Meeting.

The Company may ask the intermediaries, through the company that provides centralized clearing services for its shares, to provide it with the data identifying individual shareholders who did not expressly forbid such communications and the number of shares registered to accounts held in their name. The Company is also required to make the same request in response to a motion filed by shareholders representing at least half the minimum percentage interest required to file slates of candidates for election to the Board of Directors.

The resolutions adopted by the Shareholders' Meeting shall be recorded in the minutes of the Shareholders' Meeting signed by the Chairman, the Secretary and the vote counters, if required.

When required by law or if the Chairman of the Meeting deems it necessary, the Minutes shall be drawn up by a Notary.

The Bylaws do not require the filing of the communication referred to in Article 2370, Section 2, of the Italian Civil Code to attend Shareholders' Meetings.

Pininfarina did not adopt special regulations to govern its Shareholders' Meetings, since no need has arisen for such regulations in the 26 years that its shares have been publicly traded.

All members of the of the Board of Directors and all members of the Board of Statutory Auditors attend the Shareholders' Meeting of May 3, 2012.

In 2012, there were no significant changes affecting the Company's market capitalization or its shareholder base.

17 OTHER CORPORATE GOVERNANCE PRACTICES

Committee for Transactions with Related Parties

The Committee for Transactions with Related Parties, which was established by the Board of Directors on November 12, 2010, is responsible for providing a non-binding reasoned opinion regarding the Company's interest in executing transactions with related parties and whether the transaction is advantageous for the Company and its terms are substantively fair.

The Committee is comprised of the following three independent Directors:

- Edoardo Garrone
- Enrico Parazzini
- Roberto Testore

In 2012, the Committee for Transactions with Related Parties did not hold any meetings, none being required.

18 CHANGES TO THE CLOSING DATE OF THE REPORTING YEAR

The closing date of the 2012 reporting year was not changed.

Annex 1: Section on the “Main Characteristics of the Existing Risk Management and Internal Control Systems Applicable to the Process of Providing Financial Disclosures,” pursuant to Article 123-bis, Section 2, Letter b), of the Uniform Financial Code

1) Foreword

Pininfarina maintains on an ongoing basis an internal risk management and internal control system applicable to the process of providing financial disclosures.

Taken as a whole, the “System” can be defined as a series of activities designed to identify and assess any actions or events the occurrence or absence of which could partially or totally undermine the achievement of the objectives of the internal control system (“Risk Management System”), which also includes subsequent activities to identify the controls and develop the procedures needed to achieve the objective of providing comprehensive, accurate, reliable and timely financial information (“Internal Control System”).

All of the **activities** described above with regard both to the “Risk Management System” and the “Internal Control System” are carried out in accordance with a specially developed procedural system, which has been made available and communicated to all relevant employees, that explains the methods adopted and the responsibilities of all parties involved in defining, maintaining and monitoring the System and in assessing the effectiveness of the System’s design and operational activities.

The System was developed consistent with the reference model of the CoSO Report, which requires a description of the following: i) risk assessment; ii) control environment; iii) information systems and communication flows; iv) monitoring activities; and v) control activities.

The specific responsibilities for updating, implementing and monitoring the adopted System were defined in internal regulations that were communicated to the relevant departments.

2) Description of the Main Characteristics of the Internal Control and Risk Management System Applicable to the Process of Providing Financial Disclosures

The main characteristics of the internal control and risk management system applicable to the process of providing financial disclosures are reviewed below, with information organized into two separate sections:

- a. Phase of the internal control and risk management system applicable to the process of providing financial disclosures;
- b. Relevant roles and departments.
 - a. Mapping risks related to financial disclosures: The process of defining the system included the use of risk assessment to identify and assess any events the occurrence or absence of which could partially or totally undermine the achievement of control and financial disclosure objectives. Risk assessment was carried out also with regard to the risk of fraud.

The mapping process was developed both with regard to the Group as a whole and at the process level for companies deemed to be significant.

Assessment of risks related to financial disclosures: The risk assessment process was implemented at the inherent level, i.e., without taking into account whether controls to eliminate risk or lower it to an acceptable level existed and were being effectively implemented. The assessment was carried out taking into account both qualitative and quantitative considerations.

Identification of controls to cover mapped risks: The risk assessment process was followed by the development of specific controls to lower to an acceptable level the risk of failing to achieve the System’s objectives, both at the Company and process level.

The controls developed at the Company level are “pervasive” (Company Level Controls), i.e., controls applied throughout the Company.

The controls developed at the process level are “specific” controls, i.e., controls applied to control each mapped risk at the process level. At this level, controls are broken down, based on their characteristics and attributes, into, for example, manual and automatic controls, which, in turn, can be preventive or successive.

Assessment of controls that cover mapped risks: In order to determine whether the System was properly designed and is operating effectively, special operational activities focused both on the parties responsible for the controls and on the Internal Auditing Department have been defined, without concern for the operating effectiveness of the controls.

Specifically, the design of each existing control is assessed at the beginning of each year and in response to significant events that could have an impact on risks/controls and/or processes (such as organizational changes, business changes, etc.). The operating effectiveness of existing controls is assessed every six months through special tests carried out by managers responsible for these activities and controls.

The Internal Auditing Manager is responsible for independently assessing the operating effectiveness of the adopted System.

Any area needing improvement with a material impact on the System that are identified through the abovementioned assessment process generate special action plans to promptly remedy the situation.

The System also includes specific operational steps regarding the issuance of reports about the findings of reviews carried out with regard both to the design of controls and the subsequent operational implementation. Specifically, the System calls for a detailed flow of information from the process managers (who assess both the design and operational implementation of controls) and the Internal Auditing Department towards the Board of Directors, where the different findings are compiled and any shortcomings evaluated.

- b. In order for the System to function effectively, the roles and responsibilities assigned with regard to designing, implementing, monitoring and updating the System must be clearly identified.

To that effect, the Corporate Accounting Documents Officer is responsible for the System and, consequently, develops the administrative/accounting procedures for the preparation of periodic accounting documents and any other financial disclosures, attesting, together with the Chief Executive Officer, the System's adequacy and effective implementation during the period covered by the accounting documents.

The controls adopted were monitored on an ongoing basis both to test their design (i.e., whether a control, if operational, had been structured to lower a mapped risk to an acceptable level) and to determine if the control was operating effectively. The Internal Auditing Department is responsible for testing the System on a regular basis.

Based on the abovementioned periodic reports, the Corporate Accounting Documents Officer prepared a report on the System's effectiveness. After being reviewed by the Chairman of the Board of Directors this report was communicated to the Board of Directors. This report made it possible to produce the certification required pursuant to Article 154-*bis*, Section 5, of the Uniform Financial Code.

TABLE 2 – COMPOSITION OF THE BOARD OF DIRECTORS AND ITS COMMITTEES

Board of Directors											Internal Control and Risk Committee	Nominat-ing and Compens. Committee	Committee for Related-party Transactions	
Post held	Members	In office since	In office up to	Slate (M/m) (*)	Executive	Non executive	Indep. as per Govern. Code	Indep. as per Unif. Financial Code	% (**)	Number of other posts held (***)				
Chairman	Paolo Pininfarina	5/3/12	Sharehold. Meet. to approve fin. stat. 12/31/14	M	X				100,00					
C.E.O.	Silvio Pietro Angori	5/3/12	Sharehold. Meet. to approve fin. stat. 12/31/14	M	X				100,00					
Director	Gianfranco Albertini	5/3/12	Sharehold. Meet. to approve fin. stat. 12/31/14	M	X				100,00					
Director	Edoardo Garrone	5/3/12	Sharehold. Meet. to approve fin. stat. 12/31/14	M		X	X	X	71,00	2	X	X	X	
Director	Enrico Parazzini	5/3/12	Sharehold. Meet. to approve fin. stat. 12/31/14	M		X	X	X	71,00	1			X	
Director	Carlo Pavesio	5/3/12	Sharehold. Meet. to approve fin. stat. 12/31/14	M		X			100,00	11		X		
Director	Roberto Testore	5/3/12	Sharehold. Meet. to approve fin. stat. 12/31/14	M		X	X	X	100,00		X	X	X	
DIRECTORS LEAVING DURING THE YEAR														
QUORUM needed to file slates of candidates at last election: 2.5%														
Number of meetings held during the year							BoD	7	ICRC:	4	NCC:	2	Rel.P.T.C.	None

NOTES

* In this column, the abbreviation M/m is used to show whether a Director was elected from a majority (M) or a minority (m) slate.

** This column shows the attendance percentage of BoD and Committee meetings for each Director (No. of meetings attended/No. of meetings during the period when the Director was in Office).

*** This column shows the number of posts that a given Director holds on a Board of Directors or a Board of Statutory Auditors of other companies with shares traded on regulated markets in Italy and abroad, finance companies, banks, insurance companies or companies of significant size. A list of the companies where each Director holds a governance post, specifying whether each company is part of the Issuer's group, is annexed to this Report.

**** An X placed in this column indicates that the Director is also a member of the Committee.

TABLE 3 – COMPOSITION OF THE BOARD OF STATUTORY AUDITORS

Board of Statutory Auditors							
Post held	Members	In office since	In office up to	Slate (M/m) (*)	Independent as per Govern. Code	% (**)	Number of other posts held (***)
Chairman	Nicola Treves	5/3/12	Sharehold. Meet. to approve fin. stat. 12/31/14	M	SI	100,00	20
Statutory Auditor	Giovanni Rayneri	5/3/12	Sharehold. Meet. to approve fin. stat. 12/31/14	M	SI	100,00	32
Statutory Auditor	Mario Montalcini	5/3/12	Sharehold. Meet. to approve fin. stat. 12/31/14	M	SI	88,00	14
Alternate Auditor	Alberto Bertagnolio Licio	5/3/12	Sharehold. Meet. to approve fin. stat. 12/31/14	M	SI	-	
Alternate Auditor	Guido Giovando	5/3/12	Sharehold. Meet. to approve fin. stat. 12/31/14	M	SI	-	
STATUTORY AUDITORS LEAVING DURING THE YEAR							
QUORUM needed to file slates of candidates at last election: 2.5%							
Number of meetings held during the year				8			

NOTES

* In this column, the abbreviation M/m is used to show whether a Statutory Auditor was elected from a majority (M) or a minority (m) slate.

** This column shows the attendance percentage of Board of Statutory Auditors meetings for each Statutory Auditor (No. of meetings attended/No. of meetings during the period when the Statutory Auditor was in Office).

*** This column shows the number of posts that a given Statutory Auditor holds on a Board of Directors or a Board of Statutory Auditors pursuant to Article 148-bis of the Uniform Financial Code.

As required by Article 144-*quinqüesdecies* of the Consob's Issuers' Regulations, a complete list of governance posts held has been published by the Consob on its website.