



**2014**  
**Corporate Governance and Ownership Report**

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

Issuer: Autogrill S.p.A.  
Website: [www.autogrill.com](http://www.autogrill.com)  
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# CORPORATE GOVERNANCE AND OWNERSHIP REPORT

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## GLOSSARY

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

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

**2014 Code:** the self-regulatory code in the version approved in July 2014 by the Corporate Governance Committee and promoted by Borsa Italiana S.p.A.

**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 – as subsequently amended on 18 December 2014 and 12 February 2015 - 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 Extraordinary Shareholders' Meeting Resolution of 6 June 2013.

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

**Changes to the Plan:** changes made to the Stock Option Plan approved (i) by the Board of Directors upon a proposal of the Human Resources Committee during the meeting of 3 May 2013, (ii) by the Shareholders' Meeting during the ordinary meeting held on 6 June 2013, and (iii) by the Board of Directors during the meeting of 12 November 2013.

**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 7.C.5 of the Self-Regulatory 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.

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

**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 originally created within the Board of Directors with the name of "Internal Control and Corporate Governance Committee", and most recently designated on 28 May 2014 pursuant to Principle 7.P.4 of the Self-Regulatory Code.

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

**Control and Risk Management 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 Self-Regulatory Code.

**Demerger:** the partial proportional demerger of Autogrill implemented, pursuant to the Demerger Project, through the assignment of the Demerged Assets and Liabilities in favour of WDF, effective from the Demerger Effective Date.

**Demerged Assets and Liabilities:** the portion of Autogrill's equity assigned to WDF for the effect of the Demerger, which regards the activities indirectly conducted by Autogrill in the Travel Retail & Duty Free sector and, more specifically, the 100% interest held by the Company in WDFG SAU, Spanish holding of the group of companies through which Autogrill indirectly conducted the above-mentioned activities.

**Demerger Effective Date:** 1<sup>st</sup> October 2013.

**Demerger Project:** the project regarding the Demerger approved by the Board of Directors on 3 May 2013, deposited at Autogrill's headquarters and registered in the Register of Companies of Novara on 6 May 2013 and subsequently approved by Autogrill's Shareholders' Meeting and by WDF Extraordinary Meeting of 6 June 2013.

**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* of TUF, introduced by the Investor Protection Law, and by art. 18 of the Bylaws.

**Human Resources Committee:** committee for human resources set up within the Board of Directors pursuant to Principle 6.P.3 of the Self-Regulatory Code, and most recently designated on 28 May 2014.

**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' Regulations and in compliance with Schedule no. 7 of Annex 3A to the same Issuers' Regulations.

**Investor Protection Law:** Law no. 262 of 28 December 2005 ("Provisions for the protection of investors and the control of financial markets").

**Issuers' Regulations:** rules for issuers promulgated by CONSOB under resolution 11971 of 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").

**List A:** the list of 13 candidates presented by the majority shareholder of Autogrill, Schematrentaquattro S.p.A., for the appointment of the new members of the Board of Directors by the Shareholders' Meeting on 28 May 2014.

**List B:** the list of 2 candidates presented by the following 14 shareholders-investment fund administrators: Anima SGR S.p.A., Arca SGR S.p.A., Ersel Asset Management SGR S.p.A., Eurizon Capital S.A., Eurizon Capital SGR S.p.A., FIL Investments International, Fideuram Asset Management (Ireland) Limited, Fideuram Investimenti SGR S.p.A., Inferfund Sicav, Mediolaum Gestione Fondi SGRp.A., Mediolaum International Funds Limited, Pioneer Asset Management S.A., Pioneer Investment Management SGRp.A. and Ubi Pramerica SGR, for the appointment of the new members of the Board of Directors by the Shareholders' Meeting on 28 May 2014.

**L-LTIP Plan:** the new Leadership Team Long-Term Incentive Plan approved by the Ordinary Shareholders' Meeting on 21 April 2011.

**Meeting Regulations:** the rules to be followed by Autogrill for its meetings, approved by the Meeting on 27 April 2004 and amended by the same with the Resolution of 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 6 November 2002, as subsequently amended and supplemented, most recently on 12 December 2013.

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

**Related-Party Transaction Committee or RPT Committee:** committee for transactions between related parties set up within the Board of Directors pursuant to the Related-Party Transaction Regulations, and designated in its current composition on 28 May 2014.

**Related-Party Transaction Regulations:** the regulations on related party transactions issued by CONSOB under resolution 17221 of 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* of TUF.

**RPT Procedure:** the Related-Party Transaction Procedure approved pursuant to the Related-Party Regulations by the Board of Directors on 29 November 2010, which replaced, since 1<sup>st</sup> January 2011, the procedure previously adopted with the Board of Directors' Resolution of 24 January 2006, and which was subsequently amended on 13 May 2014.

**Self-Regulatory Code:** the self-regulatory code for listed companies approved in March 2006 (and modified in March 2010) by the Corporate Governance Committee, promoted by Borsa Italiana S.p.A. and later approved in December 2011 by the Corporate Governance Committee, promoted by Borsa Italiana S.p.A., ABI, Ania, Assogestioni, Assonime and Confindustria, as well as in July 2014 by the Corporate Governance Committee.

**Shareholders:** Autogrill's Shareholders.

**Stock Option Plan:** the stock option plan approved by the Ordinary and Extraordinary Shareholders' Meetings of 20 April 2010 and subsequently amended by the Ordinary Shareholders' Meeting of 6 June 2013.

**Strategy and Investment Committee:** committee for strategies and investments set up within the Board of Directors on 21 April 2011, and most recently designated on 28 May 2014.

**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 in charge of control over the operation of and compliance with the Model, set up by Autogrill's Board of Directors pursuant to Legislative Decree 231/2001.

**Sustainability Report:** the annual sustainability report annually published by Autogrill.

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

**WDF:** World Duty Free S.p.A.

**Year or Business Year:** the financial year 2014 referred to in this Report.



## 1. PROFILE OF ISSUER

### Introduction

The group headed by "Autogrill S.p.A." (the "**Group**" or the "**Autogrill Group**") is a global leader in the travel catering licence services, with sales channels mainly in airports and motorways, and is one of Italy's most internationalized companies.

Autogrill S.p.A. (or "**Autogrill**" or the "**Company**") is the parent of a complex international group operating across 4 continents and with about 54,000 collaborators.

Its corporate mission is to offer quality restaurant services to people on the move and develop a diversified product offer locally, combining local identities and national or international brands, showing due respect for cultural diversity and the natural environment.

The extremely rapid growth of the business in an extremely international context has made it all the more necessary to develop common rules of conduct and values to be shared by all the people operating in different roles for the interest of the Group: "loyalty, lawfulness and fairness".

These principles are explained in the Code of Ethics adopted by the Company since 2002 (the "**Code of Ethics**") and are the reference principles for Autogrill in all its relationships and operating performance, inside and outside the business.

The Code of Ethics is available for consultation in the Company's website ([www.autogrill.com](http://www.autogrill.com) - Governance Section).

### Business purpose

Pursuant to Autogrill's Bylaws (the "**Bylaws**"), and in particular article 2 thereof, 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 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.

#### Governance Model

The corporate organization and layout of Autogrill is of a traditional type, therefore its governance model is characterized by the following boards:

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

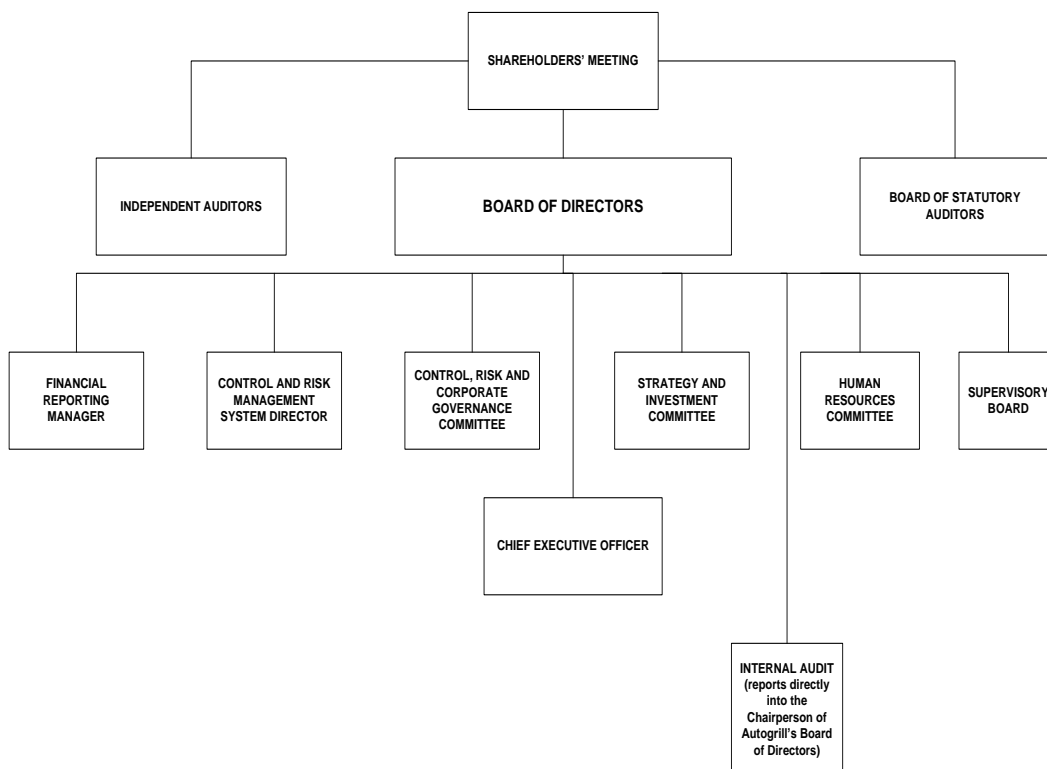
Alongside these corporate bodies are:

- the Financial Reporting Manager, appointed pursuant to art. 154-*bis* of 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 pursuant to Principle 8.P.4 of the 2006 Code and now reflected in Principle 7.P.4 of the Self-Regulatory Code;
- the **Human Resources Committee** (also, briefly, the "**HR Committee**"), set up within the Board of Directors pursuant to Principle 7.P.3 of the 2006 Code (current Principle 6.P.3 of the Self-Regulatory Code);
- the **Strategy and Investment Committee** (also, briefly, the "**SI Committee**"), set up within the Board of Directors with effect from 21 April 2011;

- the **Related-Party Transaction Committee** (also, briefly, the “**RPT Committee**”), initially set up within the Board of Directors on 29 November 2010 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 Management System**”), appointed pursuant to Principle 7.P.3(a)(i) of the Self-Regulatory Code (hereinafter, the “**Control and Risk Management System Director**”);
- the person in charge with the internal auditing function of Autogrill (the “**Chief Audit Executive**”), initially appointed on 12 December 2007 as Internal Control Manager pursuant to the application criterion 8.C.6 of the 2006 Code (current criterion 7.5.C of the Self-Regulatory 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.

Autogrill’s corporate layout is illustrated in the organizational chart provided below:



## Operational Organization

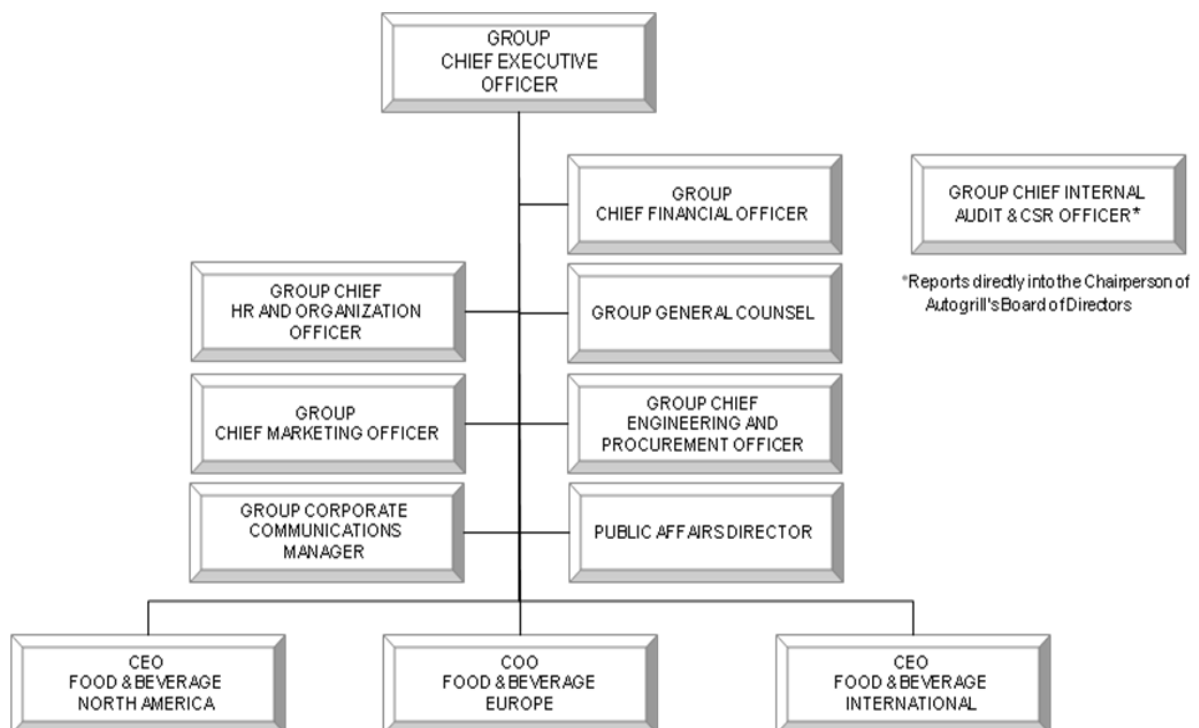
The Autogrill Group's operational organization reflects its multinational character.

Business Area Leaders and Staff Leaders, i.e. the people heading the Group's policymaking and control functions (Corporate Functions), report to the CEO of the Holding.

Responsibility for the Group's business areas can be summarized as follows:

1. *Food & Beverage North America*, operated through the HMSHost division (HMSHost Corporation and subsidiaries);
2. *Food & Beverage International*, specifically taking care of the *Food & Beverage Far East, Middle East and Northern Europe* (airports and railway stations);
3. *Food & Beverage Europe*, which also includes the Italian business, operated by companies or company groups in each European country of presence.

The Group's operational organization as of 31 December 2014 is illustrated in the chart below:



### Sustainability Report

Every year since 2005, Autogrill posts a Sustainability Report (hereinafter the "**Sustainability Report**") in its website ([www.autogrill.com](http://www.autogrill.com) - *Sustainability Section*).

The Sustainability Report is drawn up in compliance with the international guidelines of the *Global Reporting Initiative*.

This Sustainability Report is aimed at facilitating systematic forms of dialogue with its 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 the share capital**

As of the date of this Report, the amount of the fully paid-up share capital is Euro 68,688,000, consisting of 254,400,000 ordinary shares with no indication of their nominal value.

Categories of shares comprising the share capital:

<b>STRUCTURE OF SHARE CAPITAL</b>				
	# shares	%	Listed / non listed	Rights and obligations
Ordinary shares	254,400,000	100%	Listed in the Online Stock Exchange	As per law and Bylaws

All Autogrill's ordinary shares have the same unrestricted rights.

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 "**Stock Option Plan**").

Within the framework of the Demerger, the rules of the Stock Option Plan approved by the Shareholders' Meeting on 20 April 2010 were amended with deliberation approved by the Ordinary Meeting on 6 June 2013 and subsequently by the Board of Directors on 12 November 2013. That Ordinary Meeting, in fact, pursuant to art. 114-bis of TUF, approved the proposals to change the Stock Option Plan previously deliberated by the Board of Directors during the meeting held on 3 May 2013, based on a proposal of the HR Committee (the "**Changes to the Plan**"), in consideration of the concurrent Demerger proposal.

The Changes to the Plan concerned, in particular:

- i) the adjustment of the financial instruments subject to the option rights attributed to the receivers;
- ii) the adjustment of the conditions for the maturity of option in order to keep into account not only the value of Autogrill's ordinary shares, to be determined pursuant to the Stock Option Plan regulations, when the vesting period has expired, but also the value, to be determined in a similar manner, of WDF ordinary shares;
- iii) the price for the exercise of the options to be allocated according to a proportionality criterion based on the average value of the official stock exchange price of both the Autogrill's security and the WDF security in the first thirty days after the date of the first listing of WDF (1 October 2013), being said values then resulting equal to Euro 4.17 for Autogrill's shares and Euro 5.17 for WDF shares;
- iv) the deferment until 30 April 2018 of the exercise period of the options matured.

As regards the first profile, in order to neutralize the effects of the Demerger on the incentive mechanisms, all the beneficiaries of the Stock Option Plan were attributed, based on the assignment ratio envisaged in the Demerger project, a right, also exercisable separately, to underwrite not only an Autogrill ordinary share, but also a WDF ordinary share for each option matured.

The Changes to the Plan became effective on the working day after the Demerger Effective Date.

For the service of the Stock Option Plan, the following shares have been scheduled to be allocated:

- (i) ordinary shares of the Company, in the maximum number of 2,000,000, corresponding to 0.78% of Autogrill's post-demerger share capital, and specifically:

- shares resulting from Autogrill's share capital deliberated on by the Extraordinary Meeting of 20 April 2010 and reserved, in compliance with the Stock Option Plan regulations, to the related beneficiaries pursuant to art. 2441, paragraphs 5 and 8, C.C., or
  - at the discretion of the Board of Directors, portfolio treasury shares.
- (ii) WDF ordinary shares, in the maximum number of 2,000,000, corresponding to 0.78% of WDF's post-demerger share capital.

The terms and conditions of the Stock Option Plan, as amended after the effect of the Demerger, including the potential beneficiaries and the related 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 4 May 2013, 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 and approved on 12 March 2015 (the "**Remuneration Report**") and (iii) in the Company's draft financial statements for the year ended 31 December 2014, approved by the Board of Directors on 12 March 2015. The Information Document, the Remuneration Report and the 2014 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 (the "**L-LTIP Plan**"), 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 L-LTIP 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 to be allocated to the beneficiaries of the L-LTIP Plan. Within the context of the Demerger, article 5 of the Bylaws has been amended to specify that, for the abovementioned capital increase authorized by the Meeting, ordinary shares with no nominal value be issued with allocation to the share capital of Euro 0.52 per share.

Furthermore, the Shareholders' ordinary meeting of 28 May 2014, after revoking the similar authorization granted with the resolution of 6 June 2013, authorized the Board of Directors, pursuant to articles 2357 and 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 – with no time limits - of all or part of the treasury shares in the Company's portfolio to implement, inter alia, the share incentive plans restricted to the Executive Directors and employees of Autogrill 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 equity incentives under the New L-LTIP Plan are ascertained is three years starting from 2011 for the first sub-plan of the L-LTIP Plan ("**Wave 1**") and from 2012 for the second sub-plan of the L-LTIP Plan ("**Wave 2**"). For the purposes of the application criterion 6.C.2 of the Self-Regulatory Code, 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 will be 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



2014 draft financial statements approved by the Board of Directors on 12 March 2015, available at the Company's registered office and in the corporate website ([www.autogrill.com](http://www.autogrill.com)).

We point out that neither the minimum performance levels as of 31 December 2013 required for the activation of the L-LTIP Plan for the first 2011-2013 sub-plan (Wave 1) nor, as ascertained by the Board of Directors on 12 March 2015, the minimum performance levels as of 31 December 2014 required for the activation of the L-LTIP Plan for the second 2012 – 2014 sub-plan (Wave 2) have been reached.

Subject to the aforesaid, as of the date of this Report there is no other financial instrument 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 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 has signed many sub-licensing agreements for the management of catering services in motorway service areas and, in some cases, in airports. Most of these agreements forbid changes in control (“entry of new controlling shareholders in the sub-licensee’s ownership structure”) without prior authorization of the sub-licensor. Referring to the agreements for motorway service areas, however, the authorization can only be denied if the change in control affects the technical, management, commercial or economic provisions of the related agreements. On the other hand, as to airport agreements, the authorization in case of changes in control is at sub-licensing body’s discretion.

Bank loan agreements

Autogrill is also party to a term amortizing and revolving bank loan agreement for a maximum amount of euro 200 million and euro 400 million respectively, signed on 12 March 2015, which grants the bank, as is customary in this kind of agreements, the right to cancel the existing loan agreements, with the consequent obligation for the borrower to repay all the funds drawn down in advance in case of a change of control of the company. For the purposes of said agreement, the “change of control” would take place when one or more entities – other than reference Shareholders – acting individually or jointly, acquire the control of the company pursuant to art. 2359, paragraph 1, points 1 and 2, of the Civil Code.

As of the date of this Report, Autogrill is still party to a revolving bank loan agreement for a maximum amount of euro 500 million, signed in 2011, that contains the same control change clause as described above; all the funds will be repaid in advance and, therefore, paid off within the end of March 2015.

The revolving bank loan agreement for a current maximum amount of US\$ 250 million entered into in March 2013 by HMSHost Corporation, an entity wholly owned by Autogrill, contains a similar control change clause, where a “change in control” is defined as the event that one or multiple entities – other than reference Shareholders – take action individually or jointly, including with their

subsidiaries or affiliates, to gain direct or indirect control of more than 50% of HMSHost Corporation shares with voting rights.

The aforesaid thresholds have been negotiated on the basis of financial advantage or flexibility criteria and may vary not only in different agreements, but also based on the occurrence of certain contractually defined events.

### Bonds

Starting from 22 April 2013, after agreements made with the borrowers, Autogrill is no longer the guarantor of its wholly owned subsidiary HMSHost Corporation's bonds resulting from bonded loans totalling US\$ 500 million as of 31 December 2014, of which US\$ 150 million due in 2017 and the remaining US\$ 350, due between 2020 and 2025. 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. According to the rules of these bonded loans, a "change of control" is when one or more entities, other than reference Shareholders, take action individually or jointly, including with their subsidiaries or affiliates, to gain direct or indirect control of 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 Board of Directors, pursuant to art. 2443 C.C. and art. 5 of the Bylaws, has the power to increase the share capital for a period of five years from the date of the resolution of 21 April 2011 in one or more operations not to exceed Euro 1,820,000 by issuing up to 3,500,000 ordinary shares with no nominal value, regular dividend, to be budgeted at Euro 0.52 per share, to be allocated on an unpaid basis to the beneficiaries of the L-LTIP Plan approved by the Shareholders in the ordinary session of the Meeting on the same day.

In addition, the Shareholders' Meeting, during its ordinary session of 28 May 2014, after revoking the unfulfilled portion of the previous authorization to buy and transfer its treasury shares given by the Ordinary Meeting on 6 June 2013

and without prejudice to the transactions carried out till that date, authorized the purchase – including to serve share incentive plans - of up to 12,720,000 ordinary Autogrill shares with no nominal value, including the shares already owned by the Company at that date, in one or more times and at any moment. The treasury share purchase authorization is effective for a period of 18 months starting from 28 May 2014.

As at 31 December 2014, the Company owns a total of 870,798 treasury shares, corresponding approximately to 0.342% of the share capital, purchased under the aforesaid buy-back programs.

#### **I) 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 indirect 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. (which, effective from 18 November 2013 was transformed into a joint-stock company under the name of Schematrentaquattro S.p.A.), fully 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 Self-Regulatory Code, and has updated and promoted the annual Report on corporate governance and ownership structure.

As the readers will see in the next sections of this Report, the Company is also almost fully compliant with the recommendations of the 2014 Code.

The 2014 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, 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"**), available in the Company's website [www.autogrill.com](http://www.autogrill.com) - Governance Section), 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. Through the resolutions adopted by the Board of Directors on 18 December 2014 and 12 February 2015, the Autogrill Code was amended and supplemented to assimilate the changes contained in the 2014 Code.

The next sections of the Report will also explain - according to the "comply or explain principle" set forth in the "Guiding Principles and Transitional Arrangements" section of the 2014 Code, paragraphs III and IV - the few principles and application criteria of the Self-Regulatory and 2014 Codes the Company has not met as of today. Incidentally, we remind the readers that, in line with the Recommendation on the quality of corporate governance reporting ("comply or explain" principle) adopted by the European Commission on 9 April 2014 (2014/208/EU), paragraph IV of the "Guiding Principles and Transitional Arrangements" section of the 2014 Code provides, inter alia, that, in the annual report on corporate governance, issuers should clearly indicate the specific recommendations contained in the principles and application criteria of the Self-Regulatory Code from which they diverged. For each deviation, issuers should in particular: (a) explain how they have failed to comply with the recommendation; (b) describe the reasons for the deviation, avoiding generic or formalistic expressions; (c) describe how the decision to depart from the

recommendation was taken within the Company; (d) if the deviation is limited over time, indicate the date from which they expect to start complying with the recommendation; (e) describe the behaviour, if any, adopted as an alternative to the recommendations from which they diverged and explain how said behaviour reaches the objective underlying the recommendation; or explain how the chosen behaviour contributes to their good corporate governance.

This Report is available at the Company's registered office, in its website ([www.autogrill.com](http://www.autogrill.com) - Governance Section) and in 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 article 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 article 10 of the Bylaws in force at the date of this Report, are set forth below.

The Board of Directors consists of a number of members ranging from a minimum of three to a maximum of fifteen. The number of members of the Board of Directors is determined by the Meeting upon its appointment. If no number is established, the number of members is automatically fixed in fifteen.

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 with its Resolution no. 19109 of 28 January 2015, CONSOB fixed the minimum participation for presentation of list of candidates for Autogrill boards of Directors and statutory auditors at 1% 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 can 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 article 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 article 10 of the Bylaws. As previously pointed out, CONSOB, with Resolution no.



19109 of 28 January 2015, fixed the minimum participation for presentation of list of candidates at 1%.

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 article 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. If no suitable internal resources are available to fill such positions in the short term, the external market is screened for candidates.

Furthermore, the Group favours training programmes for especially meritorious personnel and both vertical (in the same function and/or business unit) and horizontal (moving between functions and/or business units) 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 Self-Regulatory 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 case at the date of this Report.

In this regard, we point out that, in compliance with the provisions set forth in criterion 5.C.2 of the Self-Regulatory Code, on 12 March 2015, the Board of Directors has assessed again 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 and, therefore, confirmed the orientation already expressed with the resolution adopted on 20 December 2012. 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**

With the approval of the financial statements for the year ending 31 December 2013 by the Shareholders' Meeting of 28 May 2014, the mandate of the Board of Directors has expired; therefore, the Shareholders' Meeting deliberated on the renewal of the Board of Directors for the three-year period 2014-2016, and also decided the number of directors, their term of office and their remuneration.

The current Board of Directors will remain in office until after approval of the 2016 financial statements by the Meeting to be called, and was elected by the Shareholders' Meeting held on 28 May 2014, by list vote, pursuant to the then applicable article 10 of the Bylaws.

For the appointment of the Board currently in office, two lists were presented: (i) a list of 13 candidates presented by the majority shareholder Schematrentaquattro S.p.A., who, at the date of presentation of said list, held a 50.10% share of Autogrill's share capital ("**List A**"); and (ii) a list of 2 candidates presented by the following 14 Shareholders-investment fund administrators, who, at the date of presentation of said list, jointly held a 1.070% share of Autogrill's share capital: Anima SGR S.p.A., Arca SGR S.p.A., Ersel Asset Management SGR S.p.A., Eurizon Capital S.A., Eurizon Capital SGR S.p.A., FIL Investments International, Fideuram Asset Management (Ireland) Limited, Fideuram Investimenti SGR S.p.A., Inferfund Sicav, Mediolaum Gestione Fondi SGRp.A., Mediolaum International Funds Limited, Pioneer Asset Management S.A., Pioneer Investment Management SGRp.A. and Ubi Pramerica SGR ("**List B**").

With votes representing 50.11% of the share capital, the following candidates in list A were elected: Gilberto Benetton, Gianmario Tondato Da Ruos, Alessandro Benetton, Gianni Mion, Paolo Roverato, Tommaso Barracco, Carolyn Dittmeier, Massimo Fasanella d'Amore di Ruffano, Giorgina Gallo, Stefano Orlando and Neriman Ülsever.

With votes representing 19.08% of the share capital, the following candidates in list B were elected: Ernesto Albanese and Francesco Umile Chiappetta.

Pursuant to application criterion 2.C.5 of the Self-Regulatory Code, we specify that as of the date of this Report there are no so-called cross-directorship situations: in fact, 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.

### Curricula of the Directors in office

#### **Gilberto Benetton**

Chairperson of the Board of Directors

Born in Treviso in 1941, Gilberto Benetton is the person who staged the diversification of the Benetton family's activities in the retail, infrastructure and real estate sectors during the last 20 years, after setting up the Benetton Group in 1965 as a leader in the fashion industry together with his sister Giuliana and brothers Luciano and Carlo.

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., Sintonia S.p.A. and WDF S.p.A.

As a keen sportsman, Gilberto Benetton has promoted the many sporting initiatives of the companies belonging to the Edizione Group, especially in the youth sector, social activities and professional rugby. Through the Benetton Foundation he created La Ghirada, a prominent sports centre in Treviso. Since 1988, he has been the Chairperson of Verde Sport S.p.A., the company that manages the sports centre La Ghirada and organizes many activities for the youth and the community. In addition to all this, he also chairs Asolo Golf Club S.r.l., one of the most prestigious golf clubs in Europe.

#### **Gianmario Tondato Da Ruos**

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

Born in Oderzo (Treviso) in 1960, he graduated in Business Administration at Ca' Foscari University in Venice, then started his career by two short business experiences in Nordica S.p.A. and Arnoldo Mondadori Editore. In 1987, he joined Benetton Group, where he worked as Organization and Development Manager until 1999, also taking care of the restructuring of Group companies (United Optical and Sportssystem) and of international mobility.

Since the beginning of 2000, he has joined Autogrill Group and moved to the United States to manage the integration of the newly-acquired North American subsidiary HMSHost until 2003. From April 2003, he has been working as Chief Executive Officer of Autogrill, an office in which he 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. 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, integrating the supply of catering services. This course of action continued with the demerger of Travel Retail activities and the listing of World Duty Free Group S.p.A. on 1<sup>st</sup> October 2013 on the stock market managed by Borsa Italiana, which started a new growth phase for both Companies.

He is now Chairperson of HMSHost Corporation, Chairman of the Board of Directors of World Duty Free S.p.A. and Member of the Advisory Board of Rabo Bank. For 9 years, he had also been the Lead Independent Director of GTECH S.p.A. (former Lottomatica Group S.p.A.).

### **Ernesto Albanese**

Independent Director

Born in Naples in 1964, Ernesto Albanese graduated in Political Sciences and International Economics at Federico II University in Naples, completed his education with a master's degree in Services Marketing at Unioncamere (Consortium of Italian Chambers of Commerce) and later attended specialist courses at SDA Bocconi and The Institute of Marketing in London.

He has over 25 years of experience, most of which as a top manager in public and private companies in different service sectors, especially transport, tourism and sport.

During his professional career, he held the positions of Northern Italy Area Manager in Alitalia S.p.A, Chief Executive Officer of Eurofly S.p.A, General Director of Coni Servizi S.p.A., Chief Executive Officer of Atahotels and the Fondiaria-Sai Group, and General Director of the Organizing Committee of the 2020 Olympic Games in Rome.

Since 2012, he is a senior advisor of Enpam Foundation (Italian Social Security Organization for Doctors) for the management of their hotel portfolio.

He is the founder of Fattore Italia S.r.l.

He is President of l'Altra Napoli Onlus, member of the Board of Directors of Autogrill S.p.A., Prelios Netherland and Prelios Deutschland, the vocational training consortium ELIS and Sportcast S.r.l.

### **Tommaso Barracco**

Independent 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 and Board member of Benetton Group S.p.A.

### **Alessandro Benetton**

Director

Born in Treviso in 1964. 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 Executive Chairperson, an office he still holds.

He is Chairperson and CEO of 21, Partners S.p.A., Board member of Edizione S.r.l., Autogrill (since 1997), Moncler S.p.A., Schematrentanove (former Benetton Group S.p.A.) and Benetton Group S.r.l. (former Bencom S.r.l.). He is 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.

### **Francesco Umile Chiappetta**

Independent Director

Born in Rome in 1960, he graduated in Law at La Sapienza University in Rome.

His professional career began in 1983 at Consob, where he held various positions, including as Head of the Regulation Office. Since 1989 he has been working as an academic, holding courses and seminars at major Italian universities, such as Luiss in Roma and Bocconi in Milano. He published several papers on corporate law and securities market and, in particular, the book "Diritto del Governo Societario (Law of Corporate Governance)" published by Cedam.

During his professional career, he held the office of Deputy General Director of Assonime, where he was in charge of corporate law and securities market, secretary of the Board of Directors and General Counsel of Telecom Italia S.p.A. and General Counsel and General & Institutional Affairs Director of Pirelli & C. S.p.A, till January 2014.

He is now Governance Senior Advisor of Pirelli & C. S.p.A.

He is Chairman of the Company Law Working Group of Business Europe – The Confederation of European Business, former UNICE (Union of Industrial and Employers' Confederation of Europe), member of the Board of Directors of Prelios S.p.A., Istituto Europeo di Oncologia (IEO), Armònia Holding and Armònia Sgr.

### **Carolyn Adele Dittmeier**

Independent Director

Born in Salem (Usa) in 1956, she completed her education at the Wharton School of Business, University of Pennsylvania.

Her professional career began at Peat Marwick Mitchell (now KPMG) in 1978.

From 1987 to 1999, she worked at Montedison, where she held offices as Head of Group Financial Reporting and Head of Internal Audit.

Afterwards, in the years 1999-2002, she was Associate Partner in charge of Corporate Governance for the company KPMG. From 2002 until April 2014, she worked at Poste Italiane Group, where she was Head of Internal Audit and later Head of Risk Governance for the Group. Since 2012, she became a member of the Audit Committee of FAO (*Food and Agriculture Organization*) and stepped into the role of Chairperson in 2014.

During her career, she has held several positions of responsibility in the most important professional associations of national and international auditors, serving from 2004 to 2010 as President of the Italian Association of Internal Auditors and, in the two-year period 2011-2012, as President of the European Confederation of Institutes of Internal Auditing.

From 2013 to 2014, she was Deputy Chairperson of the Institute of Internal Auditors (IIA), the major reference association in the world. She also published some books on internal audit and corporate governance.

She is now the Chairperson of the Board of Statutory Auditors of Assicurazioni Generali S.p.A. and Independent Counsel of Italmobiliare S.p.A.

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

Independent Director

Born in Bari in 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.

In 1997 he was appointed Senior Vice-President and Chief Marketing Officer of Pepsi-Cola International, but simultaneously maintained the role of Business Unit General Manager for Turkey and Central Asia. Between 2000 and 2007, he covered several leadership positions in the company: Senior Vice President Strategy and Development (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 and since 2013 he has been a Board Member of HMSHost Corporation.

### **Giorgina Gallo**

Independent Director

Born in Turin in 1960, she graduated in Business Administration at the Economics and Business University of Turin qualifying in Marketing; then completed her management training at Insead's Cedep in Fontainebleau (Paris).

She developed her professional career within the multinational L'Oréal Italia, where she held management positions of increasing responsibility until she became Chief Executive Officer of L'Oréal Saipo in 2001 and, from 2008 to the end of 2013, Chairperson and CEO of L'Oréal Italia Group, where she still fills the office of Honorary President.

During her professional experience, she held the following positions in several associations: Deputy President of Cosmetica Italia and Centro Marca, member of the Boards of Directors and Committees of Federchimica, Assolombarda, Unione Industriale Torino, GS1-Indicod/ECR, Upa and Auditel.

For her work, she has received major institutional awards and obtained, in 2005, the title of Grand Officer of the Italian Republic, in 2006, the title of *Chevalier de l'Ordre National du Mérite* from the French Republic and, in 2012, she was awarded the Bellisario Prize for managers.

Since 2014, she has been Independent Counsel of Telecom Italia and Autogrill, and a member of the Board of Directors of the St. Paul Society's Pio Onlus Office and of Alliance Française. At the same time, she provides business counselling services.

### **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.

At present he is Chairperson of the Board of Directors of Space S.p.A., Benetton Group S.r.l., Schematrentanove S.p.A., Sintonia S.p.A., and a member of the Board of Directors of Autogrill (since 1995), WDF S.p.A., and Eurostazioni S.p.A.



## **Stefano Orlando**

Independent 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 was a member of the Board of Directors of Benetton Group S.p.A. from 2010 to 2012.

He is currently an independent director of Autogrill (since 2011), as well as Lead Independent Director of Autogrill since May 2014.

## **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.

Since 2002, he has been an executive at Edizione S.r.l. He has been a member of the Boards of Directors of many companies, including Telecom Italia Media S.p.A., Gemina S.p.A., Aeroporti di Roma S.p.A., Investimenti Infrastrutture S.p.A., Leonardo S.r.l., Schemaventotto S.p.A., Sagat-Aeroporto di Torino S.p.A., Aeroporto di Firenze S.p.A. and Managing Director of Aeroporti Holding S.p.A.

At present, he holds the following offices: member of the Board of Directors (since 2008), of the Control, Risk and Corporate Governance Committee and of

the Human Resources Committee of Autogrill; member of the Board of Directors, of the Control, Risk and Corporate Governance Committee and of the Human Resources Committee of World Duty Free S.p.A.; board member of Edizione Property S.p.A., Immobiliare Italia S.r.l. and Schematrentaquattro S.p.A.; managing director of Edizione Alberghi S.r.l. He is also a standing statutory auditor of Alì S.p.A.

### **Neriman Ülsever**

Independent Director

Born in Bursa (Turkey) in 1951, she graduated in Business Management and Operational Research at the Bosphorus University in Istanbul.

In 1973, she started her career at Turkish Airlines, where she held positions of increasing responsibility. From 1986 to 1994, she held managerial offices in banking, industrial and retail sector companies.

In 1995, she joined Indesit Company in Turkey and, over the years, she held various international positions in Indesit Group's HR department. Since 2011, she has been the Group President of Human Resources at H.O. Sabancı Holding, Turkey.

She is currently Deputy Chairperson and member of the Board of Directors of Kordsa Global, and a board member of TeknoSA, CarrefourSA, Aksigorta and AvivaSA.

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

On 12 December 2007, the Board of Directors adopted – as later confirmed by the resolution dated 22 January 2015 - the policy described below regarding the maximum number of positions that directors may hold simultaneously in other companies, as proposed by the Internal Control and Corporate Governance Committee; in particular:

- 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 20 December 2012, the Board of Directors deliberated on putting off any decision concerning the need to take into account the participation of Directors in 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 of the Self-Regulatory Code.

On 22 January 2015, upon a proposal of the Control, Risk and Corporate Governance Committee, the Board of Directors passed a resolution to confirm the advice already expressed on 12 December 2007 and subsequently reasserted on 15 December 2011 and 13 February 2014 concerning the maximum number of offices for directors or auditors to be considered compatible with the effective fulfilment of the tasks of an Autogrill Director. A similar requirement is set forth in Autogrill's Code (section 1.5, paragraph 2).

In the light of the "comply or explain" principle, as currently ratified by paragraph IV of the "Guiding Principles and Transitional Arrangements" section of the 2014 Code, we point out in this connection that:

- (a) with regard to the recommendation contained in the application criterion 1.C.3 of the Self-Regulatory Code, the aforementioned advice of the Board of Directors does not expressly require that, in order to determine the number of administration and control offices, the participation of directors in the Board's committees should be taken into account;
- (b) the Board of Directors has repeatedly discussed and evaluated the opportunity of taking into account the participation in the Board's

committees as an explicit limit on the number of offices; said opportunity was, however, excluded based on the fact that the only inspiring principle of any consideration on the matter should be the concrete adequacy of the time available for each Board Member – also taking into account the commitment connected to his/her work and professional activities, as well as the number of offices as director and auditor held in other companies listed in regulated markets (including abroad), or in investment, banking, insurance or significant-size entities - to effectively carry out his/her tasks, a criterion that should be considered by the Shareholders when selecting the candidates to be included in the list for the appointment of Board Members and, most of all, by each of the candidates for said office;

- (c) the decision to depart, albeit minimally, from the application criterion 1.C.3 of the Self-Regulatory Code was finally taken by the Board of Directors, as proposed by the Control, Risks and Corporate Governance Committee, through a resolution adopted unanimously by the Directors attending the Meeting on 22 January 2015;
- (d) the advice of the Board of Directors will be subject to discussion and evaluation in order to take into account not only the concrete needs of the Company, but also the indications that will gradually emerge, inter alia, the annual report on the enforcement of the Self-Regulatory Code, published by the Corporate Governance Committee, the format for the report on corporate governance and ownership annually published by Borsa Italiana and, more generally, any change in the practice of Italian listed companies in the matter;
- (e) although the Board of Directors has decided, for the reasons set forth above, not to adopt an explicit rule in this regard, the participation in the Board's committees was, however, in practice taken into account by each of the Directors currently in office so as to confirm the adequacy of the time available for each Board Member to effectively carry out his/her 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 company name and position held.

### Induction programme

After the settlement of the current BoD, induction activities were initiated to the benefit of Directors. On 12 June 2014 and on 17 July 2014, induction activities were organised so as to provide the newly-appointed Board Members with a detailed description of the Group, its activity, the business trends and their evolution, with particular reference to the main aspects of management, organization and governance. A meeting aimed at updating the Directors belonging to the Related-Party Transactions Committee on the regulations governing related-party transactions and the associated procedures adopted by the Company was held on 8 September 2014. It should be noted that the induction activity is now expressly provided for in the Autogrill Code, as amended by the resolution of the Board of Directors on 18 December 2014. According to the new paragraph (g) introduced by article 5 of the Autogrill Code, the promotion of the participation of Directors and Auditors in activities aimed at providing them with a greater understanding of the sector in which the Company operates, the regulatory and self-regulatory reference framework and business trends is now expressly entrusted to the Chairperson of the Board of Directors – as defined by the application criterion 2.C.2 of the 2014 Code.

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

The Autogrill Board of Directors is regularly called. In 2014, it met 11 times (with an average duration of approx. three hours). Ten meetings are expected for 2015 (3 of which have already been held as of the date of this Report, as well as an extraordinary meeting on 24 February 2015).

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 Meeting Information Package 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 (a position held by the *Group General Counsel*), 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 of the Self-Regulatory Code, section 4.4 of the Autogrill Code requires, inter alia, that the material regarding each Board

meeting be normally transmitted to the Directors at least three days before the meeting date.

The Pre-Board Meeting Information Package has been, inter alia, facilitated by the creation by Autogrill of a specific section in the corporate Intranet to be strictly accessed only by the Board Members and Statutory Auditors. The remote document sharing system allows, inter alia, for the regulation of access functions in connection with the privacy requirements of the information made available (read-only or printable formats - with watermarks identifying the origin and confidentiality of the document – downloadable format). So now Board Members and Statutory Auditors can connect to the database from wherever they are and view the documents of any meeting held in real time or consult the documents regarding all past meetings held over the duration of the respective mandate.

Referring to the remark on the application criterion 1.C.5 of the 2014 Code suggesting that the compliance with the term considered to be appropriate for the preparation of the Pre-Board Meeting Information Package should be indicated more frequently, we confirm that, starting from the effective date and with respect to the Board meetings held in 2014, the term of three days set by the Autogrill Code was generally complied with and, in the cases when it was not possible to send the materials required for a meeting within the defined due date, the time to obtain the necessary information was granted during the Board meetings.

In this respect, through the resolution passed by the Board of Directors on 18 December 2014, the powers assigned to the Chairperson of the Board of Directors by article 5 of the Autogrill Code were integrated with the addition of a new point (b) envisaging that the Chairperson has not only the duty to ascertain that, at least three days in advance (as provided for in paragraph 4.4 of the Autogrill Code) Board Members are sent the most appropriate documents regarding the items on the Agenda so as to enable effective participation of the Directors in the works of the Board, but also to ensure that adequate investigations are carried out during Board sessions if, in specific cases, the aforementioned Pre-Board Meeting Information Package cannot be provided.

In addition, as required by the criterion 1.C.6 of the Self-Regulatory Code, the directors of the Company and the Group having specific competencies and responsibilities on each individual issue examined by the Board are invited to attend all the meetings of the Board of Directors in connection with certain subjects. This practice, which has been followed for years by the Company, is described in section 4.6 of the Autogrill Code.

During the meetings, the Managing Director and the Executives of the Company and of the Group usually give their presentations first and the Chairperson encourages their discussion with all the Board Members.

During the meeting of 20 December 2012, the Board of Directors aligned the provision regarding the subjects previously under its exclusive competence, in addition to those that could not be delegated by law or Bylaws, to the new provisions of the Self-Regulatory Code, as amended in December 2011 (the "**2011 Code**"), and particularly to principle 1.P.2 and 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 any change made thereto to allow for transactions of strategic significance that had not been originally included in those plans, and periodically monitors their implementation;
- d) implements, 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 Management 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 Management System Director with the task of setting up and maintaining an effective Internal Control and Risk Management System; (ii) approves, upon the Chairperson's proposal, 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 Chairperson's and Control and Risk Management 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.

During the meeting of 12 March 2015, based on the information and evidence collected with the support of the investigative work carried out by the Control and Risks Committee, and further based on the assumptions and assessments of the Supervisory Director, the person in charge of Internal Audit, the Financial Reporting Manager and the Enterprise Risk Manager, the Board of Directors ascertained that there are no problems such as to affect the overall adequacy and effectiveness of the Internal Control and Risk Management System considering the structure of the Company and Group and the peculiarity of the activities carried out by the Group.

The Board underlines that the Internal Control and Risk Management System is constantly improved through monitoring and systematic planning of improvement initiatives.

We also point out that, on 18 December 2014, the Board of Directors reviewed an assessment of the profile of risks faced by the Company and the Group, conducted on the years 2015 – 2017 on Autogrill Group's business plan for the five-year period 2015 – 2019. Acknowledging the risk mitigation actions identified by the Group's management, the Board resolved to assess the risks so identified and illustrated, compatible with the Company's and Autogrill Group's management, in line with the objectives identified in the business plan.

Finally, 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 Self-Regulatory Code, the Board of Directors:

- periodically monitored the implementation of the 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 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 significant transactions of the Subsidiaries, even with the mere purpose of acknowledging the same.

We specify that, based on the revenues generated by the Subsidiaries, the Board of Directors, before the Demerger Effective Date, had identified the following Subsidiaries of strategic importance: the companies HMSHost Corporation and WDFG SAU, both fully owned by Autogrill at that time.

Considering that, due to the Demerger and starting from its Effective Date, the full ownership of WDFG SAU was transferred to the Beneficiary, WDF, thus deeply altering the composition of Autogrill Group, on 13 February 2014 the Board of Directors identified the companies HMSHost Corporation and Holding de Participations Autogrill S.a.s. as Subsidiaries of strategic importance.

As regards Directors' Fees, we point out that the global remuneration amount was divided among the members of the Board of Directors during the Shareholders' Meeting on the date of their appointment, 28 May 2014.

In its first meeting after its appointment, on 28 May 2014, 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.

On 18 June 2014, upon the proposal of the Human Resources Committee and having heard the opinion of the Board of Statutory Auditors, it also fixed the emoluments for the special executive functions assigned to the CEO.

In December 2014, in line with international best practices and with the provisions of the Self-Regulatory Code (application criterion 1.C.1(g)), the Board of Directors initiated the periodic Board self-evaluation programme regarding the size, composition and operation of the Board of Directors and its Committees with reference to the Year 2014.

The board review was conducted anonymously through the distribution to each Director of a questionnaire, prepared by the Lead Independent Director with the assistance of the Secretary of the Board of Directors and an independent, specialized external counsel, Mr. Alessandro Minichilli, who is Associate Professor of Business Administration and Corporate Governance at the Bocconi University in Milan, and who does not provide and has never provided additional services to the Group.

The questionnaire allowed for semi-open answers, with quantitative scores and qualitative comments by the Directors. The results of the questionnaires were reported in a summary document, which was first made available to the Directors, and then illustrated and discussed during the Board meeting on 12 February 2015.

From the analysis carried out, it has emerged that the opinion on the effectiveness of the Board of Directors is very positive, in general terms, thus confirming the evidence of previous self-evaluation experiences.

Confirming the evidence emerged in previous self-evaluation experiences, the Board of Directors is well structured (including as far as the Committees are concerned), well programmed, with wide and varied internal expertise, excellent quality and timeliness of the materials supporting the discussion, and it is characterized by high transparency and attention to information and compliance aspects.

As indicated by the Corporate Governance Committee of Borsa Italiana, we believe that the self-evaluation of the Board of Directors can and should take on different meanings depending on the development stage of a mandate, but it is of particular interest in defining the objectives of effectiveness that a recently-established BoD should adopt.

In this regard, the self-evaluation programme allowed to highlight additional areas for improvement, also thanks to the opinion of the new members of the Board.

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 or Managing Director**

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 28 May 2014, 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 Government-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 abandonment 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 of the management of the company.

We point out (as already pointed out in section 4.2 of this Report) that there is no interlocking directorate, as defined in application criterion 2.C.5 of the Self-Regulatory Code.

### 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, coordination 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) if, in specific cases, it is not possible to provide the documentation as per point (a) above, ensure that adequate investigations are carried out during Board sessions;
- c) procure that the adequate information flow between the BoD and the other governing bodies of Autogrill is ensured;
- d) follow, consistently with the programmes approved by the competent boards, the general initiatives for the promotion of the image of the Company;
- e) represent the Company, in compliance with the resolutions made by the competent boards, in the ordinary and extraordinary meetings of the companies or entities where to 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;
- f) manage the relationships of the Company with national, foreign and supranational authorities, bodies and agencies;
- g) promote the participation of Directors and Auditors in initiatives aimed at providing them with a greater understanding of the sector in which the Company operates, the regulatory and self-regulatory reference framework and business trends.

### 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.

In order to provide Directors with deeper insights into the operating mechanisms and facts concerning the Company, some managers of the Company and its Subsidiaries have been invited to attend the 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 principle 3.P.2 of the Self-Regulatory Code, the Board of Directors, also based on the information received from the same Directors, has assessed – on an annual basis – whether each Board member met independence requirements and informed the market in this regard. The presence of a remarkable number of Independent Directors in the Board of Directors and its Committees is an appropriate way of safeguarding the interests of all Shareholders and stakeholders.

The Self-Regulatory Code, in application criterion 3.C.1, indicates 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 carefully examined the content of the aforementioned application criterion and the related indications 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.

On 28 May 2014, 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 Ernesto Albanese, Tommaso Barracco, Carolyn Dittmeier, Massimo Fasanella d'Amore di Ruffano, Giorgina Gallo, Stefano Orlando, Neriman Ülsever and Francesco Umile Chiappetta.

The Autogrill Code 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.

The aforesaid Board resolution was transmitted to the Board of Statutory Auditors who, on 16 June 2014, 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 Self-Regulatory Code) were properly applied.

As provided for by the Self-Regulatory Code – that recommends to verify once a year the independence of Board members – on 12 March 2015, the Board of Directors has once again verified the fulfilment of the aforementioned independence requirements by Board Members Ernesto Albanese, Tommaso Barracco, Carolyn Dittmeier, Massimo Fasanella d'Amore di Ruffano, Giorgina Gallo, Stefano Orlando, Neriman Ülsever and Francesco Umile Chiappetta.

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 of the Self-Regulatory 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. During the year 2014, the Independent Directors belonging to the previous Board of



Directors held a plenary session on 23 January. The independent Directors on the Board currently in office held said plenary session on 16 January 2015.

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

Meeting on 28 May 2014, the Board of Directors appointed Board Member Stefano Orlando as the Company's Lead Independent Director responsible for carrying out the tasks provided for in application criterion 2.C.4 of the Self-Regulatory Code and international best practices. During the same meeting, Mr. Stefano Orlando was also appointed Chairperson of the Human Resources Committee and Co-ordinator of the Related-Party Transaction Committee.

Pursuant to application criterion 2.C.4 of the 2011 Code, 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 price on the stock market.

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 is available for consultation in 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 and 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 function in charge of the preparation and updating of this register is the Group's Corporate Affairs Department.

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 in charge of receiving, managing and disclosing to the market the information required under the Procedure is the Group's Corporate Affairs Director.

The procedure is available for consultation in 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(j) of the Self-Regulatory Code, the Autogrill Code requires the Chairperson of the Board of Directors, in agreement with the CEO, to propose the Board the adoption of procedures for the internal management and public disclosure of documents and information concerning the Company.

The Company believes that the procedure in force concerning privileged information already contains specific provisions for the regulation of the matters specified above.

## 6. INTERNAL BOARD COMMITTEES

In compliance with the Self-Regulatory Code, 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 Self-Regulatory 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 Self-Regulatory 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, Massimo Fasanella d'Amore di Ruffano, Giorgina Gallo 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's Chief

Financial Officer, while other Company and Group executives may be invited by the Chairperson to be involved on specific subjects.

According to the recommendation that has been newly introduced in the comment to article 4 of the 2014 Code, in the corporate governance report, the Board of Directors is required to explain the reasons which have eventually led it not only to gather various functions in a single committee or to reserve said functions to the Board of Directors (as already required by the 2011 Code), but also to distribute otherwise the functions that the 2014 Code assigned to the different committees. Except as described in paragraph 7 below with reference to the Appointment Committee, we point out that Autogrill governance does not provide for the incorporation into a single committee or for a different allocation of the functions that the Self-Regulatory Code distributes among the various committees envisaged therein.

## **7. APPOINTMENT COMMITTEE**

In the light of the "comply or explain" principle, as currently ratified by paragraph IV of the "Guiding Principles and Transitional Arrangements" section of the 2014 Code, we point out that:

- (a) the Board of Directors has not so far deemed it appropriate to set up a Director Appointment Committee as contemplated in art. 5 of the Self-Regulatory 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);
- (b) said decision was made by the Board of Director in consideration of the fact that:
  - (i) as expressly indicated even in the comment to article 5 of the Self-Regulatory Code, the Appointment Committee, which was historically established in systems characterized by a high degree of shareholder dispersion in order to ensure an adequate level of independence of the Directors from the management, particularly as regards issuers with a broad shareholder base – and, therefore, not comparable with the present Autogrill shareholding layout – plays a particularly significant role in identifying candidates for the office of director;
  - (ii) to further confirm and guarantee the independence of the Directors from the management, it must be noted that two members of the Board

of Directors currently in office were appointed based on a minority list submitted by asset management companies and institutional investors and that eight of the thirteen Directors in office fulfil the independence requirements established by the combined provisions of articles 147-ter, paragraph 4, and 148, paragraph 3, of TUF, as well as paragraph 3.1 of the Autogrill Code, as better detailed in paragraph 4.6 above of this Report;

- (c) the decision not to create an internal appointment committee has been recently confirmed by the Board of Directors, upon the proposal of the Control, Risk and Corporate Governance Committee, with the unanimous vote of the Directors attending the Meeting of 12 March 2015;
- (d) said decision will be evaluated and discussed again in order to take into account not only the concrete needs of the Company, but also the indications that will gradually emerge, *inter alia*, from the annual report on the enforcement of the Self-Regulatory Code, published by the Corporate Governance Committee and from the format for the corporate governance and ownership report annually published by Borsa Italiana and, more generally, any change in the practice of Italian listed companies in the matter;
- (e) as permitted by the application criterion 4.C.2 of the Self-Regulatory Code, the functions resting on the appointment committee are reserved to the entire Board of Directors, under the coordination of the Chairperson; in this regard, we remind readers that Autogrill governance is perfectly consistent with the instructions contained in the aforementioned application criterion, under which the reservation of jurisdiction to the entire Board of Directors is permitted if:
  - (i) independent directors represent at least half the Board of Directors;
  - (ii) the Board dedicates specific spaces to the Committees' "investigation" activities during Board meetings; and
  - (iii) only concerning the Internal Control and Risk Management Committee, the issuer is not controlled by another listed company, or subject to direction and coordination.

However, 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 of the Civil Code – 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 of the Civil Code and article 10 of the Bylaws.

## **8. HUMAN RESOURCES COMMITTEE**

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

Since 2001, the Company has had a **Remuneration Committee** that monitors the alignment between the top management remuneration system and the creation of value for the Company.

During the meeting of 23 April 2008, the Board of Directors elected 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 (also the "HR Committee").

Pursuant to application criterion 6.C.8 of the Self-Regulatory Code, the operating regulations of the HR Committee were last updated on 24 January 2013.

In line with principle 6.P.3 of the Self-Regulatory Code, the HR Committee, appointed by the Board of Directors on 28 May 2014, consists of non-Executive, mostly independent, Directors. At present, its members are the Director Mr. Stefano Orlando (the Lead Independent Director who chairs the Committee), the independent Director Mr. Massimo Fasanella d'Amore di Ruffano and the non-Executive Director Mr. Paolo Roverato.

The composition of the HR Committee fulfils the recommendation set forth in principle 6.P.3 of the Self-Regulatory Code, whereby it may be composed of a majority of independent directors provided that, as in this case, the chair of the aforesaid HR Committee, is also chosen from among independent directors.

In line with principle 6.P.3 of the Self-Regulatory Code, all the members of the HR Committee have the appropriate expertise in financial issues, as assessed by the Board of Directors upon their appointment.

In accordance with application criterion 6.C.6 of the Self-Regulatory Code, the Directors, and the CEO in particular, abstain from participation in meetings of

the HR Committee where proposals regarding their respective remuneration are submitted to the Board of Directors.

The meetings of the HR 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 HR 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 Self-Regulatory Code.

The HR 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 HR 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.

In the light of the "comply or explain" principle, as currently ratified by paragraph IV of the "Guiding Principles and Transitional Arrangements" section of the 2014 Code, we point out that:

- (a) 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 required by principle 6.P.4 of the Self-Regulatory Code;
- (b) said 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 in the practice followed to date within the framework of the meetings resolving the renewal of Autogrill's Board of Directors each proposal in that regard was always submitted by one or more Shareholders;
- (c) the decision to partially diverge from principle 6.P.4 of the Self-Regulatory Code, which was taken through a Board resolution on 20 December 2012, has been recently confirmed by the Board of Directors, upon the proposal of the Control, Risk and Corporate Governance Committee, with the unanimous vote of the Directors attending the Meeting of 12 March 2015; and
- (d) said decision will be evaluated and discussed again in order to take into account not only the concrete needs of the Company, but also any indications that will gradually emerge, *inter alia*, from the annual report on the enforcement of the Self-Regulatory Code, published by the Corporate Governance Committee and from the format for the corporate governance and ownership report annually published by Borsa Italiana and, more generally, any change in the practice of Italian listed companies in the matter.

The Related-Party Transaction (RPT) 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 application of the provisions of the Related-Party Transaction Regulations and from the RPT 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 HR 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 HR 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 HR Committee's work.

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

During 2014, after its appointment on 28 May 2014, the HR Committee met 6 times (with an average duration of approx. two hours) to examine and propose the following to the Board of Directors, who, where required, approved: (i) the transformation of the annual MBO incentive system into an "hybrid" scheme with three-year and one-year objectives for the CEO, Chief Audit Executive, executives with strategic responsibilities and top managers (*Senior Executive MBO Plan 2014*, the so called "SEMP 2014"). Said objectives were defined consistently with the guidelines provided by the Board of Directors and by the same Committee, as well as with the economic, financial, budget and industrial plan objectives. In said context, the annual individual objectives related to the SEMP 2014 incentive system for the CEO, for the Financial Reporting Manager and, after hearing the Control, Risk and Corporate Governance Committee and the Board of Auditors, for the Chief Audit Executive were particularly assessed; (ii) the evaluation of the level of achievement of the objectives of the 2013 MBO incentive system and, more specifically, those regarding the CEO, the Financial Reporting Manager and, after hearing the Control, Risk and Corporate Governance Committee and the Board of Auditors, the Chief Audit Executive; (iii) the evaluation concerning the non-achievement of the objectives of the *2011-2013 Wave 1* of the incentive system called *2010-2012 Long-Term Incentive Plan* (LTIP); (iv) the assessment of the introduction of the long-term incentive plan called *Phantom Stock Option Plan 2014*, consisting of three *Waves*; (v) the performance of the *Wave 1* of the above-mentioned plan (2014-2016) and of the *Wave 2* (2014-2017), especially referring to the CEO; (vi) the proposal to hire an executive.

In 2014, the HR Committee also focused on the following activities: (i) 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 each Business Unit of the Group; (ii) reorganization of the Food & Beverage Business Unit North America, in consideration of the changed business requirements; (iii) assessment of the closure of the short-term plan for the top managers (with the exclusion of the executives with strategic responsibilities) the so-called "*Transition Award*"; (iv) analysis of salary trends in order to assess merit remuneration variations for top managers and executives with strategic responsibilities; (v) analysis of non compete clauses and "*exit packages*" for the executives with strategic responsibilities and top managers of the Group; (vi) proposal to modify the Remuneration Policy document to also include "*clawback*" clauses (approved by the Board of Directors on 18 December 2014); (vii) preparation of the Remuneration Report for 2013, according to art. 123-ter of TUF and art. 84-quater of the Issuer's Regulations, approved by the BoD on 13 March 2014 and made available at the registered office and website of the Company as required by the law.

The actual participation of each member in the meetings of the HR Committee is detailed in Table 2 provided in the Appendix.

An approximate number of 5 HR Committee meetings is expected for 2015.

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

In carrying out its functions the HR Committee is assisted on technical aspects by the Head of Group Human Resources and Organization and experts in the sector 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 HR 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).

We also remind readers that, according to the new paragraph (f) introduced by the 2014 Code in the body of the application criterion 6.C.1, the issuer's policy for the remuneration of executive directors or directors holding particular offices shall envisage, *inter alia*, contractual agreements that permit the company to ask for the refund, in whole or in part, of variable components of the remuneration paid (or to withhold sums subject to deferment), determined based on data that have later proved to be manifestly wrong.

In order to align Autogrill's director remuneration policy to this new recommendation, through a resolution taken on 18 December 2014, the Board of Directors introduced a new point (vi), which reproduces verbatim the application criterion 6.C.1(f) of the aforementioned 2014 Code, in paragraph 10.3(a) of the Autogrill Code. The Board of Directors seized the occasion and also decided to align the paragraph 10.3(a)(vi) - renumbered 10.3(a)(vii) – of the Autogrill Code to the modified provision of the application criterion 6.C.1(g) of the 2014 Code (former criterion 6.C.1(f) of the 2011 Code), regarding the compensation for early termination of the management relationship.

#### Equity-based remuneration plans

As mentioned in section 2(a) of this Report, the Shareholders' Meeting (extraordinary session) held 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 Stock Option Plan. Furthermore, we remind the reader that, under the framework of the Demerger, the 2010 Stock Option Plan's regulations approved by the Shareholders' Meeting held on 20 April 2010 was modified during the Ordinary Meeting of 6 June 2013 and aligned with the Changes to the Plan, as summarised in section 2(a) above and approved by the BoD during its meeting of 3 May 2013.

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

The terms and conditions of the 2010 Stock Option Plan and L-LTIP Plan are set forth in the information documents published on 11 March 2011 and 3 May 2013, respectively, and in the Remuneration Report available at the Company's registered office and in 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) – Governance Section). The Remuneration Report also contains information about the new incentive plan based on *phantom stock options* and called "2014 Phantom Stock Option Plan" that was approved by the Shareholders' Meeting on 28 May 2014.

#### *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 6.C.3 of the Self-Regulatory 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 28 May 2014, each Director is entitled to a fixed annual remuneration of €50,000 for the office, in addition to a fee of €600 for each Board and Shareholder meeting attended. Each member of the Control, Risk and Corporate Governance Committee, Human Resources and Strategy and Investment Committees is entitled to an additional annual remuneration of €20,000; each member of the Related-Party Transaction Committee is entitled to an additional annual remuneration of 10,000 Euros. Each member of any Committee is also entitled to €600 for each meeting of the corresponding Committee attended. The Remuneration Report also indicates the amount of the fees paid to each Director during 2014.

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) – Governance Section).

*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 revocation of 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.

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").

However, we remind readers that the new principle 6.P.5 introduced in the 2014 Code states that the issuer, upon the termination of office and/or dissolution of the business relationship with an executive director or managing director, provides detailed information, through an announcement to be disclosed to the market, whose content is specified by the application criterion 6.C.8 of the 2014 Code, upon completion of the internal processes leading to the award or the recognition of allowances and/or other benefits.

In this regard, we point out that, from 1<sup>st</sup> August 2014 – the date on which the aforementioned principle 6.P.5 and application criterion 6.C.8 came into force – there were no cases of termination of an executive director or managing director according to Autogrill. In any case, through a resolution taken on 18 December 2014, the Board of Directors modified the Autogrill Code to include

verbatim the above mentioned recommendation of the 2014 Code under the new paragraph 10.2(d).

## **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 for an efficient and effective operation of the internal control and risk management system of Autogrill Company and Group.

Since 2006, the Board of Directors has also 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 20 December 2012, with the approval of the Autogrill Code, the Internal Control and Corporate Governance Committee was renamed "Control, Risk and Corporate Governance Committee".

On 28 May 2014, the Board of Directors in office appointed as members of the Control, Risk and Corporate Governance Committee independent Directors Ms. Carolyn Dittmeier (Chairperson of the Committee) and Mr. Francesco Umile Chiappetta, and non-executive Director Mr. Paolo Roverato.

The Control, Risk and Corporate Governance Committee's Charter, last updated by the Board of Directors on 12 February 2015, 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 7.P.4 of the Self-Regulatory Code, the Control, Risk and Corporate Governance Committee consists of non-Executive Directors, of whom a majority independent. All its members have appropriate expertise in accounting and finance or risk management, as assessed by the Board of Directors upon appointment and as also shown in the résumés (CVs) included in this Report.

The present composition of the Control, Risk and Corporate Governance Committee is also compliant with the recommendation contained in principle 7.P.4 of the Self-Regulatory Code, whereby the Committee may be composed of non-executive and mostly independent directors provided that, as in this case, (i) the chairperson of the Committee is also selected from among 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, Risk and Corporate Governance System of the Company and Group.

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

- a) Support the Board of Directors in performing its tasks within the Control and Risk Management System;
- b) Upon the Control and Risk Management 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 Management System;
- c) Evaluate the work plan prepared by the Chief Audit Executive, examine the periodic reports prepared by the Chief Audit Executive and monitor the independence, appropriateness, effectiveness and efficiency of the internal audit function;
- d) Evaluate, together with the Financial Reporting Manager, 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) Report 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 Management 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 Management System and the evaluation of its appropriateness.

During the year 2014, the Control, Risk and Corporate Governance Committee met 10 times (average length of meeting: approx. 3 hours and forty minutes), regularly accessed the corporate information required and examined, *inter alia*:

- the proposal of 2014 Group's audit plan, subsequently approved by the Board of Directors, and the significant quarterly results of the activity carried out by the Internal Audit function during 2014;
- the correctness of the accounting principles adopted, in agreement with the Financial Reporting Manager and the Board of Statutory Auditors, after consulting the Independent Auditors for the purposes of the 2013 annual financial report;
- the annual report for 2013 regarding the internal control system drafted by the Chief Audit Executive, and the document assessing the organization, administration and accounting of the Company and Group as at 31 December 2013;
- the activity of the Enterprise Risk Management function and the related process;
- the reports on the activity of the Supervisory Body for the first and second semester 2014.

During 2015, the Control, Risk and Corporate Governance Committee has so far met 3 times and has mainly:

- examined the *impairment* test for the 2014 annual financial statements;
- assessed the adequacy of the accounting standards used and their homogeneity for the purposes of drafting the 2014 annual financial statements, this done together with the Financial Reporting Manager and the Board of Statutory Auditors, after consulting the Independent Auditors;
- examined the 2014 annual report on the activities of the Internal Audit department and the 2015 annual Audit Plan;
- approved the report on the Committee's activities for 2014;
- expressed its opinion to the Board of Directors regarding this report on Corporate Governance for the purposes of the description of the features of the Control and Risk Management System and the the assessment of its adequacy;



- examined, in support of the resolutions of the Board of Directors on 12 February 2015, the proposal to update some aspects of the governance system to make it compliant with the 2014 Code, as well as the renewal of the mandate of the Internal Audit function.

Minutes are prepared for each meeting held.

The Control, Risk and Corporate Governance Committee Director, the Financial Reporting Manager, the Chief Audit Executive, the Enterprise Risk Manager, the Chairperson of the Board of Directors, the Chief Executive Officer, and the Chairperson of the Board of Statutory Auditors or another auditor designated by him/her are all entitled to take part in the Control, Risk and Corporate Governance Committee's meetings; for specific subjects, however, other members of the Board of Statutory Auditors, as well as the Company's and Group's Managers and Directors may be invited 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 each member of the Control, Risk and Corporate Governance Committee in the meetings held during 2014 is detailed in Table 2 in the appendix.

Eleven meetings are planned for 2015.

During its meeting held on 28 May 2014, the Board of Directors allocated €15,000 to the Control, Risk and Corporate Governance Committee for the fulfilment of its tasks in 2014. For the year 2015, the same Committee will be allocated 30,000 Euros, within the limits of the annual budget allocated by the Board of Directors during its meeting on 18 December 2014.

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

### *Foreword*

The Control and Risk Management 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, ensure 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 and of the instructions of the Supervisory Board;
- e) ensure the protection of corporate integrity, also with the purpose of preventing fraud that may damage the Company and the financial markets.

The operating responsibilities for the conduction of Autogrill's Control and Risk Management System are in line with international best practices, consistently with the three control level principle, and more specifically:

- (a) a "primary level control" of corporate processes carried out by each business unit, and therefore Line Managers, by fully sharing each corporate process;
- (b) a "secondary level control" entrusted to specific functions, distinct from operational functions, that support the Line Management in the development of the Control and Risk Management System and its good operation;
- (c) a "third level control" performed by the Internal Audit function.

As laid down in its Code of Ethics and in paragraph 11.5 of the Autogrill Code, 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.

The presence of an organizational Enterprise Risk Management function at Group level also 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 direct the governance and control of the main decision-making processes and compliance with specific regulations also in Subsidiaries of strategic importance.

## 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, this model supports 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 to ascertain their compatibility with the strategic objectives of the Company.

### Roles and functions involved

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

The managers of each business unit of the Group are responsible for the 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 operation of the Control and Risk System, the Board of Directors uses the Financial Reporting Manager, the Chief Audit Executive and the Supervisory Body for the matters concerning the organizational model required by Leg. Dec. 231/2001, while the Control, Risk and Corporate Governance Committee supports the Board for the matters falling within its competence.

The supervision and control functions to be carried out by the Board of Statutory Auditors by law remain, while auditing activities are performed by an Auditing Company, as required by the Italian legislation.

### Methodological Approach

The *Enterprise Risk Management* model:

- (j) is based on a global approach to all the potential risk areas and opportunities, focussing on those that are potentially more significant in

terms of possible impact on the achievement of strategic objectives or on the value of the company's equity;

- (k) is based on the self-assessment of the risk profile by the Management;
- (l) 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 corporate processes;
- (m) pursues objectives of progressive integration in decision-making and business processes;
- (n) requires a reporting flow towards the top management and a periodic reporting of the *Enterprise Risk Management* function to the Control, Risk and Corporate Governance Committee and to the Board of Directors.

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

The adopted approach provides, *inter alia*, for risk analysis as part of the strategic planning process with the analysis of volatility and risk management strategic plans.

#### 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 Management System, as regards financial disclosure, the Administrative & Accounting Compliance Model (the "Law 262 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 goal of the Law 262 Model is to significantly mitigate risk in terms of accountability, reliability, accuracy and promptness of the financial disclosures of the Autogrill Group.

##### Main regulatory references and reference models

The Law 262 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), Confindustria guidelines and Assonime information notes.

### Roles and functions involved

In the organizational layout of the Autogrill Group, the activities of implementation, maintenance and development of the Law 262 Model to be prepared for financial reporting purposes are indicated in detail.

The CEO and the Financial Reporting Manager ensure the implementation and the continuous management of the internal control system by providing guidelines to the Group and specific administrative/accounting procedures, including the Group's Accounting Manual, with the support of the central function dedicated to the implementation and maintenance of the Law 262 Model (L262 Compliance Office).

The primary responsibility for control activities is assigned to operational managers at the different levels of the organization, with special responsibilities for the Chief Operating Officers and Chief Finance Officers of the Reporting Units, who, at least every six months, certify the adequacy and effective implementation of reporting procedures to the CEO and to the Financial Reporting Manager.

The Board of Directors evaluates the appropriateness of the organizational, administrative and accounting layout of the Group, approves the policies of the Internal Control and Risk Management System and supervises the Financial Reporting Manager to ensure that he/she is provided with adequate powers and instruments for financial reporting.

The Control, Risk and Corporate Governance Committee supports the evaluations and decisions of the Board of Directors concerning the Control and Risk System and the approval of periodic financial reports, with particular reference to the use of accounting principles.

Consistently with Law 262 Model, the Financial Reporting Manager, at least on a six-monthly basis, reports to the Control, Risk and Corporate Governance Committee, Board of Auditors and Board of Directors on the compliance activities carried out.

The Internal Audit function helps the Financial Reporting Manager monitor the design and operational effectiveness of the most significant audits and provides said governance and control bodies with an independent opinion on the appropriateness and actual operation of the Law 262 Model.

### Methodological approach

On an annual basis, Autogrill updates the scope of the analysis of the administrative/accounting audits – Scoping –, 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 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) *Identification of the main risks and high level controls - Entity Level Controls*
- b) *Identification of the main risks and controls to protect information systems - IT General Controls;*
- c) *Identification of the main risks and controls to protect operating processes - Process Level Controls;*
- d) *Check of the design and operation of controls – Testing Controls;*
- e) *Preparation of the report on the appropriateness and actual implementation of the financial reporting control system - Report on Internal Controls.*

#### Elements of the system

- a) *Identification of the main risks and high level controls - Entity Level Controls*

Every year, the Company carries out a synthetic and global analysis of the Control and Risk Management 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).

- b) *Identification of the main risks and controls to protect information systems - IT General Controls - Process Level Controls*

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.

c) *Identification of the main risks and controls to protect operating processes - 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 Narrative and Risk & Control Matrices 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).

d) *Check of the design and operation of controls – Testing 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.

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

e) *Preparation of the report on the appropriateness and actual implementation of the financial reporting control system - Report on Internal Controls*

Based on the outcome of the review of the implementation of the Model, the Financial Reporting Manager prepares a report on the appropriateness and actual implementation of the financial reporting control system that will be submitted to the BoD for approval after being reviewed by the Control, Risk and

Corporate Governance Committee during the meeting for the adoption of the draft annual financial statements and mid-year report.

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

On 28 May 2014, the Board of Directors confirmed to the CEO the office of Director responsible for the Control and Risk Management System, pursuant to application criterion 7.C.4 of the Self-Regulatory Code.

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

- a) defines the tools and procedures for the implementation of the Control and Risk Management System based on the indications of the Board of Directors; ensures the global appropriateness of the Control and Risk Management 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 Management 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 that 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**

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 function evaluates the planning and operation of the control and risk management systems concerning operating activities, IT systems and the governance of the Group. They include:

- understanding risks in compliance with the *Enterprise Risk Management* model adopted by the Group;
- evaluating the appropriateness and efficacy of the internal control and risk management 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 corporate assets, compliance with policies, procedures, laws, regulations and agreements.

The internal audit activity is carried out by developing an audit plan based on the Group's Internal Audit Guidelines on all the activities and processes mapped within the companies of the Group and consists in monitoring first and second level controls by means of:

- specific auditing projects;
- the reliability of IT systems;
- reporting systems;
- follow-up of the corrective actions identified during auditing, useful for the improvement of 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 (current criterion 7.C.5 of the Self-Regulatory 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 resolutions of 24 January 2013 and 12 February 2015, 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 ("**Chief Audit Executive**").

Pursuant to section 11.3(c) of the Autogrill Code, approved on 20 December 2012, the task of the Chief Audit Executive is to check that the Control and Risk Management 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 Management 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 Management System Director, an annual audit plan that must be approved by the Board of Directors;
- 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 Management 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 Board of Statutory Auditors, the Control, Risk and Corporate Governance Committee and the Board of Directors, as well as to the Control and Risk Management System Director;
- g) reviews, within the audit plan, the reliability of 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 Management 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 enforce the principles of the code of ethics for the profession and International Standards for the Professional Practice of Internal Auditing issued by the Institute of Internal Audit (IIA).

Internal Auditing activities and operating processes are defined in the Internal Audit Guidelines.

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

The organization, management and control model was adopted for the first time by Autogrill on 6 November 2002 and was subsequently supplemented after a number of regulatory changes that extended the scope of Legislative Decree no. 231/2001 to new categories of offences.

On 12 December 2013, the Board of Directors approved a new version of the Model after a global review of the previous version that was made on the basis of the consideration of some significant evolutions in the corporate organization, of the introduction of new offences in the reference legislation and of the consolidated jurisprudence concerning the administrative accountability of entities.

The new version of the Model includes appropriate policies and measures to ensure the conduction of activities in compliance with legal requirements and identify and eliminate any risk situation, but also contains an appropriate prevention system to mitigate the crime risk consistently with its organizational layout and with the best practices of reference.

The Model includes a General Part and a Special Part.

The General Part describes the contents of the Decree, with a special focus on the criminal offences for which the entity has administrative responsibility, the possible sanctions and conditions for exemption from liability (First Section), and the organizational and governance structure of the Company, with the activities carried out to update and disseminate the Model (Second Section).

The Special Part contains the Protocols, which are a set of control and behaviour rules and principles considered to be appropriate to govern the areas where a potential crime risk has been identified, as defined in Leg. Dec. 231/2001.

In addition, the following documents are enclosed as an integral part of the Model:

- (o) list of predicate criminal offences;
- (p) Ethics Code.

The Model must be periodically reviewed and amended whenever even only a potential risk exists that may lead to the violation of regulations, that is to say when any change is made to the organization, activities, legal provisions or reference standards.

On 28 May 2014, the Board of Directors appointed Mr. Giorgio Brunetti, formerly the Company's Lead Independent Director, Mr. Silvio de Girolamo, Group Chief Internal Audit & CSR Officer, and Mr. Marco Rigotti, Chairperson of the Board of Statutory Auditors, as members of the Supervisory Body.

On 1<sup>st</sup> December 2014, Mr. Marco Rigotti informed the Supervisory Body that his office had been vacated for personal reasons.

On 22 January 2015, the Board of Directors appointed Mr. Luigi Biscozzi (Standing Auditor), to replace Mr. Marco Rigotti as member of the Supervisory Body until the expiration of current mandate on the occasion of the Shareholders' Meeting convened to approve the financial statements for the year 2016.

The Supervisory Body met 5 times during 2014 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 is available for consultation in 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 Independent Auditors in charge of the audit of the Group Parent Company are also responsible for the statutory audits of Autogrill's Subsidiaries. Any use of statutory auditing companies other than that indicated by the Group Parent Company shall be properly justified and may be approved only with the favourable opinion of the Board of Statutory.

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 C.C.

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 and updated on 31 July 2014. 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**

Referring to CONSOB's Recommendation for the issuers to assess at least on a three-year basis whether they should review the procedures adopted according to the RPT Regulations, taking into account, inter alia, the changes that might

have been made to the ownership layout, as well as the effectiveness shown by the procedures in practice, on 12 December 2013 the BoD passed a resolution to entrust the Group General Counsel, with the support of the Group Chief Financial Officer and the functions that may be from time to time involved, with the tasks of: (i) completing, by staying in contact with the Committees of the Company that may be from time to time involved, the review of the procedure for Related-Party Transactions (the "**RPT Procedure**") currently in force that was adopted through a Board's resolution on 29 December 2010, and (ii) propose, within the necessary time span, actions for an adjustment or refinement of the RPT Procedure for each consequent determination of the BoD, after listening to the opinion of the RPT Committee pursuant to art. 4, paragraph 3, of the Related-Party Transactions Regulations.

After extensive inspections aimed at examining the choices made during the approval and enforcement of the RPT Procedure, on 13 May 2014, the Board of Directors approved a new version of RPT Procedure according to Related-Party Regulations. The new version replaced the previous procedure with effect from 30 September 2014. In particular, the new RPT Procedure extends the perimeter of related parties to include, among the persons potentially covered by the definition of "Executives with strategic responsibilities" not only Autogrill managers, but also the top executives belonging to Subsidiaries, in any case without prejudice to Autogrill competence in identifying the detailed list of "Executives with strategic responsibilities", whom to apply the RPT Procedure.

On 28 May 2014, the Board of Directors appointed the Related-Party Transactions Committee, which is currently composed of Independent Directors Ms. Carolyn Dittmeier, Ms. Giorgina Gallo and Mr. Stefano Orlando (Coordinator of the Committee).

During 2014, the Related-Party Transaction Committee met 6 times (with an average duration of the meeting of 3 hours approximately).

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* C.C. 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 C.C.;
- 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 RPT Procedure is available for consultation in 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. 19109 of 28 January 2015, 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, of the 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 the meeting that will be convened to approve the financial statements for the year ended 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.p.A. 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 lump-sum all-inclusive amount of Euro 55,000. The amount of the fees paid to each Auditor in 2014 is 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 in 1967 he obtained his Degree in Business Economics from the Commercial University Bocconi 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.

Between 1995 and 1998, he worked at Consob, where he carried out surveys on insider trading practices and the manipulation of share prices. At present, he operates his own firm in Milan, where he specializes in conducting control activities at important listed groups. He chairs the Boards of Directors of some companies of the Meridiana Group (Meridiana Fly S.p.A., Meridiana Maintenance S.p.A., Meridiana S.p.A., Air Italy Holding S.r.l., Air Italy S.p.A., Gestione Aeroporti Sardi S.p.A.), where he represents the control shareholder Aga Khan Fund for Economic Development (AKFED) and serves as Standing Auditor for Recordati Industria Chimica e Farmaceutica S.p.A.

He has been chairing WDF's Board of Statutory Auditors since March 2013.

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

## **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 chaired the Board of Statutory Auditors of IFIL from 2008 until its merger with EXOR (parent company of Fiat-Chrysler), and later served as Director and Chairperson of the Control and Risk Committee of EXOR until 2012. He has also held the office of Chairperson of the Board of Statutory Auditors of Assicurazioni Generali from 2008 to 2013.

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.

\*\*\*

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 7 March 2014, the Board of Statutory Auditors, in compliance with the provision of application criterion 8.C.1 of the Self-Regulatory 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.

For 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 13 meetings of Statutory Auditors in 2014 lasted approx. 3 hours. Twelve meetings are scheduled for 2015, 3 of which have already been held.

## **15. INVESTOR RELATIONS**

The interest of the Company in establishing and maintaining a continuous dialogue with its Shareholders, institutional investors and financial analysts was translated in reality with the creation, in 1997, of a dedicated corporate function called Investor Relations.

This function carries out its activity in line with senior management's decisions and in compliance with the policy for disclosing price sensitive information, 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 understanding 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)).

Responsibility for the management of investor relations falls on the Head of Investor Relations, Ms. Elisabetta Cugnasca.

The evolution of the Group and the associated refinement of its strategy significantly affected the activities of the Investor Relations office. During 2014, said activities were characterized by a review and reconsideration of its guidelines, such as, but not limited to the type of activities to be undertaken, the investors and financial markets on which to focus. Further stimulus to this process was the listing of Group's competitors on major European financial centres during the year 2014: this enabled the creation of a sector at stock exchange level concerning the activities in concession, thus increasing the awareness and interest of investors towards the companies belonging to this sector.

In summary, the following Investor Relations activities were carried out by the Autogrill Group in 2014:

- a) an analyst meeting for the publication of 2013 results;
- b) 3 conference calls for the publication of the results of the first and third quarters 2014 and first half of 2014;
- c) 8 road-shows and participation in 4 conferences – industry conferences or dedicated to listed companies in Italy – organized by institutions or financial intermediaries.

On the whole, 228 exchange events were organized, almost 80% of which in person.

## **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 these 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 (the "**Shareholders' Meetings Regulations**").

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 Self-Regulatory 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 because the current regulations were deemed to be sufficiently compliant with the provisions of the Self-Regulatory Code.

The Shareholders' Meeting Regulations are available for consultation in the Company's website ([www.autogrill.com](http://www.autogrill.com) - Governance section).

In particular, the Shareholders' Meeting Regulations 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 2014, 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 Autogrill's registered office and secondary offices, as well as at Borsa Italiana S.p.A. and in Autogrill's website ([www.autogrill.com](http://www.autogrill.com) - Governance section).

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

Autogrill does not apply 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 2014 business year.

## TABLES

**TABLE 1: SIGNIFICANT SHARES OF THE SHARE CAPITAL**

<b>Reference date: 12 March 2015</b>			
<b>Informant</b>	<b>Direct Shareholder</b>	<b>Share % of ordinary share capital</b>	<b>Share % of voting capital</b>
<b>Edizione S.r.l.</b>	Schematrentaquattro S.p.A.	<b>50,100</b>	<b>50,100</b>
<b>Invesco LTD</b>	Invesco Powershares Capital Management LLC	0.005	0.005
	Invesco Fund Managers Limited	1.052	1.052
	Invesco Asset Management Limited	1.684	1.684
	Total	<b>2.741</b>	<b>2.741</b>



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

Board of Directors													Control, Risk and Corporate Governance Committee		Human Resources Committee		Strategy and Investment Committee		Related-Party Transaction Committee	
Office	Member	Year of birth	Date of first appointment *	In office since	In office till	List **	Exec.	Non-exec.	Indep. purs. to Code	Indep. purs. to TUF	Number of other offices ***	(*)	(*)	(**)	(*)	(**)	(*)	(**)	(*)	(**)
<b>Chairperson</b>	Gilberto Benetton	1941	19/5/1997	28/05/14	Approval of accounts at Dec. 31, 2016	M		X			1	11/11								
<b>Chief Executive Officer • ◊</b>	Gianmario Tondato Da Ruos	1960	24/3/2003	28/05/14	Approval of accounts at Dec. 31, 2016	M	X				-	11/11								
<b>Director</b>	Ernesto Albanese	1964	28/05/14	28/05/14	Approval of accounts at Dec. 31, 2016	m		X	X	X	2	6/6								
<b>Director</b>	Alessandro Benetton	1964	19/5/1997	28/05/14	Approval of accounts at Dec. 31, 2016	M		X			-	10/11								
<b>Director</b>	Tommaso Barracco	1951	21/4/2011	28/05/14	Approval of accounts at Dec. 31, 2016	M		X	X	X	-	11/11					10/10	M		
<b>Director</b>	Francesco Umile Chiappetta	1960	28/05/14	28/05/14	Approval of accounts at Dec. 31, 2016	m		X	X	X	2	6/6	6/6	M						
<b>Director</b>	Carolyn Dittmeier	1956	10/4/2013	28/05/14	Approval of accounts at Dec. 31, 2016	M		X	X	X	2	11/11	6/6	P					5/5	M
<b>Director</b>	Massimo Fasanella d'Amore di Ruffano	1955	7/3/2012	28/05/14	Approval of accounts at Dec. 31, 2016	M		X	X	X	-	11/11			3/3	M	5/6	M		
<b>Director</b>	Giorgina Gallo	1960	28/05/14	28/05/14	Approval of accounts at Dec. 31, 2016	M		X	X	X	1	5/6					6/6	M	5/5	M
<b>Director</b>	Gianni Mion	1943	9/1/1995	28/05/14	Approval of accounts at Dec. 31, 2016	M		X			1	10/11					10/10	P		

Board of Directors												Control, Risk and Corporate Governance Committee		Human Resources Committee		Strategy and Investment Committee		Related-Party Transaction Committee		
Office	Member	Year of birth	Date of first appointment *	In office since	In office till	List **	Exec.	Non-exec.	Indep. purs. to Code	Indep. purs. to TUF	Number of other offices ***	(*)	(*)	(**)	(*)	(**)	(*)	(**)	(*)	(**)
Director <sup>o</sup>	Stefano Orlando	1948	21/4/2011	28/05/14	Approval of accounts at Dec. 31, 2016	M		X	X	X	-	10/11	4/4	M	3/3	P			6/6	M
Director	Paolo Roverato	1963	23/4/2008	28/05/14	Approval of accounts at Dec. 31, 2016	M		X			-	10/11	9/10	M	6/6	M				
Director	Neriman Ülsever	1953	28/05/14	28/05/14	Approval of accounts at Dec. 31, 2016	M		X	X	X	5	6/6								
-----DIRECTORS LEAVING OFFICE IN REFERENCE PERIOD-----																				
	Arnaldo Camuffo	1961	23/4/2008	21/04/11	Approval of accounts at Dec. 31, 2013	M		X	X	X	1	5/5			3/3	M				
	Marco Jesi	1949	21/4/2011	21/04/11	Approval of accounts at Dec. 31, 2013	M		X	X	X	2	4/5					4/4	M		
	Alfredo Malguzzi	1962	27/4/2004	21/04/11	Approval of accounts at Dec. 31, 2013	M		X	X	X	4	5/5			3/3	M			1/1	M
	Marco Mangiagalli	1949	21/4/2011	21/04/11	Approval of accounts at Dec. 31, 2013	M		X	X	X	2	4/5	3/4	M					1/1	M
<b>Number of meetings held in reference year: 11</b>						Control, Risk and Corporate Governance Committee: 10				Human Resources Committee: 6		Strategy and Investment Committee: 10		Related-Party Transaction Committee: 6						
<b>Quorum required for the lists submitted by minority shareholders for the appointment of one or more members (pursuant to art. 147-ter of TUF): 1%</b>																				

#### NOTES

The symbols listed here below must be inserted in the “Office” column:

• This symbol means the Director who is in charge of the Internal Control and Risk Management System.

◊ This symbol means the main person in charge of the management of the issuer (Chief Executive Officer or CEO).

o This symbol means the Lead Independent Director (LID).

\* The date of first appointment of each director means the date on which the director was appointed for the first time (in absolute terms) to serve in the Board of Directors of the issuer.

\*\* This column shows the list to which each director belongs (“M”: Majority list; “m”: minority list; “BoD”: list submitted by the Board of Directors).

\*\*\* This column shows the number of offices held as Director or Auditor in other companies listed in regulated markets, in Italy and abroad, or in financial, banking, insurance companies or companies of significant size.

(\*) This column shows the director’s attendance at the meetings of BoD and Committees respectively (please state the number of meetings actually attended out of total meetings that the director was expected to attend in his/her capacity as member; e.g. 6/8; 8/8, etc.).

(\*\*) This column shows the office of the director within the Committee: “P”: chairperson; “M”: member.

## List of Directors' offices

The table below details the positions held by 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.
Gianmario Tondato	-	
Ernesto Albanese	Director	Prelios Netherlands
	Director	Prelios Deutschland
Alessandro Benetton	-	
Tommaso Barracco	-	
Francesco Umile Chiappetta	Director	Prelios S.p.A.
	Director	Armònia Sgr <sup>1</sup>
Carolyn Dittmeier	Chair of Board of Statutory Auditors	Assicurazioni Generali S.p.A.
	Independent Director	Italmobiliare S.p.A.
Massimo Fasanella d'Amore di Ruffano	-	
Giorgina Gallo	Independent Director	Telecom Italia
Gianni Mion	Chair of Board of Directors	Space S.p.A. <sup>2</sup>
Stefano Orlando	-	
Paolo Roverato	-	
Neriman Ülsever	Deputy Chair of Board of Directors	Kordsa Global
	Director	TeknoSA
	Director	CarrefourSA
	Director	Aksigorta Elementary Insurance
	Director	AvivaSA Pension&life Ins.

<sup>1</sup> Company that is waiting authorization from the Bank of Italy to manage closed-end investment funds reserved for institutional investors.

<sup>2</sup> Company listed in the professional segment of electronic Market for Investment Vehicles (MIV).

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

<i>Board of Statutory Auditors</i>									
<b>Office</b>	<b>Member</b>	<b>Year of birth</b>	<b>Date of first appointment *</b>	<b>In office since</b>	<b>In office until</b>	<b>List **</b>	<b>Independence pursuant to Code</b>	<b>Attendance at Board meetings ***</b>	<b>No. of other offices ****</b>
<b>Chairperson</b>	Marco Rigotti	1967	19/4/2012	19/4/2012	Approval of accounts at Dec. 31, 2014	m	X	12/13	8
<b>Standing auditor</b>	Luigi Biscozzi	1934	27/4/2006	19/4/2012	Approval of accounts at Dec. 31, 2014	M	X	9/13	7
<b>Standing auditor</b>	Eugenio Colucci	1946	21/4/2009	19/4/2012	Approval of accounts at Dec. 31, 2014	M	X	12/13	1
<b>Alternate auditor</b>	Giuseppe Angiolini	1939	21/4/2009	19/4/2012	Approval of accounts at Dec. 31, 2014	M	X		
<b>Alternate auditor</b>	Pierumberto Spanò	1961	19/4/2012	19/4/2012	Approval of accounts at Dec. 31, 2014	m	X		
-----AUDITORS LEAVING OFFICE IN REFERENCE PERIOD-----									
	-								
<b>Number of meetings held in reference year: 13</b>									
<b>Please state the quorum required for the lists submitted by minority shareholders for the appointment of one or more members (pursuant to art. 148 of TUF): 1.5%</b>									

**NOTES**

\* The date of first appointment of each auditor means the date on which the auditor was appointed for the first time (in absolute terms) to serve in the Board of Statutory Auditors of the issuer.

\*\* This column shows the list to which each auditor belongs ("M": majority list; "m": minority list).

\*\*\* This column shows the auditor's attendance at the meetings of the Board of Statutory Auditors (please state the number of meetings actually attended out of total meetings that the auditor was expected to attend in his/her capacity as member; e.g. 6/8; 8/8, etc.).

\*\*\*\* This column shows the total number of offices held as Director or Auditor according to art. 148-bis of TUF and the relevant implementation provisions in CONSOB Regulations for Issuers. The complete list of offices is published by Consob in its website pursuant to art. 144-quinquiesdecies of CONSOB Regulations for Issuers.