



MONCLER

2017

**MONCLER S.p.A.**

*Registered office at Via Stendhal 47, Milan - fully-paid share capital Euro 50,046,395.20  
Milan Companies Register, tax code and VAT no. 04642290961 - REA no. 1763158*

**REPORT ON CORPORATE GOVERNANCE  
AND OWNERSHIP STRUCTURES**

*Prepared pursuant to Article 123-bis of Italian Legislative Decree no. 58 of February 24, 1998 for the  
financial year 2016*

**Approved by the Board of Directors on February 28, 2017  
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**GLOSSARY**

<b>Shareholders' Meeting</b>	The Shareholders Meeting of Moncler.
<b>Corporate Governance Code or Code</b>	The Corporate Governance Code of listed companies approved in March 2006, as subsequently amended and integrated, by the Corporate Governance Committee promoted by Borsa Italiana S.p.A., ABI, Ania, Assogestioni, Assonime and Confindustria.
<b>Statutory Auditors or Auditors</b>	The members of the Board of Statutory Auditors of Moncler S.p.A.
<b>Board of Directors or Directors</b>	The members of the Board of Directors of Moncler S.p.A.
<b>Financial Year</b>	The financial year ended December 31, 2016 to which this Report relates.
<b>Moncler Group or Group</b>	Collectively the Issuer and the other companies directly or indirectly controlled by Moncler S.p.A. pursuant to Article 93 of the TUF.
<b>Market Abuse Regulation or MAR</b>	The EU Regulation no. 596/2014 as subsequently integrated and implemented.
<b>Moncler or Company</b>	Moncler S.p.A.
<b>Issuers' Regulation</b>	The Regulation issued by Consob by Resolution no. 11971 of May 14, 1999 regarding stock issuers, as subsequently amended and integrated.
<b>Consob Market Rules</b>	The Regulation on markets issued by Consob by means of Resolution no. 16191 of March 12, 2007 (as further amended).
<b>Consob Related Party Transactions Regulation or RPT Regulation</b>	The Regulation issued by Consob by way of Resolution no. 17221 of March 12, 2010 (as further amended) on related party transactions.
<b>Report</b>	The present Report on Corporate Governance and Ownership Structures, drafted pursuant to Article 123- <i>bis</i> of the TUF as well as according to the recommendations of the Corporate Governance Code.
<b>TUF</b>	The Italian Legislative Decree of February 24, 1998 no. 58, as subsequently amended and integrated.

## 1. PROFILE OF THE ISSUER

Moncler S.p.A. (“**Moncler**” or the “**Company**”) is a joint stock company with shares listed on the Official List (*Mercato Telematico Azionario*) of Borsa Italiana Sp.A. since December 16, 2013. Moncler is part of the FTSE-MIB index of *Borsa Italiana* as of March 24, 2014. At the date of this Report the market capitalization of the Company is equal to Euro 4,509,180,207.52.

The Company and the Group operate in the worldwide luxury goods sector and are one of the leading businesses involved in the design, production and distribution of luxury clothing for women, men and children as well as accessories.

Moncler produces and directly distributes its collections of clothing and accessories through direct boutiques and the most exclusive international department stores and multibrand shops.

Under the By-laws currently in force (the “**By-laws**”), Moncler is organised on the basis of a traditional management and control organisational model as per Articles 2380-*bis* and following of the Italian Civil Code, with a Shareholders’ Meeting, a Board of Directors and a Board of Statutory Auditors.

Moncler’s Board of Directors holds a central role in leading and managing the Company and the Group. In addition to the duties required of it by the law and the By-laws, the Board of Directors also has exclusive responsibility for taking key decisions from a strategic and economic standpoint and in terms of having a structural effect on operations, meaning those functional to monitoring and directing the Company and the Group.

The Nomination and Remuneration Committee and the Control and Risks Committee have been set up within the Board of Directors, both having propositional and consultative functions in accordance with the recommendations set forth by the Corporate Governance Code.

The Board of Statutory Auditors oversees to ensure that the law and the By-laws and principles of proper management are being respected, as well as in particular that the organisational, administrative and accounting structure adopted by the Company and the way it works are adequate. The Board of Statutory Auditors also acts as the internal control and audit committee within the meaning of Article 19 of Legislative Decree no. 39/2010, as amended by the Law Decree no. 135 of July 17, 2016, entered into force on August 5, 2016.

The auditing firm KPMG S.p.A. has been appointed by the Shareholders’ Meeting to perform the statutory audit of the accounts for the nine-year period from 2013 to 2021 on the justified proposal of the Board of Statutory Auditors, in accordance with the requirements of current law contained in Legislative Decree no. 39/2010 applicable to entities of public interest.

As parent company, Moncler is responsible for the direction of strategy for the Company and the Group and performs management and coordination activities within the meaning of Articles 2497 and subsequent of the Italian Civil Code by setting out medium-long term strategies in terms of (i) economic and financial results, (ii) business and investment targets and (iii) selling and marketing policies.

Moncler’s system of corporate governance has been constructed in order to comply with the Corporate Governance Code and the provisions of laws and regulations that govern Italian listed companies, in accordance with best corporate governance practice, and is founded on five cornerstones with the aim of developing Moncler brand in the luxury goods market segment worldwide, within a strategy directed towards constantly enhancing the identity and positioning of the brand, supporting the values of heritage, uniqueness, quality, timeless and versatility that are at the basis of the Moncler brand’s philosophy and creating value in the medium-long term for shareholders and stakeholders, while respecting the best



principles of social responsibility applicable in all the countries of the world where Moncler Group operates:

- (i) the set of recognised and agreed defined values, established in the Code of Ethics;
- (ii) the central role of the Board of Directors;
- (iii) the effectiveness and transparency of operational decisions;
- (iv) the adequacy of the internal control system;
- (v) a correct and transparent means of regulating related party transactions and handling confidential and inside information.

The values established by Moncler's Code of Ethics require all employees to ensure that the Group's activities are carried out in accordance with the law, within a framework of fair competition, with honesty, integrity and propriety and with respect for the legitimate interests of shareholders, employees, customers, suppliers, commercial and financial partners and the societies of the countries in which the Moncler Group is present.

## 2. INFORMATION ON OWNERSHIP STRUCTURES

### a) Capital structure (pursuant to Article 123-*bis*, paragraph 1a) of the TUF)

The share capital results as subscribed and paid-in for Euro 50,046,395.20, consisting of 250,231,976 ordinary shares without nominal value.

The extraordinary Shareholders' Meeting of October 1, 2013 resolved to grant the Board of Directors, pursuant to Article 2443 of the Italian Civil Code, the possibility to increase the Company's share capital in one or more tranches within the maximum term of five years from the effective date of the resolution, established as of December 16, 2013, by an amount of up to Euro 1,500,000 nominal value, with the exclusion of the option right pursuant to paragraphs 5, 6 and 8 of Article 2441 of the Italian Civil Code, to be used to service one or more incentive plans in favour of the directors, employees and collaborators of the Company and/or its subsidiaries (the **"2013 Delegated Powers"**).

In partial implementation of the 2013 Delegated Powers, the Board of Directors, in the meeting held on February 28, 2014:

- (i) resolved to increase the Company's share capital, in tranches, by payment by and no later than October 15, 2018, by an amount of up to Euro 1,006,000, through the issue, in one or more tranches, of a maximum of 5,030,000 ordinary shares without nominal value, having the same features as the ordinary shares outstanding at the issue date, with normal dividend rights, excluding the option right pursuant to paragraphs 5, 6 and 8 of Article 2441 of the Italian Civil Code, to be reserved for subscription by the beneficiaries of the stock option plan called "Stock option Plan 2014-2018 Top Management and Key People" approved by the Ordinary Shareholders' Meeting held on February 28, 2014 (the **"Top Management Stock Option Plan"**), at an issue price of Euro 10.20 per share, of which Euro 0.20 as share capital and Euro 10 as share premium;
- (ii) resolved to increase the Company's share capital, in tranches, by payment by and no later than October 15, 2018, by an amount not exceeding Euro 105,000, through the issue, in one or more tranches, of a maximum of 525,000 ordinary shares without nominal value, having the same features as the ordinary shares outstanding at the issue date, with normal dividend rights, excluding the option right pursuant to paragraphs 5, 6 and 8 of Article 2441 of the Italian Civil

Code, to be reserved for subscription by the beneficiaries of the stock option plan called “Stock Option Plan 2014-2018 Italian Corporate Structures” approved by the ordinary Shareholders’ Meeting held on February 28, 2014 (the “**Employees’ Stock Option Plan**”), at an issue price of Euro 10.20 per share, Euro 0.20 of which Euro 0.20 as share capital and Euro 10 as share premium.

For further details on the Top Management Stock Option Plan and the Employees’ Stock Option Plan please see the information documents prepared pursuant to Article 84-*bis* of the Issuers’ Regulation and also in the report on remuneration prepared pursuant to Article 123-*ter* of the TUF (the “**Report on Remuneration**”), published on the Company’s website [www.monclergroup.com](http://www.monclergroup.com), in section Governance.

The extraordinary Shareholders’ Meeting of April 23, 2015:

- (i) revoked the 2013 Delegated Powers for the not executed part and the previous resolutions to increase share capital approved by the Board of Directors on February 28, 2014, in partial execution of the 2013 Delegated Powers, in service of the Top Management Stock Option Plan and the Employees’ Stock Option Plan. Consequently: (a) the maximum amount of the share capital increase in service of the Top Management Stock Option Plan is limited to a nominal value of Euro 911,000.00, to be executed by issuing up to 4,555,000 ordinary shares without indication of the nominal value; and (b) the maximum amount of the share capital increase in service of the Employees’ Stock Option Plan is limited to a nominal value of Euro 79,354.20, to be executed by issuing up to 396,771 ordinary shares without indication of the nominal value.

In that regard, as of the date of this Report, the Company issued an aggregate amount of 250,231,976 shares, without indication of the nominal value in service of the “Top Management & Key People” Stock Option Plan and the Employees’ Stock Option Plan, for an aggregate nominal amount of Euro 50,046,395.20;

- (ii) approved the stock option plan “2015 Performance Stock Option Plan” (the “**2015 Performance Stock Option Plan**”) and resolved to increase, in tranches and upon payment, by the deadline of June 30, 2022, the Company's share capital for a maximum nominal amount of Euro 509,645, by issuing, also in tranches, a maximum of 2,548,225 ordinary shares, with no indication of nominal value, having the same characteristics as the ordinary shares in circulation at the issuing date, with ordinary rights, excluding the option rights pursuant to Article 2441, paragraph 4, second sentence, of the Italian Civil Code, to be subscribed by the beneficiaries of the 2015 Performance Stock Option Plan at an issue price equal to the arithmetic average of the prices of the Company's shares on the Official List (*Mercato Telematico Azionario*) organized and managed by *Borsa Italiana*, the Italian stock exchange (the “**Italian Stock Exchange**”) during the thirty days preceding the meeting of the Board of Directors who shall make the attribution of stock options to beneficiaries of this stock option plan and determines the number of options granted to each of them. The following Board of Directors on March 3, 2016 resolved that in service of the 2015 Performance Stock Option Plan may be used also the Company’s own shares in addition to those resulting from the capital increase resolved for the purposes of the Plan itself.

Therefore, the extraordinary Shareholders’ Meeting of April 20, 2016 revoked the capital increase approved on April 23, 2015 with reference to the part where it is not necessary for the beneficiaries of the 2015 Performance Stock Option Plan to comply with the options assigned on April 20, 2016. Without prejudice to any other condition, the mentioned share capital increase shall regard the issuance of maximum no. 1,375,000 ordinary shares.

For further details on the 2015 Performance Stock Option Plan please see the information document prepared pursuant to Article 84-*bis* of the Issuers' Regulation and also in the Report on Remuneration prepared pursuant to Article 123-*ter* of the TUF, published on the Company's website [www.monclergroup.com](http://www.monclergroup.com), in section Governance.

In addition, the extraordinary Shareholders' Meeting of April 20, 2016 grants to the Directors the power to increase the share capital for five years starting with April 20, 2016, in service of the implementation of the incentive and loyalty plan named "2016-2018 Performance Shares Plan" up to a maximum of Euro 760,000.00, through the issuance of maximum of 3,800,000 new ordinary shares par value, having the same characteristics of the ones into circulation, regular dividend rights, at an issuance price equal to the accounting par value of the Moncler shares at the execution date of the subject matter power, through the assignment of the corresponding share of profits and/or reserves of profits as resulting in the last financial statements approved pursuant to Article 2349 of the Italian Civil Code, at the terms, with the modalities and, at the conditions provided under the same Plan.

For any further information on the 2016-2018 Performance Shares Plan, please see the information document prepared pursuant to Article 84-*bis* of the Issuers' Regulation and also in the Report on Remuneration prepared pursuant to Article 123-*ter* of the TUF, published on the Company's website [www.monclergroup.com](http://www.monclergroup.com), in section Governance.

#### **b) Restrictions on the transfer of securities (pursuant to Article 123-*bis*, paragraph 1b) of the TUF)**

There are no restrictions on the free transfer of the Shares nor limits on the ownership of such, nor are there any consent clauses for becoming a shareholder pursuant to law or the By-laws.

For completeness, it is here noted that the shareholders' agreement relating to Moncler, as amended several times during the 2016 financial year (the "**Shareholders' Agreement**") currently in force, to which (i) Ruffini Partecipazioni S.r.l., which on August 1, 2016 changed its name to "Ruffini Partecipazioni Holding S.r.l." ("**RPH**"), (ii) a subsidiary of RPH which on August 3, 2016 changed its name to "Ruffini Partecipazioni S.r.l." ("**Ruffini Partecipazioni**") and (iii) ECIP M S.A. ("**ECIP M**") are party, prescribes, *inter alia*, certain restrictions on the circulation of the Company's shares consisting of a co-sale right and the sale of the Moncler shares on the market, within specified limits, for stabilisation purposes, as described below on paragraph g) *Shareholders' Agreements*.

Further details may be found in the abstract from the Shareholders' Agreement notified to Consob pursuant to Article 122 of the TUF, which may be consulted in the "Issuers" section of the Consob website [www.consob.it](http://www.consob.it).

#### **c) Significant direct and indirect holdings (pursuant to Article 123-*bis*, paragraph 1c) of the TUF)**

Significant direct or indirect holdings in Moncler's share capital are stated in **Table 1** in the appendix, which has been prepared on the basis of the notifications received by the Company pursuant to Article 120 of the TUF up to the date of this Report.

#### **d) Securities with any special rights (pursuant to Article 123-*bis*, paragraph 1d) of the TUF)**

No shares granting special control rights have been issued, nor are there any holders of special powers pursuant to the law or By-laws currently in force.



**e) Employee share schemes: mechanism for the exercise of voting rights (pursuant to Article 123-bis, paragraph 1e) of the TUF)**

Employees' Stock Option Plan

On February 28, 2014, the ordinary Shareholders' Meeting approved the Employees' Stock Option Plan reserved for employees of Moncler's Italian Corporate Structures and its subsidiaries registered in Italy pursuant to Article 93 of the TUF (the "**Italian Subsidiaries**").

The Employees' Stock Option Plan provides for the free allocation of options to the employees of Moncler's Italian Corporate Structures and the Italian Subsidiaries, as identified by the Board of Directors with the favourable opinion of the Nomination and Remuneration Committee, which grant the right to subscribe ordinary shares in the ratio of one share for each option exercised at a price of Euro 10.20. The Employees' Stock Option Plan provides for the allocation of a total of 525,000 options and expires on September 30, 2018.

The Employees' Stock Option Plan does not include any mechanisms excluding or limiting the direct exercising by the beneficiaries of the voting rights relating to the ordinary shares subscribed on exercising the options granted to them.

Full details of the Employees' Stock Option Plan may be found in the information document prepared pursuant to Article 84-*bis* of the Issuers' Regulation and the Report on Remuneration prepared pursuant to Article 123-*ter* of the TUF, published in the *Governance* section of the Company's website [www.monclergroup.com](http://www.monclergroup.com).

\* \* \*

2015 Performance Stock Option Plan

On April 23, 2015, the ordinary Shareholders' Meeting approved the Performance Stock Option Plan dedicated to executive Directors, key management personnel, employees, collaborators and consultants of Moncler and of the companies controlled by the latter pursuant to Article 93 of the TUF (the "**Controlled Companies**").

The 2015 Performance Stock Option Plan provides for the assignment free of charge to executive Directors, key management personnel, employees, collaborators and consultants of Moncler and of the Controlled Companies, identified by the Board of Directors, having heard the opinion of the Nomination and Remuneration Committee, of options that give the right to subscribe for ordinary shares, in the ratio of no. 1 (one) ordinary share for each no. 1 exercised option. The exercise price of the shares shall be equal to the arithmetic average of the prices of the Company's shares on the Italian Stock Exchange during the thirty days preceding the date on which was made the attribution of stock options to beneficiaries. The 2015 Performance Stock Option Plan provides for the allocation of a maximum of 2,548,225 options and expires on June 30, 2022.

The 2015 Performance Stock Option Plan does not provide for mechanisms that exclude or limit the direct exercise by the beneficiaries of the voting rights relating to the ordinary shares subscribed in exercise of the options granted to them.

For further details on the 2015 Performance Stock Option Plan please see the information document prepared pursuant to Article 84-*bis* of the Issuers' Regulation and also in the Report on Remuneration prepared pursuant to Article 123-*ter* of the TUF, published on the Company's website [www.monclergroup.com](http://www.monclergroup.com), in section Governance.

\* \* \*

### 2016 - 2018 Performance Shares Plan

On April 20, 2016, the ordinary Shareholders' Meeting approved the 2016 - 2018 Performance Shares Plan available only to the executive directors, the key-managers, the employees and the collaborators, including external consultants, of Moncler and the Controlled Companies, identified by the Board of Directors, having consulted with the Nomination and Remuneration Committee. The Plan concerns the granting of "Moncler Rights" which give the right, upon meeting the performance targets, to the free allocation of one (1) share per each Right granted.

Pursuant to the 2016 - 2018 Performance Shares Plan, the exercise of the Moncler Rights granted to the relevant beneficiaries to the expiry of a 3-year vesting period and to the meeting of specific performance targets linked to the Moncler Group's consolidated earnings per share ("**EPS**") of the reference vesting period.

The 2016 - 2018 Performance Shares Plan does not provide for mechanisms which exclude or restrict the direct limit from the beneficiaries of the voting rights connected to the ordinary rights subscribed in the exercise of the assigned options.

For any further information on the 2016-2018 Performance Shares Plan, reference can be made to the information memorandum drafted pursuant to Article 84-*bis* of the Issuers' Regulation, published on the Company's website [www.monclergroup.com](http://www.monclergroup.com) in Section "Governance/Incentive Plan, as well as on the centralized stocking information centre named "1Info".

#### **f) Restrictions on voting rights (pursuant to Article 123-bis, paragraph 1f) of the TUF)**

There are no restrictions on voting rights

#### **g) Shareholders' agreements (pursuant to Article 123-bis, paragraph 1g) of the TUF)**

The Company is aware of the Shareholders' Agreement (described in paragraph 2 b above) relevant for the purposes of Article 122 del TUF, entered into on December 16, 2013 by and between Ruffini Partecipazioni S.r.l., ECIP M and CEP III Partecipazioni S.à.r.l. ("**CEP III**"), lodged with the Milan Companies' Registrar on December 18, 2013 and notified to the Issuer and published.

On October 30, 2014 and, afterwards, on May 19, 2015 an abstract of the Shareholders' Agreement, updated as a result of the divestiture (i) by CEP III of its entire shareholding in the Company, equal to 17,826,828 shares and representing the 7.131% of the Company's share capital, and the consequent termination with respect to CEP III of the obligations and rights provided by the same Shareholders' Agreement, and (ii) by ECIP M of no. 19,000,000 ordinary shares of the Company, equal to circa 7.8% of Moncler's share capital, has been lodged with the Milan Companies' Registrar and an abstract of it is published and may be consulted on the "Issuers" section of the Consob website [www.consob.it](http://www.consob.it).

On July 12, 2016, Mr. Remo Ruffini, Ruffini Partecipazioni S.r.l. and ECIP M amended the duration of the Shareholders' Agreement, in order to avoid that the Shareholders' Agreement was automatically renewed upon expiration on October 15, 2016.

On August 1, 2016, Ruffini Partecipazioni S.r.l. changed its name to Ruffini Partecipazioni Holding S.r.l. ("**RPH**").

On August 3, 2016, RPH (i) transferred to a newly created company fully held (which became Ruffini Partecipazioni) its whole Moncler shareholding, which consists of no. 66,921,551 ordinary shares of Moncler and (ii) transferred to Acamar S.r.l. and Venezia Investments Pte Ltd. a shareholding of, respectively, 22.182% and 2.218% of the Ruffini Partecipazioni share capital, which is still under the RPH control.

On September 5, 2016: (i) the Ruffini Partecipazioni, as a transferee of the n. 66,921,551 ordinary shares mentioned above, Moncler joined the Shareholders' Agreement and thus committed itself to observe the provisions of the Shareholders' Agreement only with reference to the provisions and obligations previously applicable to RPH; (ii) also Mr. Remo Ruffini (controlling shareholder of RPH) and Mr. Juan Carlos Torres Carretero (as controlling shareholder of Acamar S.r.l.), entered into the Shareholders' Agreement pledging to observe the provisions within the limits of the obligations pertaining to them.

On September 16, 2016, the parties amended the Shareholders' Agreement in order to set a meeting of the Board of Directors on October 31, 2016, as the date on which it has been the resignation of one of the current members of the Board of Directors of Moncler, in order to propose the appointment of Mr. Juan Carlos Torres Carretero as a member of the Board of Directors to replace the outgoing director.

On September 23, 2016, ECIP M sold, in compliance with the methods of disposal of the Company's shares under the Shareholders' Agreement, no. 15,000,000 shares of the Company, representing approximately 6% of the share capital, through an accelerated bookbuilding procedure addressed to institutional investors, the settlement of which took place on September 27, 2016. As a result, ECIP M holds no. 23,836,577 shares of the Company, equal to 9.528% of the share capital.

As a result of such transactions, RPH holds through Ruffini Partecipazioni no. 66,921,551 ordinary shares of the Company, conferred in the Shareholders' Agreement, equal to circa 26.753% of the share capital of Moncler and ECIP M holds no. 23,836,577 ordinary shares of the Company, conferred in the Shareholders' Agreement, equal to circa 9.528% of the share capital of Moncler.

#### **h) Change of control clauses (pursuant to Article 123-bis, paragraph 1h) of the TUF) and provisions on public tender offers in the By-laws (pursuant to Article 104, paragraph 1-ter and Article 104-bis paragraph 1 of the TUF)**

Moncler and its subsidiary Industries S.p.A., are parties within their ordinary activity, of certain agreements for commercial lease and joint venture, which provide for, as customary negotiation practice for similar agreements, clauses which, if applied, may grant to each party the right to solve or amend such agreements in case of a change of control of such parties.

The By-laws do not derogate from the application of the passivity rule within the meaning of Article 104 paragraph 1 and 1-bis of the TUF and do not prescribe the application of the neutralisation rules contemplated by Article 104-bis, paragraphs 2 and 3 of the TUF.

#### **i) Delegated powers to increase share capital and authorisations to purchase treasury shares (pursuant to Article 123-bis, paragraph 1m) of the TUF)**

##### *Delegated Powers to increase the share capital*

In addition to the 2013 **Delegated Powers**, described in the previous paragraph 2 a), partially executed by the Board of Directors before their revocation by the Shareholders' Meeting of April 23, 2015, the extraordinary Shareholders' Meeting of April 20, 2016 grants to the Directors the power to increase the share capital for five years starting with April 20, 2016, in service of the implementation of the incentive and loyalty plan named "2016-2018 Performance Shares Plan" up to a maximum of Euro 760,000.00, through

the issuance of maximum of 3,800,000 new ordinary shares par value, having the same characteristics of the ones into circulation, regular dividend rights, at an issuance price equal to the accounting par value of the Moncler shares at the execution date of the subject matter power, through the assignment of the corresponding share of profits and/or reserves of profits as resulting in the last financial statements approved pursuant to Article 2349 of the Italian Civil Code, at the terms, with the modalities and, at the conditions provided under the same Plan.

Please note that pursuant to Article 7 of the By-laws, the Company may issue equity financial instruments, but the Shareholders' Meeting did not grant any power to the Board of Directors.

#### *Purchase and disposition of treasury shares*

The ordinary Shareholders' Meeting of April 20, 2016, subject to revocation - for the non-executed part - of the purchase and disposal of ordinary shares of the Company granted by resolution adopted on April 23, 2015 resolved to authorize (i) the purchase of treasury shares for a period of 18 months as of April 20, 2016 and (ii) the disposition of treasury shares, without time limits and according to terms and conditions included in the resolution approved by the Board of Directors of March 3, 2016, in compliance with the requirements of Article 2357 of the Italian Civil Code, Article 132 of the TUF and Regulation EU no. 596/2014 and in accordance with market practice as per Article 180, paragraph 1c) of the TUF. Purchases must abide by a minimum and maximum price with respect to the stock exchange price of Moncler shares, determined in accordance with the criteria described in detail in the resolution of the Shareholders' Meeting.

On February 2, 2016, the Company, in accordance with the shareholders' resolution of April 23, 2015, started the share buyback program, which was completed on February 12, 2016. Following the execution of this program to purchase treasury shares, at the date of this Report, the Company purchased a total of no. 1,000,000 treasury shares, representing 0.4% of the share capital of Moncler.

#### **1) Management and coordination (pursuant to Articles 2497 et seq. of the Italian Civil Code)**

The Company is not subject to management and coordination and is the parent company of the Moncler Group.

As discussed in paragraph 1 above, the Company exercises management and coordination, pursuant to article 2497 and subsequent of the Italian Civil Code, over the Italian companies belonging to the Moncler Group and its direct and indirect subsidiaries by setting out their medium-long term strategies in terms of economic and financial results, business and investment targets and selling and marketing policies. More generally, as the parent the Company directs corporate and Group strategies, is the owner of the Moncler brand, for which it determines the Moncler Group's brand management policies, and establishes the Group's activities with respect to communication and marketing strategies, starting with the presentation of new collections and going through to retail and wholesale sales activities.

\* \* \*

In conclusion, it is hereby stated that:

- the information required by Article 123-bis, paragraph 1i) of the TUF regarding “*agreements between the company and the directors ..... which provide for an indemnity in the event of resignation or dismissal without just cause or if their employment relationship ceases as the result of a public tender offer*” can be found in the Remuneration Report prepared and published pursuant to Article 123-ter of the TUF;

- the information required by Article 123-bis, paragraph 1l) of the TUF regarding “*the rules applicable to the appointment and replacement of directors (...) as well as amendments to the by-laws, if different from the legislative and regulatory rules applicable by way of supplement*” is described in section 4.1 of this Report on the Board of Directors.

### 3. COMPLIANCE

Moncler adheres to the Corporate Governance Code which is accessible to the public on the website of the Corporate Governance Committee on the page:

<http://www.borsaitaliana.it/borsaitaliana/regolamenti/corporategovernance/code2015.en.pdf>

In this Report - based on the principle of “*comply or explain*” which underlies the Corporate Governance Code and in line with EU Recommendation no. 208/2014 – reference is made to any and all recommendations the Company (up to date) has deemed not yet to comply with, either wholly or partially.

Neither the Company nor its subsidiaries are subject to non-Italian laws which might affect Moncler’s corporate governance structure.

### 4. BOARD OF DIRECTORS

#### 4.1. APPOINTMENT AND REPLACEMENT (pursuant to Article 123-bis, paragraph 1l) of the TUF)

The appointment and replacement of directors are governed by current legislation, as transposed and supplemented, within the limits permitted, by the By-laws, in compliance with the provisions of the Code.

Pursuant to Article 13 of the By-laws, the Company is managed by a Board of Directors consisting of either 11 or 13 members. The Shareholders’ Meeting sets the number within the above limits before appointing this body. Directors are appointed for a term of three financial years, or for a different period which in any case may not exceed three financial years, that is established on appointment, and may be re-elected.

Directors must hold the requirements established by the law, by the By-laws and by any other applicable provisions in order to hold office as Director.

The provisions of the By-laws which govern the composition and appointment of the Board of Directors enable the requirements of the law as per Article 147-ter of the TUF and the relative implementation regulations to be met, as summarised in the following.

More specifically, Article 13.3 of the By-laws establishes that in compliance with the rules in effect from time to time pertaining to gender balance, directors shall be appointed by the Shareholders’ Meeting on the basis of lists submitted by shareholders in compliance with the legal and regulatory provisions in effect from time to time, on which candidates, no more than 13 in number and possessing the requisites provided for by the legal and regulatory provisions in effect from time to time, are to be listed with an assigned sequential number.

The Board of Directors of the Company in charge at the date of this Report is compliant with the discipline provided by the Law no. 120/2011, regarding the balance between genders, since a proportion of at least one fifth of the directors elected has been reserved to the less represented gender.



At least three directors holding the independence requirements established by the law or regulatory provisions must be members of the Board of Directors. Each list must indicate which candidates hold the independence requirements established by the law or regulatory provisions in effect from time to time. Independent candidates on each list must be stated at the numbers 2, 4 and 8 of the list, with the non-independent candidates. The lists must be lodged at the Company's registered office and published in accordance with current laws and regulations. Lists with three or more candidates must be made up of candidates belonging to both genders, so that at least one third (rounded up) of the candidates belongs to the less well represented gender.

Each shareholder may submit, or participate in the submission of, one and only list and each candidate may be presented in only one list, under penalty of ineligibility.

Pursuant to Article 13.3 of the By-laws, lists may be submitted only by shareholders that, alone or together with others, own shares representing at least 2.5% of the capital or such different percentage of participation in the share capital as established by the legal and regulatory provisions in effect from time to time. In this respect, the participation threshold has been recently established by Consob for Moncler pursuant to Article 144-*quater* of the Issuers' Regulation by way of Resolution no. 19856 of January 25, 2017 is 1%.

By the deadlines set by the legal and regulatory provisions in force from time to time, declarations are to be filed along with each list wherein the individual candidates accept their candidacies and declare, under their own responsibility, that no cause of ineligibility or incompatibility exists and that they possess the requisites prescribed by the laws and regulations in effect for the respective positions.

Together with the declarations, *curriculum vitae* are to be filed relating to each candidate's personal and professional characteristics, indicating the candidate's potential suitability to be classified as independent, within the meaning of the legal and regulatory provisions in effect and the codes of behaviour relating to corporate governance that may have been adopted by the Company.

Lists for which the aforesaid provisions have not been complied with are to be deemed not to have been submitted. Directors who have been appointed are to inform the Board of Directors without delay of the loss of the requisites of independence, as well as of any supervening causes of ineligibility or incompatibility.

Each person entitled to vote may vote for only one list.

When the voting ends, the candidates from the two lists which received the greatest number of votes shall be elected, using the following criteria:

- (a) directors equal in number to the total number of members to be elected, less one, shall be drawn from the list which received a majority of the votes cast, in the sequential order in which they are included on that list;
- (b) the remaining director shall be drawn from the list receiving the second greatest number of votes at the Shareholders' Meeting ("minority list") that is not linked in any way, even indirectly, to those who submitted or voted for the list which came first in terms of number of votes.

In the event of a tied vote for lists a new vote shall be taken by the entire Shareholders' Meeting, with those candidates being elected who obtain a simple majority of the votes.

If, when the voting ends, a sufficient number of directors has not been elected holding the requisites of independence provided for by the legal and regulatory provisions in effect, the candidate not holding

such requisites who was elected last in sequential order from the list which received the greatest number of votes shall be excluded and replaced by the subsequent candidate having the requisites of independence drawn from the same list as the candidate excluded. Such procedure, if necessary, shall be repeated until the number of independent directors to be elected is completed. If, in addition, the candidates elected under the procedures indicated above do not ensure a composition of the Board of Directors that conforms to the gender balance regulations in effect from time to time, the candidate of the more represented gender elected last in sequential order from the list which received the greatest number of votes shall be replaced by the first candidate of the less well represented gender not elected of the same list in sequential order.

This substitution procedure is followed until a Board of Directors composition is ensured that conforms to the gender balance rules in effect from time to time. Finally, if said procedure does not ensure the result just indicated, the replacement shall be made by a resolution passed by the Shareholders' Meeting by a relative majority, after candidacies by persons belonging to the less well represented gender have been submitted.

In the event a single list is submitted, the directors shall be drawn from the list submitted, provided that it has been approved by simple majority vote. If the directors thereby elected do not correspond in number to that of the members of the Board determined by the Shareholders' Meeting or in the event that no list was submitted or in the event that the list submitted does not permit the appointment of independent directors in compliance with the legal and regulatory provisions in effect, the Shareholders' Meeting shall pass resolutions with the statutory majorities; all of which without prejudice to compliance with the gender balance regulations in effect from time to time.

The list voting procedure applies only in case of the appointment of the entire Board of Directors.

If during the course of the year one or more directors should come to leave office, the procedures of Article 2386 of the Italian Civil Code are to be followed. If one or more of the Directors leaving office were drawn from a list also containing the names of candidates not elected, the substitution shall be made through the appointment, in sequential order, of persons drawn from the list to which the departing director belonged and who are still eligible and disposed to accept the position or, in the absence or unavailability of such candidates on the list, by the appointment of another candidate indicated by the directors drawn from the list to which the departing director belonged. In any event, directors leaving office are to be replaced while assuring the presence of the necessary number of directors holding the requisites of independence established by law and in compliance with the gender balance regulations in effect from time to time.

The By-laws do not prescribe independent requirements in addition to those required by Article 148, paragraph 3 of the TUF, nor any integrity requirements other than those required by current law. The By-laws do not contain any professional requirements for holding a position as Director.

The Company is not required to comply with any other provisions regarding the composition of the Board of Directors in addition to those established by the Italian Civil Code and TUF.

In accordance with the market practice, the Board of Directors elected on April 20, 2016, after an investigation made by the Nomination and Remuneration Committee, adopted on February 28, 2017 a leadership continuity plan aimed at ensuring the stability of the corporate governance of the Company and the continuity of the operational management of the Group in case of early termination of the Managing Director, prior to the normal expiry of the office.

#### **4.2. COMPOSITION (pursuant to Article 123-*bis*, paragraph 2d) of the TUF)**

Taking account of the matters included in the Shareholders' Agreement, the Ordinary Shareholders' Meeting of April 20, 2016 appointed until the approval of the Company's annual financial statements for the year ending on December 31, 2018, the Board of Directors currently in office consisting of 11 members, including 6 directors holding the independence requirements laid down by the combined requirements of Article 147-ter, paragraph 4 and Article 148, paragraph 3 of the TUF, as well as those of Article 3 of the Corporate Governance Code.

The Director Vivianne Akriche resigned from her office, in execution of the Shareholders' Agreement, on October 25, 2016. As a result of these resignations, the Board of Directors appointed by co-optation, in accordance with Article 2386 of the Italian Civil Code, on November 8, 2016 Juan Carlos Torres Carretero.

The current members of the Board of Directors are as follows:

First and last name	Position
Remo Ruffini	Chairman of the Board of Directors and Chief Executive Officer
Virgine Sarah Sandrine Morgon <sup>(c)(e)</sup>	Deputy Chairman of the Board of Directors
Nerio Alessandri <sup>(a)(b)(e)</sup>	Independent Director
Juan Carlos Torres Carretero <sup>(e)</sup>	Director
Luciano Santel	Executive Director
Sergio Buongiovanni	Executive Director and Director in charge of the Internal Audit and Risk Management System
Marco Diego De Benedetti <sup>(a)(b)(c)(d)(e)</sup>	Independent Director and Lead Independent Director
Gabriele Galateri di Genola <sup>(a)(b)(d)(e)</sup>	Independent Director
Diva Moriani <sup>(a)(b)(c)(e)</sup>	Independent Director
Stephanie Phair <sup>(a)(b)(e)</sup>	Independent Director
Guido Pianaroli <sup>(a)(b)</sup>	Independent Director

(a) Director who meets the independence requirements pursuant to the Corporate Governance Code.

(b) Director who meets the independence requirements pursuant to the TUF.

(c) Member of the Nomination and Remuneration Committee.

(d) Member of the Control, Risks and Sustainability Committee.

(e) Non-Executive Director

Reference should be made to **Table 2** in the appendix for details of the composition of the Board of Directors.

Set out below is a brief profile of each Director in office with an indication of his or her main personal and professional characteristics.

**Remo Ruffini** – Born in Como on August 27, 1961, Remo Ruffini lives with his family between Como and Milan, where he works. His training took place in Italy and the United States, where, even before finishing his studies, he began his professional experience in the world of fashion by assisting his father Gianfranco. Returning to Italy in 1984, Remo Ruffini founded New England, initially a men's shirt factory which later turned to total look sportswear, supported by a steady growth of sales and the expansion of distribution in European, American and Japanese territory. In 1993 Ruffini created Ingrose, a highly successful women's collection. In 2003 he acquired the Moncler brand, becoming shareholder and Chairman of the company of the same name. Thanks to a strong strategic vision, in the ensuing ten years he developed his "global down jacket" project, concluding numerous projects and becoming a global player in the sector.

**Virginie Sarah Sandrine Morgon** – Born in Tassin-la-Demi-Lune, France on November 26, 1969, Virginie Morgon took her degree in 1990 in Economics and Finance at the Institut d'Etudes Politiques in Paris and later earned a Masters in Economics and Management at the Università Commerciale Luigi Bocconi in Milan. For over 15 years she worked as an investment banker at Lazard in London, New York and Paris, taking on ever greater responsibilities, among which, starting in 1992, that of European head of the food, retail and consumer goods sector, until in 2000 she became a managing partner of Lazard, a position she held until 2007. In 2008 Virginie Morgon entered Eurazeo as a member of the executive committee, becoming Chief Investment Officer in December 2012 and Vice Chairman in March 2014. She is a member of the Board of Directors of Accor as well as Chairman of the Supervisory Body of Eurazeo PME and member of the Supervisory Body of Elis. Virginie Morgon is also member of the Board of Directors of L'Oréal and member of the Supervisory Body of Vivendi.

**Nerio Alessandri** – Born in Gatteo (FC) on April 8, 1961 and trained as an industrial designer, in 1983 Nerio Alessandri founded Technogym S.p.A., a leader in products and services for wellness, fitness and rehabilitation. In 2001 he was named a *Cavaliere del Lavoro*, while in 2004 the Faculty of Motor Sciences of the University of Urbino and in 2005 the Faculty of Engineering of the University of Bologna granted him honorary degrees. His qualities as an entrepreneur have earned him a number of awards and honours, both national and international, including the Premio Guido Carli for corporate social responsibility. A member of the Board of Directors of Confindustria since 2004, he currently holds the posts of Chairman of the Board of Directors of Technogym S.p.A. and Wellness Holding S.r.l., Sole Director of Oiren S.r.l. and Duke S.r.l., and Director of Enervit S.p.A., LQH S.r.l. and Nextrend S.r.l..

**Juan Carlos Torres Carretero** – Born in Burgos, Spain, on February 2, 1949, Juan Carlos Torres Carretero graduated in Physics at Universidad Complutense de Madrid and a Master in Management from MIT's Sloan School of Management. After many years of private equity and senior management operating experience, he joined as a partner Advent International in Boston. From 1991 to 1995 he has been Partner at Advent International in Madrid, while since 1995 he is Managing Director and Senior Partner in charge of Advent International Corporation's investment activities in Latin America. He is currently member of the Board of the following companies: Dufry AG, Latin American Airport Holding Ltd., Aeropuertos Dominicanos Siglo XXI, S.A., TCP Participações S.A., InverCap Holdings, S.A. de C.V., Grupo Biotoscana, S.L.U.

**Luciano Santel** – Born in Venice, on October 12, 1956, Luciano Santel took a degree in Business Administration at Università Ca' Foscari di Venezia, then he worked in international audit companies, as Ernst & Young and Arthur Andersen. He worked as Finance Director at IVG and then at Rossignol group. In 1996, he became Chief Operating Officer of Retail Brand Alliance (already Casual Corner group Inc.), where he has been until 1999 when he joined Luxottica as Vice President Group International Development. From 2001 to 2009 he has been Chief Corporate Officer at Geox S.p.A., while in 2009 he became Chief Executive Officer in Stefanel S.p.A.. Since 2013 he is Chief Corporate Officer of Moncler S.p.A. and Managing Director of Industries S.p.A.. In addition, since 2015, he is also Independent Director of Luxottica Group S.p.A..

**Sergio Buongiovanni** – Born in Milan on April 29, 1962, Sergio Buongiovanni graduated in 1987 in Economics and Business at the Università Commerciale Luigi Bocconi in Milan. He began his professional career in Milan at KPMG as auditor and after a three-year experience at Pa.fin (Milan) in the post of Venture Capital Activities Supervisor, from 1996 to 2008 was Managing Director of Marina Yachting S.p.A. (then merged into the Company) and of Best Company S.r.l.. Since 1998 he has been working in Industries S.p.A. (a Moncler Group company), initially as Director of Operations then as CFO and Director (from 2000 to 2004), while from 2004 to October 2013 he was Managing Director with responsibility for the administration, finance and management control area and the IT, personnel and logistics areas. From 2008 to October 2013 Mr. Buongiovanni was also an authorised officer with responsibility for the Company's finance area. In addition he holds the post of Chairman of the Board of Directors of Moncler Enfant, again from 2008. The company Goodjohn & Co. S.r.l., entirely controlled by Mr. Buongiovanni, is a shareholder of Moncler with a participation equal to the 0.27% of the Company's shares.

**Marco Diego De Benedetti** – Born in Turin on September 9, 1962, Marco Diego De Benedetti received a degree in Economics from Wesleyan University of Middletown, Connecticut, USA in 1984 and subsequently, in 1987, a Master in Business Administration from the Wharton Business School in Philadelphia, Pennsylvania. From 1998 to 2005 he held the post of Chief Executive Officer of TIM S.p.A. and from July to October 2005 was Chief Executive Officer of Telecom Italia S.p.A.. Subsequently, since November 2005, he has been the Managing Director of The Carlyle Group. He currently sits on the Board of Directors, also as Managing Director, of Cofide S.p.A., Marco De Benedetti Consulting S.r.l., CommScope Holding Company, Inc., and NBTY, Inc.. Marco Diego De Benedetti also holds the post of Director of Save the Children Italia Onlus.

**Gabriele Galateri di Genola** - Born in Rome on January 11, 1947, Gabriele Galateri di Genola is married with one daughter. He has been “*Cavaliere del Lavoro*” since May 31, 1999 and was awarded with the prestigious honour of the “*Legion d'Onore*”. He has been the Chairman of Assicurazioni Generali S.p.A. since April 8, 2011. Having graduated with a Master in Business Administration at the Columbia University Business School, he began his professional career in 1971 at the General Directorate of Banco di Roma, firstly as Head of the Financial Analysis Department and subsequently as Head of International Loans Department. In 1974 he joined the Saint Gobain Group firstly as CFO in Italy, then in Paris, where he remained until 1976. In 1977 he joined FIAT S.p.A. where he assumed some offices of increasing responsibility: from Head of North-Centre-South America of the International Finance department to Head of International Finance and, finally, as CFO. In 1986 he was appointed as Chief Executive Officer of Ifil S.p.A and in 1993 he took also the office of Chief Executive Officer and General Director of IFI, which he retained until 2002. In June 2002 he was appointed as the Chief Executive Officer of FIAT S.p.A.. From April 2003 to June 2007 he has been the Chairman of the Board of Directors of Mediobanca S.p.A. and from December 3, 2007 to April 12, 2011 the Chairman of Telecom Italia S.p.A.. He is a non-executive member of the Board of Directors of Lavazza S.p.A., Fondazione Giorgio Cini Onlus and Edenred S.A.. He is the Chairman of Istituto Italiano di Tecnologia, Chairman of the Corporate Governance Committee of Borsa Italiana and he is the Chairman of Fondazione Studium Marcianum, as well as a member of the Board of Overseers of Columbia Business School.

**Diva Moriani** – Born in Arezzo, on October 18, 1968, married with one son. She received a Business Administration degree from Università degli Studi di Firenze. Since 2007 she is Executive Vice chairman of Intek S.p.A., listed holding company of a group of diversified industrial and financial participations with total revenues higher than Euro 2.7 billion and with more than 6,700 employees. She has the following executive roles and/or Board positions in the main companies of the Group. Since September 2014 she has been Chief Executive Officer of KME AG, German holding company of KME Group, global leading player in the copper and copper alloys semi-finished products industry, with 13 manufacturing plants in Europe, China and US. Since 2012 she is Executive Member of KME AG



Vorstand, as executive in charge of M&A activities/strategic international partnerships for Group developments and/or assets portfolio rationalization. Since 2009 she is Supervisory Board member of KME Germany GmbH, German operating company of KME Group. From 2007 to 2012 Chief Executive Officer of I2Capital Partners, a private equity fund sponsored by Intek S.p.A, focused on Special Situations. Since 2011 she is member of the Board of Directors of the listed company Cobra Automotive Technologies S.p.A., company operating in the electronic systems industry (production of black box) and in the telematic services for automotive safety industry, currently under a public tender offer launched by Vodafone. Since 2010 she is member of the Board of Directors of the listed company Ergycapital S.p.A., a company focused on renewable energies and energy saving products. Since 2004 member of the Board of Directors of Dynamo Foundation and member of the Board of Directors of Associazione Dynamo, first Italian Camp of recreational therapy for children with pathologies. Since May 2014, she is also a Member of ENI S.p.A. Board of Directors and member of its Nomination and Compensation Committee.

**Stephanie Phair** – Born in Mexico City, Mexico on August 16, 1978, Stephanie Phair was until 2015 the Chairman of THE OUTNET.COM, the second business under THE NET-A-PORTER Group, which she launched in 2009. Under her leadership, THE OUTNET became the go-to destination for previous season designer fashion, with a curated designer mix, a growing private label business, targeted content and an elevated customer service. In just over 6 years, THE OUTNET became a large scale, distinctive and profitable business, with a global footprint and over 2 million unique visitors a month. As an Executive Board Member of the NET-A-PORTER Group, Stephanie was involved in defining growth, strategy and leading a number of global initiatives for the Group. Previously, she has been in New York, from 1999 to 2009 where she led Business Development and Product for Portero.com, the first pre-owned online luxury marketplace. At American Vogue, Issey Miyake and Siren PR she focused on communications and marketing, building brands, partnerships and business development. She was involved in the launch of the CFDA Vogue Fashion Fund, the yearly Costume Institute Gala and lectured to students at The Parsons School of Design.

**Guido Pianaroli** – Born in Milan, on December 2, 1952, Guido Pianaroli graduated in Business Administration at Università Commerciale Luigi Bocconi in Milan, then he completed a post-degree in Marketing Management at the same university. Mr. Pianaroli started his professional career at Unilever S.p.A. (1980 - 1982), then at Bayer S.p.A. (1982 - 1985), Seagaram (1985 - 1990). After, he has been General Manager of the Italian branch of Estee Lauder S.r.l. between 1990 and 1997, as well Managing Director in Guerlain S.p.A. of the LVMH group. From 2002 he has been Managing Director and General Manager of the Ferrari group, which includes three companies: Ferrari, Surgiva and Segnana, with responsibilities on the international re-launch of some brands .

No member of the Board of Directors has left office since the end of the Financial Year nor have there been any changes in the composition of the Board of Directors.

### **Management and control positions held in other companies, board evaluation and diversities**

In compliance with the recommendations of Article 1 of the Corporate Governance Code, each member of the Board of Directors must take decisions with full knowledge of the facts and by autonomously pursuing the objective of creating value for the shareholders over a medium-long term period, and undertakes to dedicate to the position held in the Company the time required to ensure that he or she diligently performs his or her functions, regardless of any positions held outside the Moncler Group, in the full knowledge of the responsibilities inherent in the position held.

For this purpose every candidate standing for the position as Director assesses in advance, on accepting the position in the Company and regardless of the limits set by laws and regulations regarding the number of positions which may be held, his or her ability to perform the duties assigned with due attention and

effectiveness, with special consideration being given to the overall commitment which may be required by any positions held outside the Moncler Group.

All members of the Board of Directors are furthermore required to promptly notify the Board should they assume any positions as director or statutory auditor in other companies, for the purpose of satisfying the disclosure requirements of applicable laws and regulations.

Within the scope of the board evaluation relating to the Financial Year, performed by the Board of Directors on December 15, 2016 (described in detail in the following paragraph 4.3), the Board availed itself of a questionnaire in which each Director was asked to express its evaluations, comments and suggestions regarding the size, the functioning of the Board of Directors, the Nomination and Compensation Committee and the Control, Risks and Sustainability Committee, taking into account the recommendations of the Corporate Governance Code. The Directors expressed their own assessment and orientations on the maximum number of management and control positions that the same Directors may hold in other listed companies (even foreign), in financial, banking or insurance companies or in other large companies, in compliance with the recommendations contained in Article 1. C. 3. of the Corporate Governance Code. In particular, after the board evaluation, it has been considered compatible with the effective performance of the duties of Director of the Company to hold from two to five offices in case of Executive Director and up to a maximum of eight offices in case of Non-Executive Director. The members of the Board of Directors have skills to satisfy an adequate level of diversity in terms of age, gender and training and professional experience. In this respect, the Board is made up of three Executive Directors and eight Non-Executive Directors, of which six independent: the less represented gender expresses the 27% of the totality of the members of the Board, of which the average age is: (i) between 31 and 40 years for the 9% of the members, between 41 and 50 years for the 18% of the members and older than 50 years for the residual 73%. The diversity of the professional profiles and the training experiences of the Directors (described above) provides to the Board the necessary and adequate competences to manage the Company.

### ***Induction programme***

During the year 2016, the Managers of Moncler Group took regularly part to the meetings of the Board of Directors, whereby the main issues about the business of the Group and the performance of the activities were discussed. Such meetings allowed the participants, including members of the Board of Statutory Auditors, to have accurate knowledge of Moncler operations, as well as of its business dynamics, of the principles of correct risk management and of the relevant legislative and regulatory framework.

### **4.3. ROLE OF THE BOARD OF DIRECTORS (pursuant to Article 123-bis, paragraph 2d) of the TUF)**

During the Financial Year nine Meetings of the Board of Directors were held (with an average duration of about two hours) and four meetings are scheduled for the year 2017 (one of which is held on the date of the present Report).

The effective attendance of each Director to the Board of Directors' Meetings is reported in percentage in Table 2 in the appendix.

The timeliness and completeness of pre-board information are ensured through the involvement of the competent corporate structures, which take care of and coordinate the preparation of the documentation needed from time to time for the specific matters on the agenda. In case where it is not possible to provide in advance the relevant information, the Chairman of the Board of Directors ensures that adequate and precise details are referred during the board meetings.

The Secretariat of the Corporate Affairs Department sends the documentation to the Directors and Statutory Auditors, arranging this with the Chairman in reasonable advance of the date of the meetings and taking suitable account of any need for confidentiality or price sensitive information connected to certain subjects (such as, for instance, projects of particular strategic importance to the business of the Company and on which the Chairman and Chief Executive Officer reports directly to the Board, setting off the consequent process of examination and evaluation by the Board), as well as any urgency to which specific subjects may be liable. By way of practice, notice of 3 days prior to the date of the board meeting is considered reasonable for the despatch of information. This notice period is usually respected.

It is also practice for the Chief Corporate Officer and the manager assigned to drawing up the corporate accounting documents to attend board meetings on the invitation of the Chairman, as well as the key managers and of the other managers of the Company and the Group who are in charge of the functions to which the subjects discussed from time to time by the Board refer, so that they may provide suitable details and explanations to the Directors and Statutory Auditors during the meetings.

The Board of Directors of Moncler is the central body in the Company's corporate governance system and has a primary role in leading and managing the whole Group. In addition to the duties with which it is charged pursuant to law and the By-laws, the Board has exclusive jurisdiction on the most important decisions from an economic and strategic standpoint and in terms of structural effects on operations, meaning those functional to monitoring and directing the Company and the Group and creation of sustainable value in the medium-long period.

It has the power and duty to direct and manage the business, pursuing the objective of maximising the value for the shareholders and stakeholders. To this end, the Board of Directors approves the operations required to achieve the Company's business purpose, other than decisions expressly reserved for by the law or the By-laws to the Shareholders' Meeting. In addition to exercising the powers assigned to it by law, the Shareholders' Meeting has competence to adopt resolutions on the following matters, as per article 19.2 of the By-laws:

- (a) mergers and spin-offs, in the cases provided by law;
- (b) the creation or closing of secondary offices;
- (c) an indication of which directors may represent the Company;
- (d) the reduction of share capital in the event of withdrawal by one or more shareholders;
- (e) the adaptation of the bylaws to legal and regulatory provisions;
- (f) the transfer of the registered office within Italy.

In addition, the following are also reserved for the exclusive competence of the Board of Directors:

- adopting the Company's corporate governance rules and setting the guidelines of the Group's corporate governance;
- approving and monitoring the organisational, administrative and general accounting structure of the Company and its subsidiaries having strategic importance, with particular reference to the internal control system and managing conflicts of interest;
- granting powers to managing directors and withdrawing those powers, setting limits and the means by which they may be exercised; determining the frequency, which may in any case not

be less than on a quarterly basis, with which the delegated bodies must report to the Board on the work performed in exercising the powers granted to them;

- determining the Company's remuneration policies pursuant to Article 123-ter of the TUF, on the basis of the proposals of the Nomination and Remuneration Committee;
- determining the remuneration of Managing Directors and the other Directors having specific duties after reviewing the proposals of the Nomination and Remuneration Committee and after consulting with the Board of Statutory Auditors, as well as allocating the overall compensation due to the members of the Board if the Shareholders' Meeting has not already done so;
- assessing the general performance of operations, paying particular attention to the information received from the delegated bodies and periodically comparing the results achieved with those planned;
- closely examining and providing prior approval of the operations carried out by the Company and its subsidiaries when these operations have significant importance of a strategic or financial nature for the Company or on its results or assets, placing specific emphasis on situations where one or more directors have an interest on their own behalf or on behalf of third parties and, more generally, on related party transactions in accordance with the RPT Regulation and the procedures on related party transactions adopted by the Company in accordance with that regulation;
- setting up and appointing the Nomination and Remuneration Committee and the Control, Risks and Sustainability Committee, the Strategic Committee and any other internal committees with consultative and propositional functions;
- appointing and removing the manager assigned to drawing up the corporate accounting documents in accordance with article 19.4 of the By-laws;
- approving the internal organisational procedures and controls required by applicable laws and regulations and recommended by the Corporate Governance Code (such as, by way or mere example, the related party transaction procedure, the internal procedure for managing and keeping the insider register and the processing of confidential information, the internal dealing procedure, etc.);
- approving the purchase and/or sale of controlling investments in companies or other legal persons, businesses and /or fixed assets having a value, for each individual transaction, equal to or greater than Euro 5,000,000 (five million) or a number of employees equal to or greater than 50; or operations that lead or may lead to a substantial change in business activities;
- approving transactions with related parties to which the Company and/or the companies of the Moncler Group are party, pursuant to laws and regulations in force from time to time, as well as the related party transaction procedures adopted by the Company in compliance with these regulations;
- initiating, amending and terminating contractual relations with executives and key managers who in both cases report directly to the Managing Director;
- purchasing or selling companies or businesses that in aggregate represent in terms of enterprise value, directly or indirectly, 20% or more of the Company's market capitalisation at the date on

which the final contractual documentation relating to the transaction is submitted to the Board of Directors;

- assuming debt that in aggregate, directly or indirectly, exceeds Euro 250 million for an amount of more than Euro 150 million;
- carrying out business reorganisations that have a significant effect on the Group of which the Company forms part, understood globally;
- approving stock option plans and incentive plans in general, pursuant to laws and regulations in force from time to time and respecting the Remuneration Policy adopted by the Company;
- preparing, reviewing and approving the budgets and the strategic, business and financial plans of the Company and the Group;
- taking the following strategic decisions regarding the business:
  - (i) the opening and closing of stores having (a) an annual rent exceeding Euro 2,000,000 (two million) and/or (b) key money exceeding Euro 5,000,000 (five million);
  - (ii) the granting of licences with estimated royalties exceeding Euro 1,000,000 (one million) a year each;
  - (iii) entering distribution agreements with estimated billing exceeding Euro 10,000,000 (ten million) a year each;
- making investments or divestments not forecast in the budget for amounts exceeding Euro 2,000,000.00 (two million);
- performing any act of disposition or purchase of patents, trademarks, distinctive signs, copyright or any other title to industrial property;
- entering consultancy agreements for amounts exceeding Euro 500,000.00 (five hundred thousand/00) a year each, as well as any consultancy agreements having a term exceeding 36 (thirty six) months whatever the amount;
- issuing guarantees exceeding in total exceeding Euro 2,000,000.00 (two million/00) for each financial year.

\* \* \*

As regards the transactions of the Company or its subsidiaries which are of significant strategic or financial importance to the Company or have significant importance as far as its results or assets are concerned, as stated above such transactions are reserved for the exclusive competence of the Board of Directors, which applies the above-mentioned general criteria and limits

In compliance with the recommendations contained in Article 1.C.1 letter e) of the Corporate Governance Code and the provisions in Article 19.3 of the By-laws, the Managing Director reported to the Board of Directors and the Board of Statutory Auditors on the general performance of operations, during each of the meetings of the Board of Directors, held during the Financial Year and, namely, on March 3, May 10, July 27, November 8 and December 15, 2016. Therefore, the Board of Directors has constantly evaluated and monitored the general performance of operations, taking into account the



information provided by the Managing Director and periodically comparing the results achieved with those planned on the basis of the strategic, industrial and financial plans of the Company.

During the Financial Year, on March 3, 2016, the Board of Directors evaluated the adequacy of the organizational, administrative and accounting structure and, in particular, the internal control and risk management systems of the Company and of the subsidiaries, with particular focus on Industries S.p.A., which is a company with relevance in consideration of the activities that it performs within the Group, and as described in detail under paragraph 10 below.

In this regard, in line with the recommendations of the Corporate Governance Code (Criterion 1.C.1., B), the Board of Directors, during the year, as part of the risk monitoring activity related to the various operating areas the Company, has defined the nature and level of risk that is compatible with the strategic objectives of the Company, by including in its assessments the risks that may be significant in view of sustainability in the medium to long term of the Company's activity.

In compliance with the recommendation contained in Article 1.C.1. letter g) of the Corporate Governance Code, the Board of Directors, at its meeting held on December 15, 2016, carried out also an evaluation on the functioning of the Board of Directors itself, the Nominations and Remuneration Committee and the Control, Risks and Sustainability Committee, as well as on their size and composition, taking into account the professional competences, the experiences, even managerial, the gender of the members and their seniority (so called board evaluation).

In support to the board evaluation on the Financial Year, upon the initiative of the Chairman and the Director in charge of the Internal Control and Risk Management System, a questionnaire in Italian language and in English language, for the benefit of the foreign Directors, has been prepared and distributed. In such questionnaire each Director was asked to express its evaluations on the basis of qualitative parameters, comments, notes, proposals of improvement and suggestions with respect to the size, the functioning of the Board of Directors of Moncler, of the Nomination and Remuneration Committee and of the Control, Risk and Sustainability Committee, by formulating questions based on the recommendations on the role, composition and functioning contained in the Corporate Governance Code and, in particular, in articles from 1 to 7.

The answers and the comments given by the Directors in response to the questionnaire were collectively analysed by the Board of Directors, as a result of which the Board of Directors, unanimously, positively evaluated its functioning, the functioning of the Nomination and Remuneration Committee and of the Control, Risks and Sustainability Committee, as well as their respective size and composition.

In conclusion, it is noted that the Shareholders' Meeting has not authorised in a general and preventive sense any exemptions to the prohibition on carrying out competing business activities prescribed by Article 2390 of the Italian Civil Code.

#### **4.4. DELEGATED BODIES**

##### **4.4.1 MANAGING DIRECTORS**

Pursuant to article 20 of the By-laws, the Board may delegate within the limits of Article 2381 of the Italian Civil Code and with the exception of the matters referred to in Article 17.3 of the By-laws, its powers to one or more of its members, determining the content and limits and any manner of exercise of the delegation. The Board, upon a proposal by the Chairman and in consultation with such bodies, may confer powers for single acts or categories of acts also to other members of the Board of Directors.

The powers of the delegated bodies include the conferral, within the sphere of the attributions assigned, of powers for single activities or categories of activities to employees of the Company and to third parties, with the right to sub-delegate.

Prior revocation of the powers given by the Board of Directors held April 21, 2016, granted to Remo Ruffini as Chairman of the Board, as well as in his quality of Managing Director, within the limits of Article 2381 of the Italian Civil Code, all powers of ordinary administration of the Company to be exercised singly and with the power to sub-delegate, up to an amount of Euro 2,000,000.00 (two millions/00) per each transaction, which is considered adequate for the purposes of the current ordinary management of the Company, with the express exclusion of the matters reserved pursuant to the law and the By-laws to the jurisdiction of the Board of Directors, therein included all the powers summarised below, with the limits from time to time established for each of them:

#### **PURCHASE OF GOODS AND SERVICES:**

- Acquiring goods and services for the management of the Company's and the Group's corporate structures and business, also by the execution, amendment and termination of agreements and contracts, including (without limitation) purchase, lease, tenancy, rental, borrowing, service, leasing, expeditions, transport, deposit, utilities, supply and consulting agreements, as well as any other contract and/or agreement for the purchase of services and supplies, with private and public third parties, within the value limit of **Euro 2,000,000.00 (two million/00)** for each deal or transaction, being agreed that all consulting agreements whose term is longer than **36 (thirty six) months** are reserved exclusively the Board of Directors.

#### **SALES, RETAIL and WHOLESALE:**

- selling and exporting the products of the Company and the Group, granting the correct management of the Company's credits toward the clients;

- selling and exporting the Company's stock;

- forming the price list of the products offered to customers, offering discounts and rebates to clients, accepting returned goods and settling disputes by means of amicable settlement;

- selling goods recorded within public registers, signing the relevant deeds fixing the relevant terms and conditions;

- supervising the Company's and the Group's retail business, also through the execution, modification and termination of agreements and contracts including (without limitation) lease agreements, rent of business unit, concessions, for the opening or closing of stores, also in geographical areas other than those of traditional presence of the Company, with (i) an annual rent not exceeding **Euro 2,000,000 (two million/00)** and (ii) a key-money not exceeding **Euro 5,000,000 (five million/00)**, as well as service, purchase, consultancy agreements and any other agreement and contract which is deemed useful and functional for the fitting up, maintenance, operation and implementation of the stores and related stocks;

- supervising the Company's and the Group's wholesale business, also through the execution, modification and termination of agreements and contracts including (without limitation) contracts for the sale, distribution, franchising, agency, representation, provided that the execution of long-term contracts and/or repetitive contracts whose estimated turnover is higher than **Euro 10,000,000 (ten million/00)** per year each is subject to the approval of the Board of Directors.

#### **HUMAN RESOURCES:**

- entering into, amending and terminating any employment agreements for executives, employees, intermediate workers, carrying out all acts relating to the management in terms of hiring, promotion, dismissal, disciplinary action, determining entitlements and salaries, transfers and secondments to other companies belonging to the same group, also appointing attorneys to represent the Company in the disputes governed by the Italian Law of August 11, 1973 No. 533 to make declarations pursuant to Article 420 of Italian Civil Procedure Code, with the power to amicably settle disputes;
- entering into, amending and terminating employment agreements for key managers and executives, provided they do not directly report to the Chairman of the Board of Directors, implementing the remuneration policy approved by the Board of Directors of the Company;
- entering into, amending and terminating agreements with trade unions and employee associations.

#### **CREATIVE AND STYLIST SUPERVISION:**

- Supervising and coordinating the stylistic structures of the Company and the group, and all other activities relating to the study, planning, design and development, under a technical and stylistic point of view, of the Company's and the group's products, also through the execution, amendment and termination of agreements and contracts including (without limitation) service agreements, consulting agreements (including consulting agreements with stylists and designers), merchandising and co – branding agreements, contracts for the purchase and the granting of rights of use and exploitation of images and artworks, whose total amount does not exceed **Euro 2,000,000 (two million/00)** per single deal /transaction and, in the case consultancy contracts, the duration of which is less than **36 (thirty six) months**, regardless of their value;

#### **PROMOTIONAL AND MARKETING ACTIVITIES, EVENTS and COMMUNICATION:**

- supervising the marketing, promotional, advertising and communications activities of the Company and the group, including through agreements and contracts, including (without limitation) service and consultancy agreements, sponsorship, trading, merchandising and cobranding agreements, contracts for the purchase and licensing of rights of use and exploitation of pictures and artworks and photography, rentals, leases and other contracts aimed at the production and realization of events, whose total amount does not exceed **Euro 2,000,000 (two million / 00)** per single deal / transaction and, in the case consultancy contracts, the duration of which is less than **36 (thirty six) months**, regardless of their value;
- Supervising the communication and public relations activities of the Company and the group, including the relationships with the media, including the press and the digital media, also through the execution of service and consulting agreements, including (without limitations) contracts for the purchase of pages and advertising spaces in newspapers and magazines, contracts for the purchase of services and web pages and social media and other online services, cooperation agreements with testimonials , VIP and celebrities, whose total amount does not exceed **Euro 2,000,000 (two million / 00)** per single deal / transaction and, in the case consultancy contracts, the duration of which is less than **36 (thirty six) months**, regardless of their value; as well as acts and contracts relating to the donation of money and / or group products to charities for amounts not exceeding 2% of the declared Company's corporate income.

#### **IPR, AUTHORIZATIONS and LICENSES:**

- filing applications and making any act before any competent office or authority, in Italy or abroad, any necessary or useful action in order to register, amend, keep in force and cancel trademarks, designs and

domain names; to the same purpose, appointing consultants, attorneys, and other professionals, in Italy and abroad, granting them with any necessary mandate;

- filing applications and making any act before any competent office or authority, in Italy or abroad, any necessary or useful action in order to register, amend, keep in force and cancel patents; to the same purpose, appointing consultants, attorneys, and other professionals, in Italy and abroad, granting them with any necessary mandate;

- make any act and declaration, in Italy and abroad, granting and revoking any necessary mandate to consultants, attorneys, and other professionals, in Italy and abroad, granting them with any necessary mandate in order to protect file, register, renew, cancel and protect all and any of the Company's intellectual property rights, including (without limitation) trademarks, patents, designs and domain names;

- appointing consultants, attorneys, and other professionals, in Italy and abroad, granting them with any necessary mandate in order to protect all and any of the Company's intellectual property rights before any competent administrative, civil and criminal court and authority as well as in an amicable way;

- to do any act and declaration necessary in order to get any necessary concession, license, authorization deed in general from any public office, authority and department (including the Custom Authorities), in Italy and abroad;

- licensing the trademarks and other intellectual property rights of the Company and the group upfront the payment of royalties whose expected amount does not exceed **Euro 1,000,000 (one million/00)** per year and per single deal/transaction.

#### **RELATIONSHIPS WITH BANKS:**

- to do the following ordinary actions and transactions with banks in Italy and abroad, negotiating the relevant terms and conditions, also by means of the execution, amendment and termination of contracts and agreements:

- a) open and close bank accounts;

- b) ask and obtain bank credits;

- c) deposit money in cash and cheques;

- d) transfer, negotiate, recall, cash and credit cheques and money orders in the name of the Company or transferred thereto, dispose of the relevant amounts, and to protest them;

- e) request and collect check books related to the Company's bank accounts;

- f) collecting titles, documents, securities in general;

- g) issue drafts and letters of credit;

- h) require advances against receivables;

- i) make payments of direct taxes and direct taxes and taxes in general, as well as any interest and charges, and withholding of contributions calculated on salaries of employees and on the remuneration of self-employed workers;

j) within the limit of the granted exposures, to require:

1. advances upfront contracts signed by the Company and / or documentary credits in favor of the same;
2. import financing and / or opening of documentary credits;
3. short term loans;

k) make payments (also upfront simple receipt, by issuing of bank cheques or cashier cheques) by means of payment orders, within the limits of the granted credit exposure and, in any case, within the limit of **Euro 5,000,000.00 (five million /00)** in case of the beneficiary is a third party, and **Euro 20,000,000 (twenty million /00)** for transaction where the beneficiary is a subsidiary, affiliate or parent company;

l) sign " exchange communications " in accordance with the foreign exchange regulations in force;

m) acquire safe deposit boxes;

n) executing factoring agreements and doing all related transactions within the limit of **Euro 3,000,000 (three million / 00)** per single transaction;

#### **TAX and CUSTOMS:**

- draft and sign applications, declarations, certificates, and communications, pursuant to the applicable tax and labour laws;

- authorize and make payments of taxes and sign the relevant declarations and certifications, as provided for by the applicable law;

- To do every necessary or useful action or deed in order to obtain refund of VAT and/or taxes in general on behalf of the Company (and/or its subsidiaries), even indirectly, including the request for guarantees in favor of the Tax authorities, all within the granted credit exposure;

- To draft and sign applications, statements, certifications and notices under the customs and intra-Community transactions laws, including those required to carry out the operations of import and export of raw materials, semi-finished and finished products;

#### **INSURANCES:**

- Executing, amending and terminating insurance policies and contracts, with the insurance companies directly or through, insurance brokers;

- Cashing the reimbursements paid by the insurance companies on behalf of the Company, issuing the relevant receipts;

#### **CREDIT MANAGEMENT:**

- to overview the correct credit risk management of the Company, also (without limitation) by sending notices, settling pending and/or potential disputes through settlement agreements, mediation and conciliation procedures;

- to raise actions of protest against third party debtors, exercise actions before the courts, including ordinary and enforcement actions;

- to claim credits in bankruptcy proceedings and submitting requests for credits from bankruptcy procedures, represent the Company in the context of insolvency proceedings;



### **GUARANTEES:**

- issuing guarantees within the maximum total amount of **Euro 2.000.000 (two million/00)** for each fiscal year;

### **OTHER:**

- to overview the implementation and correct functioning of corporate governance rules set forth by the Board of Directors;
- to approve the purchase and sell of shares of companies or other legal entities and/or business units and/or real estate properties, whose value for each transaction does not exceed **Euro 5.000.000 (five million/00)** and less than 50 employees;
- to change the company's business organization provided that such re-organizations do not have a significant impact on the Moncler Group;

### **REPRESENTATION:**

- To supervise and coordinate the external relations of the Company and the group towards organizations, institutions, authorities and third parties in general, in Italy and abroad, public and private entities, including (without limitations) the press, the media, associations, the community of fashion and design and the scientific community;
- To represent the Company and the group before any institution (public or private), legal entities, authorities, in Italy and abroad, including judicial, administrative, fiscal and tax authorities, in whatever proceeding and steps, as well as before mediation and conciliation authorities, with the power to undertake legal actions of civil, criminal, and administrative nature, including cognition, enforcement, voluntary jurisdiction procedures and to act as civil party within criminal procedures, representing the Company in the context of such procedures as well as in any insolvency proceedings (including bankruptcy, bankruptcy arrangement, moratorium and extraordinary administration), and with the authority to elect domicile, appoint arbitrators (including amicable ones), in any and all disputes in which the Company is a party or has an interest to undertake, to validly amicably settle disputes (both in court and out of court), sign conciliation reports (including those provided for by Article 48 of the Legislative Decree No. 546/1992), to find compromises, to discontinue the proceedings, submit complaints and act as civil party within criminal procedures, represent the Company in the hearings in which an order for the personal appearance of the parties is required and to respond to interrogations, even formal ones, ask for the suspension of proceedings, sign all deeds, correspondence and making every formality useful, functional or necessary for this purpose, including through the issuance of powers of attorney and mandates in favor of lawyers and attorneys;
- To sign ordinary correspondence of the Company for the operations, acts, contracts and transactions, within the powers granted to him;
- In order to allow the smooth running of business operations of the Company and the group, according to the provisions of law and the By-laws, represent the Company before any public or private entity, including ministries, government administrations, provincial, regional and municipal authorities, customs, chambers of commerce and the business register for all practices necessary to obtain certificates and/or documents of any kind;

The Managing Director, Remo Ruffini also qualifies as Chief Executive Officer and does not hold the position as Director in any other listed company of which a Director of the Company is Chief Executive Officer.

#### **4.4.2 CHAIRMAN OF THE BOARD OF DIRECTORS**

The Chairman of the Board of Directors is vested with the powers prescribed by law and the By-laws with regard to the functioning of the corporate bodies and the legal representation of the Company towards third parties. The Chairman of the Board of Directors, appointed by the resolution of April 20, 2016, is Remo Ruffini, who also holds the position as Managing Director with the powers described in the preceding paragraph, and is therefore primarily responsible for the management of the Company in consideration of his strategic role in relation to the key decisions concerning the development and management of the company and the Group.

In this regard, it is also noted that the following offices were placed directly under the same Chairman and Managing Director and report functionally thereto: the Secretariat to the Chairman, the Secretariat to the Board of Directors, the Technical Secretariat, Investor Relations and Strategic Planning, Marketing & Communication, Creative Direction and the Internal Audit function.

As Mr. Ruffini holds both the positions of Chairman of the Board of Directors and Managing Director, on April 21, 2016, the Board of Directors appointed the independent director Marco De Benedetti as lead independent director in compliance with the recommendations contained in Articles 2.C.3 and 2.C.4 of the Corporate Governance Code (see paragraph 4.7).

#### **4.4.3 EXECUTIVE COMMITTEE (pursuant to Article 123-bis, paragraph 2d) of the TUF)**

At the date of this Report no Executive Committee had been created.

#### **4.4.4 INFORMATION TO THE BOARDS**

Pursuant to article 19.3 of the By-laws and in accordance with best practice, the Managing Director reports on a timely basis to the Board of Directors and to the Board of Statutory Auditors, and in any case at board meetings, at least quarterly on its activities, the overall performance of the business and its outlook as well as on the most important economic and financial transactions and those concerning the assets of the Company or Group, or at least the most important due to their size or nature, carried out by the Company and its subsidiaries; in particular he reports on transactions in which they have an interest, on their own behalf or on the behalf of third parties.

For further details on the information provided by the Managing Director to the Board during the Financial Year, see paragraph 4.3 above.

#### **4.5. OTHER EXECUTIVE ADVISERS**

In addition to the Chairman and Managing Director:

- Mr. Sergio Buongiovanni is currently Executive Director. Mr. Buongiovanni is Chairman of the Board of Directors and Managing Director of Moncler Lunettes S.r.l., as well as the position as Director of Industries S.p.A., Industries Textilvertrieb GmbH, Moncler Asia Pacific Ltd. and Moncler Istanbul Giyim ve tekstil Ticaret Ltd. Sti.. Mr. Bongiovanni is also Director in charge of the Internal Control and Risk Management System with the functions described in detail in paragraph 10.1, in compliance with the recommendations contained in Article 7.C.4 of the

Corporate Governance Code. In addition, Mr. Buongiovanni is Deputy Chairman of the Strategic Committee, as described in paragraph 16 below.

- Mr. Luciano Santel is currently Executive Director of Moncler and Industries S.p.A.. Mr. Santel is also Chief Corporate Officer of the Group and holds, within several of the foreign subsidiaries of the Group, the office of Director. Mr. Santel is also the Manager assigned to the preparation of accounting documents pursuant to Article 154-*bis* of the TUF and Article 19.4 of the By-laws.

#### 4.6 INDEPENDENT DIRECTORS

In compliance with the recommendations contained in Article 3 of the Corporate Governance Code and in accordance with the requirements of Article 13.3 of the By-laws, as described in paragraph 4.1, six Independent Directors are members of the Board of Directors at the date of the present Report: Diva Moriani, Gabriele Galateri di Genola, Nerio Alessandri, Marco Diego De Benedetti, Stephanie Phair and Guido Pianaroli, who are also in possession of the independence requirements prescribed by the combined provisions of Article 147-*ter*, paragraph 4 and Article 148, paragraph 3 of the TUF. The Company believes that an adequate number of independent directors has been identified for the composition of both of the committees described in paragraphs 7 and 9.

The Board of Directors, at its meeting held on April 21, 2016, immediately after the appointment by the ordinary Shareholders' Meeting of April 20, 2016, pursuant to Art. 2386, paragraph 1, of the Italian Civil Code and Art. 13.4 of the By-laws, verified that the Directors Diva Moriani, Gabriele Galateri di Genola, Nerio Alessandri, Marco Diego De Benedetti, Stephanie Phair and Guido Pianaroli hold the independence requirements provided for by the combined provisions of Articles 147-*ter*, paragraph 4 and Article 148, paragraph 3, of Legislative Decree no. 58 of February 24, 1998, as well as the independence requirements recommended by Article 3 of the Corporate Governance Code.

The annual assessment on the existence of the independence requirements for each of the non-executive directors in compliance with the recommendations contained in Article 3.C.4 of the Corporate Governance Code has been performed by the Board of Directors on December 15, 2016. On the same date, the Board of Statutory Auditors verified the correct application of the criteria and procedures adopted by the Board to assess the independence of its members.

During the Financial Year the independent directors deemed as not necessary to meet in the absence of the other Directors, considering the discussions had in the meetings of the Committees as appropriate and helpful opportunities to discuss the functioning of the Board of Directors and the governance issues of the Company.

Finally, it is noted that the Directors Diva Moriani, Gabriele Galateri di Genola, Nerio Alessandri, Marco Diego De Benedetti, Stephanie Phair and Guido Pianaroli, in the declaration of acceptance of office as Directors of the Company and certification requirements for the assumption of office, have shown their ability to qualify as independent and, simultaneously, are committed to promptly notifying the Board of Directors and the Board of Statutory Auditors of any changes regarding the requirements, including independence, as well as any supervening grounds for revocation.

#### 4.7 LEAD INDEPENDENT DIRECTOR

As stated in the paragraph 4.4.2, because of the concentration in Remo Ruffini of the positions of Chairman of the Board of Directors and Chief Executive Officer, while emphasising the centrality of the role and powers of the Board of Directors in the governance of the Company that constitute adequate counterweight to the number of appointments made in favour of Mr. Ruffini, on November 4, 2013 the Board of Directors of the Company resolved on availing itself of the Lead Independent Director, in

compliance with the recommendations contained in article 2.C.3 of the Corporate Governance Code. On April 21, 2016, the Board of Directors has appointed Mr. Marco De Benedetti with such office, entrusting him with the following tasks recommended by Article 2.C.4 of the Code:

- a) to be a point of reference and coordination for the needs and contributions of non-executive directors and, in particular, of the independent directors;
- b) to cooperate with the Chairman of the Board of Directors in order to ensure that the Directors receive complete and timely information.

The Lead Independent Director carried out his functions in the course of the Financial Year, attending to the meetings of the Board of Directors and the Nomination and Remuneration Committee and the Control, Risks and Sustainability Committee as well. In particular, Mr. Marco De Benedetti participated to the work of the Nomination and Remuneration Committee for the examination and approval of the 2016-2018 Performance Shares Plan, approved by the Shareholders' Meeting of April 20, 2016 (on which you can see the previous paragraph 2 e).

## 5. TREATMENT OF CORPORATE INFORMATION

Communication with institutional investors and the market takes place in accordance with the "Internal Procedure for the treatment of corporate information and external disclosure of documents and information" - approved by the Board of Directors on September 26, 2013 and subsequently updated by MAR - which governs the management and the handling of sensitive information, as defined in Article 7 of the MAR and rules for the disclosure of documents and information concerning Moncler, and taking into account more generally, the legislation and regulations in force aimed at the prevention and prosecution of market abuse.

The Company adopted and implemented as well the following procedures:

- the Procedure for the management and updating of the register of persons with access to inside information, established by the Board of Directors on the same date, in compliance with the provisions of law and regulations, contained in Article 18 of the MAR, which require listed issuers to establish and maintain a register of persons who, by reason of their work or profession or duties, have access to the confidential information; and
- the procedure on the internal dealing regulations referred to in Article 19 of the MAR, to regulate the disclosure requirements in respect of the Consob and the public related to the fulfilment by the "relevant persons" and "persons closely associated to them", identified in the Market Abuse Regulation, of transactions involving financial instruments issued by the Company.

The procedures described are available on the Company's website [www.monclergroup.com](http://www.monclergroup.com) in the section "Governance/Corporate Documents" to which reference should be made for full details.

## 6. BOARD COMMITTEES

The Company, adhering to the best practices in the field of corporate governance adopted by listed companies and provided for by the Corporate Governance Code, established the Nomination and Remuneration Committee and the Control and Risks Committee by implementing the recommendations contained in articles 4, 5, 6 and 7 of the Corporate Governance Code.

On November 9, 2015, the Board of Directors of the Company, with the prior approval of the Control and Risk Committee issued on November 5, 2015, resolved, in line with the recommendations set out in

the Corporate Governance Code in July 2015, to delegate the supervision of the sustainability issues related to the activities of the Moncler Group to the Control and Risks Committee, by extending its functions, which starting as of that date is called the "Control, Risk and Sustainability Committee".

Pursuant to the recommendations of the Code, internal regulation of the Nomination and Remuneration Committee and of the Control, Risks and Sustainability Committee prescribe that both committees be composed of three non-executive directors, the majority of whom are independent, from whom the Chairman is chosen. At least one member of the Nomination and Remuneration Committee must have adequate knowledge and experience in financial and remuneration matters, while at least one member of the Control, Risks and Sustainability Committee must have adequate experience in accounting and finance or risk management.

The Chairman of each board committee provides information on the committee meetings during the subsequent Board of Directors.

At the date of this Report, no committees have been constituted other than those recommended by the Corporate Governance Code, with the exception of the Strategic Committee described in detail in paragraph 16 below.

## **7. NOMINATION AND REMUNERATION COMMITTEE**

### **7.1 COMPOSITION OF THE COMMITTEE**

In consideration of the Company's organisational requirements, methods of operation and the size of its Board of Directors, the Company has established a single nomination and remuneration committee in accordance with the provisions of Articles 4, 5 and 6 of the Corporate Governance Code.

The Nomination and Remuneration Committee is composed by the following three non-executive directors, with training and professional experience suitable to fulfill the duties of the Committee, of which 2 members are chosen among the directors with independence requirements pursuant to the Corporate Governance Code: Diva Moriani (Independent Director and Chairman of the Nomination and Remuneration Committee), Virginie Morgon and Marco Diego De Benedetti (Independent Director). The Board also verified at the time of appointment that the Director De Benedetti has adequate knowledge and experience in financial remuneration matters. The proceedings of the Nomination and the Remuneration Committee are coordinated by the Chairman Diva Moriani.

The works of the Nomination and Remuneration Committee are coordinated by the Chairman Diva Moriani. During the financial year, the Nomination and Remuneration Committee met five times; each meeting lasted an average of about one hour and fifteen minutes. The Directors Diva Moriani and Marco Diego De Benedetti attended five meetings, while the Director Virginie Morgon has attended four meetings.

At least three meetings of the Nomination and Remuneration Committee have been scheduled for the financial year 2017, two of which were held, respectively, on February 20 and March 23, 2017.

### **7.2 FUNCTIONS OF THE COMMITTEE**

The Nomination and Remuneration Committee has the task of assisting the Board of Directors, through enquiry, of a propositional and consultative nature, in evaluations and decisions related to the composition of the Board of Directors and to the remuneration of directors and executives having strategic responsibility.



The following functions are entrusted to the Nomination and Remuneration Committee: (a) support the Board of Directors in identifying in advance its quantitative and qualitative composition, deemed optimal to the purpose of the appointment or co-optation of the directors and subsequent verification of the correspondence between the qualitative and quantitative composition considered optimal and the actual outcome of the appointment process (b) provide opinions to the Board of Directors in relation to the size and composition of the Board and/or make recommendations regarding the professional figures whose presence on the Board is deemed to be appropriate, as well as on issues relating to the maximum number of positions as director or auditor in companies listed on Italian or foreign regulated markets in financial, banking, insurance or large companies that can be considered compatible with an effective performance of a director of the Company, considering the participation to different Committees and the different criteria with respect to the necessary duty for each office held, as well as in connection with the shareholders' authorisations granted to the directors to act in derogation to the general prohibition of competition; (c) propose to the Board candidates for the office of director in the cases of co-optation, if necessary replace the independent directors indicating their names and/or their necessary requirements; (d) advise the Board of Directors on the resolutions concerning the potential replacement of the members of the Committees within the Board of Directors, which become necessary during the tenure of the Committee; (e) examine the proposals made by the Chief Executive Officer, in relation to the appointment and to the plans for replacing key executives; (f) treat the investigation and support the Board of Directors on the possible preparation of the succession plan for executive directors; (g) formulate to the Board of Directors proposals for the establishment of policy for the remuneration of Key-executives, also with the formulation of suggestions concerning the remuneration report that the directors must present to the annual Shareholders' Meeting; (h) periodically assess the adequacy, overall consistency and the practical application of the policy for the remuneration of directors and managers with strategic responsibilities, making use in this latter regard the information provided by the managing directors; formulate proposals to the Board on the matter; (i) submit proposals or express opinions to the Board of Directors on the remuneration of executive directors and other directors assigned special tasks and on the setting of performance targets related to the variable component of the remuneration, monitoring the implementation of the decisions taken by the board itself and the actual achievement of performance targets; (j) support the Board of Directors during the self-assessment process; in particular it provides to the investigations concerning the periodic verifications of the independence and integrity requirements of directors, and the absence of causes of incompatibility or ineligibility of those; (k) support Control, Risks and Sustainability Committee in identifying the heads of the business functions to be appointed; (l) advise the Board of Directors on the remuneration of the Head of the Internal Audit Department; and (m) express an assessment on specific and particular issues in relation to the compensation for which the Board of Directors requested the examination.

The Nomination and Remuneration Committee has the right to access information and corporate functions and structures, ensuring appropriate operational and functional connections with these for the performance of their duties. It can make use of external consultants at the Company's expense, and in any case within the limits of the budget set out by the Board of Directors, subject to verification that such consultants are not placed in situations that compromise their independent judgment in practice and, in particular, shall not provide to the department of human resources, the directors or managers with strategic responsibilities services of such significance as to affect de facto the independence of judgment.

The Chairman of the Board of Statutory Auditors (or another statutory auditor appointed by him) takes part in the meetings of the Nomination and Remuneration Committee. Other statutory auditors may also take part. The Chairman of the Nomination and Remuneration Committee has the authority to call the Head of the Human Resources Department of the Company, the manager responsible for preparing the corporate accounting documents of the Company, other members of the Board of Directors and the Board of Auditors as well as the heads of the corporate activities of the Company and its subsidiaries, as well as other subjects with reference the points on the agenda, to provide information and express

proficiency evaluations to Nomination and Remuneration Committee meetings whose presence may help to carry out the functions of the committee.

In line with the recommendations of Article 7.C.4 of the Corporate Governance Code, no director shall participate in the meetings of the Nomination and Remuneration Committee in which proposals to the Board of Directors are drawn up relating to that person's remuneration, except in case of proposals that affect the generality of the members of the Board committees.

The meetings of the Nomination and Remuneration Committee are minuted. The Chairman and the secretary shall sign the minutes of the meetings, which are kept by the secretary in chronological order and sent in copy to the members of the Committee, as well as, to the Chairman of the Board of Auditors.

The Board of Directors annually approves, through the proposal of the Nomination and Remuneration Committee, the necessary budget to equip the Nomination and Remuneration Committee of adequate financial resources for the fulfilment of its duties. This budget has been set at Euro 20,000 by the Board of Directors on April 21, 2016.

The Chairman of the Nomination and Remuneration Committee reports (i) to the Board of Directors at least once every six months on its activity and (ii) to the Shareholders' Meeting on an annual basis on the approval of the financial statements about arrangements for the exercise of its functions.

During the Financial Year, in the exercise of the powers to it assigned, the Nomination and Remuneration Committee:

- (i) assessed the remuneration policy adopted by the Company, verifying the adequacy, the overall consistency and the actual application;
- (ii) examined in advance the incentivisation plans to be submitted to the approval of the Board of Directors and the Shareholders' Meeting;
- (iii) examined the profiles and the compensation of the managers directly reporting to the Chairman and Managing Director (in accordance with its powers granted by the Board of Directors); and
- (iv) assessed the size and the composition of the Board of Directors for the annual board evaluation and for the cooptation upon the resignation of the Director and integration of the committees.

The Nomination and Remuneration Committee reported to the Board of Directors on the activities performed in the Financial Year on February 28, 2017.

## **8. REMUNERATION OF DIRECTORS**

For all information on the general policy for the remuneration of Directors, reference should be made to the Report on Remuneration prepared pursuant to Article 123-ter of the TUF, which is available at the Company's registered office and on its website [www.monclergroup.com](http://www.monclergroup.com) in the section *Governance / Shareholders' Meeting*.

## **9. CONTROL, RISKS AND SUSTAINABILITY COMMITTEE**

### **9.1 COMPOSITION AND FUNCTIONING OF THE CONTROL, AND SUSTAINABILITY COMMITTEE**

The Control, Risks and Sustainability Committee is composed by the following three non-executive directors, with training and professional experience suitable to fulfill the duties required by the office held, two of whom are independent: Gabriele Galateri di Genola (Independent Director and Chairman of the Control, Risks and Sustainability Committee), Guido Pianaroli (Independent Director) and Marco Diego De Benedetti (Non-Executive Director).

During the Financial Year, the Control, Risks and Sustainability Committee held five meetings; each meeting had an average duration of two hours and a half. The Directors Diva Moriani, Gabriele Galateri di Genola and Marco Diego De Benedetti attended four meetings, while Director Guido Pianaroli attended one meeting.

At least four meetings of the Control, Risks and Sustainability Committee have been scheduled for the financial year 2017, one of which was already held on February 27, 2017.

## **9.2 DUTIES ASSIGNED TO THE CONTROL, RISKS AND SUSTAINABILITY COMMITTEE**

The Control, Risks and Sustainability Committee has the task of assisting the Board of Directors, through enquiry, of a propositional and consultative nature, in evaluations and decisions relating to the internal control and risk management system, including in such evaluations all risks that could become relevant in view of sustainability in the medium – long period, those relating to the approval of periodic financial reports and, more generally, in the commitment of the Company in favour of a sustainable growth.

In particular, the Control, Risks and Sustainability Committee assists the Board of Directors in the performance of duties relating to:

- the definition of guidelines for the internal control and risk management system, so that the principal risks facing the issuer and its subsidiaries are correctly identified, and adequately measured, managed and monitored, establishing criteria to ensure the compatibility of such risks with a healthy and proper business management;
- periodic checks, carried out at least annually, as to the adequacy and effectiveness of the internal control and risk management system with respect to the characteristics of the Company and its risk profile, as well as its effectiveness;
- the approval at least annually of the work plan prepared by the Head of the Internal Audit department;
- a description in the report on corporate governance, of the main features of the internal control and risk management system to assess their suitability;
- the evaluation, upon consultation with the Board, of the results illustrated in the reports of the external auditors and any management letter and in the report on key matters arising from the statutory audit;
- the appointment and removal of the Head of the Internal Audit department, the allocation, for the latter, of adequate resources and the definition of its remuneration, in accordance with the company policy;
- supervision of the sustainability issues related to the Company's activity and its dynamics of interaction with stakeholders;

- the definition of the strategic sustainability lines and of its action plan ("**Sustainability Plan**"); and
- consideration of the Sustainability Report.

In assisting the Board of Directors, the Control, Risks and Sustainability Committee:

- assesses, together with the Manager assigned to drawing up the corporate accounting documents and after consulting with the auditing firm and the Board of Statutory Auditors, the correct use of the accounting principles and whether these have been applied consistently in preparing the consolidated financial statements;
- expresses opinions on specific aspects of the identification of the main business risks;
- examines the periodic reports relating to the evaluation of the internal control and risk management system and those of particular relevance prepared by the Internal Audit department;
- monitors the independence, adequacy, effectiveness, and efficiency of the Internal Audit department;
- may request the Internal Audit department to perform checks on specific operational areas, after notifying the Chairman of the Board of Statutory Auditors;
- reports to the Board of Directors at least every six months, on the approval of the half-year and annual financial report, on its activity and the adequacy of the internal control and risk management system;
- defines the control mechanisms in order to verify and to periodically monitor the compliance with the delegated powers, promptly reporting the evidence of any anomaly to the Board of Directors;
- examines and evaluates the strategic sustainability guidelines aimed at creating long-term value for all stakeholders;
- monitors the degree of the Company's compliance to the regulations adopted by the Company and subsidiaries, making proposals and suggestions to the Board of Directors;
- supports, with adequate investigations, the evaluations and decisions of the Board of Directors, in relation to the management of risks arising out of detrimental acts which the Board of Directors has been aware of;
- examines the Sustainability Plan;
- reports to the Board of Directors every six months about the state of progress of projects that make up the Sustainability Plan;
- examines the Sustainability Report;
- performs any additional duties that may be assigned by the Board of Directors;

The Control, Risks and Sustainability Committee has the right to access the information and corporate functions necessary for the performance of its duties, and may use, at the expense of the Company, within the limits of the budget approved by the Board of Directors, external consultants, after a specific verification where it is clarified that such consultants may not affect the independence of judgment and, in particular, they do not provide to the Head of the Internal Audit function, directors or Key-executives, any significant service in order to avoid to compromise their independence of judgment.

On the proposal of the Control, Risks and Sustainability Committee, the Board of Directors approves every year the necessary budget to provide the Committee with sufficient financial resources to perform its duties. This budget has been set at Euro 20,000 by the Board of Directors, on April 21, 2016.

The Chairman of the Board of Statutory Auditors (or another statutory auditor appointed by him) takes part in the meetings of the Control, Risks and Sustainability Committee. Other auditors may also take part. The Chairman may from time to time invite other members of the Board of Directors and Board of Statutory Auditors to meetings of the Control, Risks and Sustainability Committee as well as the Executive Director in charge of supervising the functionality of the Internal Control System and Risk Management, the Head of Internal Control Department and Risk Management, the Head of Sustainability activity, the Chairman or other designated member of the Supervisory Body constituted pursuant to the Law no. 231/2001, the Head of the Legal Department and finally the responsible for preparing corporate accounting documents, managers of corporate functions of the Company and its subsidiaries, as well as other subjects, with reference to individual points on the agenda, in order to provide information and express assessments of competence, or whose presence may help to carry out the functions of the Committee.

The meetings of the Control, Risks and Sustainability Committee are minuted. The Chairman and the secretary shall sign the minutes of the meetings, which are kept by the secretary in chronological order.

During the Financial Year, in the exercise of the powers assigned to it, the Control, Risks and Sustainability Committee:

- (i) examined in advance the separate and consolidated financial statements budget as of December 31, 2015 and the impairment procedure of the Moncler Group as well, in addition, examined the sustainability draft budget and the related plan for the financial year 2015;
- (ii) examined the internal audit report for the second half of 2015, evaluating the adequacy of the organizational, administrative and general accounting structure of the Company and its strategic subsidiaries;
- (iii) approved the report of the Control, Risks and Sustainability Committee upon the Board of Directors for the second half of 2015, in addition, appointed the supervisory body;
- (iv) assisted the Board of Directors with investigative, propositional and advisory functions on the evaluations and decisions about the internal risk management and control system, including on these evaluations all the risks which may take on significance for the sustainability on the medium-long period, on the approval of the regular financial reports and, in general, in the Company's commitment to the sustainable development;
- (v) examined and assessed the sustainability strategies related to the creation of value for the stakeholders on the long-period;
- (vi) examined the regular reports, referring to the evaluation of the internal risk management and control system and to the significant evaluations prepared by the internal audit;
- (vii) verified the delegated and proxy powers granted within the Group, monitoring its functioning;



- (viii) monitored the degree of compliance of the Company to the applicable laws and regulations adopted by the Company and its subsidiaries.

The Control, Risks and Sustainability Committee reported to the Board of Directors on the activities performed in the Financial Year on February 28, 2017.

Please note that the first Sustainability Report for the fiscal year 2015 and the first Sustainability Plan of Moncler were presented to the shareholders on April 20, 2016, representing essential tools to share, with the stakeholders, the Group's performance and the way to seek a complete integration of the environmental and social aspects in the way of working of the Group.

## 10. INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM

In accordance with the recommendations of Article 7 of the Corporate Governance Code and best practice in the sector the internal control and risk management system adopted by Moncler is the set of rules, procedures and organisational structures designed to ensure, through a proper process of identification, measurement, management and monitoring of the main risks facing the Company and the company's subsidiaries, a healthy and proper management consistent with the strategic objectives of the Company.

The internal control and risk management system involves, each for its own part:

- the Board of Directors, which defines the guidelines and evaluates the adequacy of the internal control and risk management system;
- the Control, Risks and Sustainability Committee with the duties described in paragraph 9 above, the duty of supporting, with adequate preparatory work and proposals, the evaluations and decisions of the Board of Directors relating to the system, as well as those relating to the approval of the periodic financial reports;
- the Director in charge of the Internal Control and Risk Management System, Mr. Sergio Buongiovanni, with tasks, set out in detail in paragraph 10.1, to identify the key business risks and implement the guidelines established by the Board of Directors;
- the Head of the Internal Audit department, Mr. Riccardo Greggi, who is responsible for verifying that the internal control and risk management system is working properly, according to the duties set out in detail in paragraph 10.2;
- the Board of Statutory Auditors which, also as an audit and internal control committee pursuant to Article 19 of Legislative Decree no. 39/2010, monitors the effectiveness of the internal control system and risk management.

Given the complexity of operations and taking into account that the assumption of risk is an inherent component of the business activity, the Board of Directors has assessed the importance of identifying and mapping the main risks and activating suitable instruments to regulate these and reduce their impact and/or the occurrence probability. In correspondence with the listing process, the Company therefore initiated a process to define the model of integrated risk management based on the principles set out by the *Committee of Sponsoring Organizations of the Treadway Commission - Enterprise Risk Management Integrated Framework*.

Consistent with these aims the integrated model of risk governance (Risk Management) adopted by the Company has the following purposes:

- to spread within the company a culture of prevention and mitigation of risks in particular in the processes of strategic and operational planning and the most important business decisions;
- to ensure transparency on the risk profile and management strategies implemented through a structured and regular reporting to the Board of Directors and to senior management and shareholders.

The Risk Management model of Moncler is also:

- extended to all types of risks potentially significant;
- focused on the most significant risks in terms of their ability to affect the achievement of the strategic objectives or to undermine the strategic corporate assets;
- based on an approach, where possible, of an accurate measurement of the risk impacts on the financial results expected considered in terms of their probability of occurrence;
- integrated in decision-making and business process.

The Risk Management model of the Company was approved by the Board of Directors on March 28, 2014, upon the proposal of the Director in charge of the internal control and risk management system and after receiving the favourable opinion of the Control, Risks and Sustainability Committee and the Board of Statutory Auditors. This model sets out the Moncler guidelines to identify, oversee, and govern the areas of risk by ensuring the achievement of the strategic and operational objectives, the reliability of information not only financial) reported to the corporate bodies and the market, compliance with laws and regulations and the protection of company assets, including the intangible assets and Moncler's reputation.

The Risk Management model of Moncler takes into account three main categories of risk that allow management to identify the objectives, the control model, and the governance bodies:

- strategic risks, those related to corporate strategies and which allow a competitive advantage to be gained, which are reflected in the objectives stated in the business plan;
- business risks, those that are related to their industry and to the business model with which the Company operates to achieve the objectives of the business plan;
- business support risks, those that are related to the support procedures of the business areas;
- compliance & integrity risks, those that are related to the infringement of binding rules or regulations defined internally.

The risks identified can be both internal and external to the company, therefore linked to the context of the sector and/or market where the probability of occurrence is outside the sphere of business influence. In the case of external risks the objective of the Risk Management model is the monitoring of the risk itself and mitigation of impact in the event of occurrence. In the case of risks of an internal nature, the objective of the Risk Management model is the management of risk through specific systems of prevention, control and monitoring integrated in the business processes at an operative and managerial level, aimed at reducing the probability and/or minimising the impact in case of occurrence.

The Group's exposure to strategic, business and operational risks and the related mitigation actions are included in the Risk Assessment and Risk Management instruments, which are subject to the approval of the management and control bodies.

The Board of Directors is responsible for coordinating and supervising the Risk Management process so that the risks assumed in the business are consistent with strategies, further defining the threshold of acceptable risk.

The Control, Risks and Sustainability Committee is responsible for assisting the Board to (i) identify and evaluate, at least annually, the main risks affecting the Company and its subsidiaries so that they are appropriately monitored and (ii) to define and update, at least annually, the mitigation plans and overall management of risks in order to maintain the level of overall risk exposure within the threshold of acceptable risk.

The Director in charge of the internal control system is responsible for (i) identifying the main business risks, taking into account the characteristics of the business and operations conducted by the Company and the Group and (ii) dealing with the design, implementation and management of the internal control and risk management system constantly monitoring its adequacy and effectiveness.

With reference to the outcome of the activities conducted, the Director responsible for the internal control system and the Control, Risks and Sustainability Committee, to the best of their ability, have shown that the current internal control and risk management system is reasonable in relation to size and the organisational and operational structure of the Group.

As part of the integrated model of Risk Management, the Board of Directors of the Company on February 28, 2017, acknowledging the view expressed by the Control, Risks and Sustainability Committee and the Director in charge of the internal control system, assessed the internal control system as substantially adequate, noting the ability of such to mitigate each of the risks described above.

The Board of Directors held on December 15, 2016, acquired the opinion of the Statutory Auditors and of the Director responsible for the internal control system, approved the work plan relating to the financial year 2017 prepared by the Head of the Internal Audit department.

### **Main features of the internal control and risk management system in relation to the financial reporting process pursuant to Article 123-bis, paragraph 2b) of the TUF**

The internal control system for the financial reporting process is an integral part of, and fits into the broader context of the system of, internal control and risk management. In general, the internal control system set up by the Company is intended to ensure the safeguarding of assets, in compliance with laws and regulations, the efficiency and effectiveness of business operations as well as the reliability, accuracy and timeliness of financial disclosure itself.

The internal control system for financial disclosure aims to identify and assess the events that may on occurrence threaten the credibility, accuracy, reliability and timeliness of financial information and the ability of the process for preparing the financial statements as a whole to produce financial information in accordance with the relevant accounting standards.

The design approach in the construction of the control model of the process of financial reporting was inspired by international standards and best practices in the sector as well as to the guidelines issued by the *Committee of Sponsoring Organizations of the Treadway Commission*.

The administrative and accounting procedures for the preparation of financial statements and any other financial reports are prepared under the responsibility of the Manager assigned to drawing up the corporate accounting documents, who together with the Chairman of the Board of Directors, certifies their adequacy and effective application on the issue of the Company's annual and consolidated financial statements and half-year financial statements.

**a) Phases of the internal control and risk management system in relation to the financial reporting process**

During the Financial Year 2016, the Group worked in accordance with the recommendations of Law no. 262/2005, ensuring the documented and verified financial reporting process model through relevant checks, with regard to operational procedures concerning the administrative accounting system and the main activities of accounts closing in order to support the certification process by the Manager assigned to drawing up the corporate accounting documents.

As part of this project, a preliminary scoping activity has been carried out, which has enabled the Company to identify the relevant companies of the Group and, in particular, in addition to the parent company Moncler S.p.A., the subsidiaries with a strategic relevance, identified in Industries S.p.A., Moncler US, Moncler Shanghai, Moncler France and Moncler Japan Corporation, and the main business processes that feed the income statement and balance sheet through both quantitative (significance of the revenues and assets of each company on the consolidated amounts) and qualitative (specific risk and potential related to the business and activities carried out) analyses.

Within the relevant companies, identified as per above, financial statement items were selected together with the business processes feeding these items, arriving at a matrix of business processes/legal entities for which the financial reporting risks related with the failure to achieve the control objectives were identified, with the aim of ensuring a true and fair view of the financial information. This phase is called risk assessment.

In general, the objectives of control for the process of financial reporting are related to the typical financial statement assertions such as the existence, completeness and accuracy of accounting records, the rights and obligations and the assessment of operations and the presentation of disclosures. The control objectives were subsequently clarified and formalized, as identified within the Group's administrative and accounting processes, within a risk / control matrix (risk / control matrix). The controls are also linked to other elements that characterise the internal control environment and business organisation such as, for example, the segregation of duties, compliance with the rules of conduct and authorisation limits, the physical security of assets, the documentation and traceability of operations.

The analyses of the corporate perimeter (scoping), of the risks related to financial reporting (risk assessment) are updated annually in order to identify major changes in the structure of the administrative and accounting processes as a result of the natural evolution of the business, the single legal entities and the organisation of the Group.

Subsequently the Company sets out the approach to be taken in the testing stage to ensure the adequacy and operation of key controls, in order to contain and/or reduce the residual risk to an acceptable level. The approach takes into account the way in which controls are carried out, separating these between manual checks, automated checks at an application system level and general checks of the computer system and the frequency of the checks themselves.

**b) Role and functions involved**

The internal control and risk management system relating to the financial reporting process is coordinated and managed by the Manager in charge, Mr. Luciano Santel, appointed by the Board of Directors in accordance with the laws and statutory provisions in force.

The Manager in charge avails himself of the Internal Audit department to test the working of the control system, and is supported by the heads of function (for headquarter functions) and by the legal representatives of the foreign subsidiaries who, each for their area of competence, formally ensure the completeness and reliability of information flows for the purpose of preparing the financial documents, through internal certification letters.

The Manager in charge has direct responsibility for verifying the correct and timely execution of management tasks in administrative, accounting and financial operations, being called upon to supervise all phases of a continuous monitoring and evaluation of the risks inherent in the financial reporting process.

The Manager in charge shall periodically inform the Board of Statutory Auditors on the organisation, including its adequacy, and reliability of the accounting system and reports to the Control, Risks and Sustainability Committee and to the Board of Directors on his activities and on the effectiveness of the internal control system with regard to the risks concerning the financial statement disclosures.

As a result of the activities and controls carried out, the Manager in charge issues the certifications required by Article 154-*bis* of the TUF.

In particular, pursuant to:

- (i) Article 154-*bis*, paragraph 2 of the TUF, the acts and communications of Moncler, disclosed to the market and relating to the financial reports, including interim financial information, are accompanied by a written statement of the Manager in charge who certifies that these correspond to the accounting books and records;
- (ii) Article 154-*bis*, paragraph 5 of the TUF, the Manager in charge and the Managing Director certify by means of a special report on the annual financial statements, the condensed half- year financial statements and the consolidated financial statements:
  - a) the adequacy and effective application of administrative and accounting procedures during the period covered by the documents;
  - b) that the documents have been prepared in accordance with the international accounting standards adopted by the European Community pursuant to Regulation (EC) no. 1606/2002 of the European Parliament and of the Council of July 19, 2002;
  - c) that the documents correspond to the books and records;
  - d) the suitability of the documents to provide a true and fair view of the balance sheet, results and financial position of the issuer and the group of companies included in the consolidation;
  - e) that as far as the annual financial statements and the consolidated financial statements are concerned, the report on operations includes a reliable review of the performance and results of operations, as well as the situation of the issuer and the companies included in the consolidation, together with a description of the principal risks and uncertainties to which they are exposed;



- f) that as far as the condensed half-year financial statements are concerned, the interim report on operations includes a reliable review of the information required by paragraph 4 of Article 154-ter of the TUF.

### **10.1. DIRECTOR IN CHARGE OF INTERNAL CONTROL AND RISK MANAGEMENT**

In order to support the internal control and risk management system, the Board of Directors of the Company of April 21, 2016 appointed Mr. Sergio Buongiovanni as Executive Director to be in charge of the internal control and risk management system in the implementation of the recommendations contained in Articles 7.P.3.a) and 7.C.4. of the Corporate Governance Code.

In the implementation of the assigned functions, as described in paragraph 10 above, the Director responsible for the internal control and risk management system, with the support of the competent executives in the various reference areas:

- has been responsible for identifying the business risks, taking account of the strategies and characteristics of the business of the Company and of the Group;
- has implemented the guidelines defined by the Board, providing for the design, implementation and management of the internal control system and constantly monitoring its overall adequacy and effectiveness;
- has been entrusted with adjusting the system of internal control to the business dynamics and the changing operating conditions within the legal and regulatory reference framework.

Mr. Buongiovanni has the power to ask the Internal Audit department to perform checks on specific areas of operation and compliance with the internal rules and procedures in the execution of business operations, also notifying the Chairman of the Control, Risks and Sustainability Committee and the Chairman of the Board of Statutory Auditors.

In carrying out his functions, the Director in charge of the Internal Control and Risk Management System has so far found no critical issues, nor has he received news of any critical issues to be promptly brought to the attention of the Control, Risks and Sustainability Committee and the Board of Directors.

### **10.2. HEAD OF INTERNAL AUDIT DEPARTMENT**

The Board of Directors of the Company of November 9, 2015, appointed Mr. Riccardo Greggi, as Head of the Internal Audit department in line with the recommendations of Articles 7.P.3 b) and 7.C.5. of the Corporate Governance Code. On nomination, the Board of Directors determined the remuneration of the Head of the Internal Audit department in accordance with the corporate policies responsible for giving the full economic autonomy for the discharge of the duties, within the limits of the overall annual budget allocated to the Internal Audit department and subject to any additions and changes deemed necessary that may be inspected and approved by the Board of Directors at any time, upon proposal of the Director in charge of the Internal Control and Risk Management System, with the prior approval of the Control, Risks and Sustainability Committee and after consulting with the Board of Statutory Auditors.

The Head of the Internal Audit department, who does not head any operational area and reports to the Board of Directors, in the exercise of his functions provides the required information to the Director in charge of the internal control system and risk management, the Board of Statutory Auditors and the Control, Risks and Sustainability Committee.

In particular, the Head of the Internal Audit department:

- verifies that the system of internal control and risk management is working properly;
- verifies, both on an on-going basis and in relation to specific needs and in compliance with international standards, the operation and the suitability of the system of internal control and risk management through the audit plan prepared by the same approved by the Board of Directors, based on a structured analysis and prioritisation of key risks;
- prepares periodic reports containing adequate information about their work, the way in which risk management is conducted, with respect to the defined plans for their control, as well as an evaluation of the suitability of the system of internal control and risk management;
- prepares timely reports on events of major importance;
- transmits these reports to the Chairmen of the Board of Statutory Auditors, the Control, Risks and Sustainability Committee and the Board of Directors and the Director in Charge of Internal Control System and Risk Management; and
- verifies, as part of the audit plan, the reliability of information systems including accounting systems.

The Head of the Internal Audit department has direct access to all relevant information for performing his duties and where necessary has also access to the documents produced by third parties entrusted with positions of control in the Company or other subsidiaries. The Internal Audit department carries out its activities also conducting sample checks on the processes that regulate corporate activity, extending the verification activities to all companies of the Moncler Group.

During the Financial Year, the Internal Audit department performed and has been involved in the following activities:

- activities of verification carried in accordance with the Audit Plan presented and approved by the Board of Directors on December 16, 2015, and more precisely:
  - audit of operational assurance on corporate processes;
  - audit on stores, on the basis of a standard audit program applicable to all types of stores operated by the Group in the world;
  - independent audits on strategic suppliers.
- activities performed on behalf of the Manager responsible for preparing the corporate accounting documents, referred to in paragraph 10;
- activities on behalf of the Supervisory Board, in accordance with the provisions of the Organizational Model adopted pursuant to Legislative Decree dated June 8, 2001 no. 231 of Moncler S.p.A. and Industries S.p.A., in particular:
  - drafting of the minutes of the meetings of the Supervisory Board;

- assistance, as member of the Supervisory Board, to the training sessions for the heads of the sensitive processes of both companies, concerning the Legislative Decree no. 231/2001 and 231 Model, carried out also through individual meetings with the Group's Directors;
  - support in the drafting and updating of the procedure on flow of information to the Supervisory Board and support in the receipt, management and analysis of the above-mentioned flows;
  - support in the drafting of certain procedures also with the aim to mitigate the 231 risks (as mentioned in paragraph 10.3);
  - support in the drafting of the Supervisory Board's audits plan;
  - performance, upon request of the Supervisory Board, of an audit on a set of sensitive areas/activities with respect to the offenses abstractly associated to the activity itself, by verifying the compliance with the protocols and the control requirements;
- Group Enterprise Risk Management activities, carried out on behalf of the Supervisory Director of the Internal Control and Risk Management System, referred to in paragraph 10;
  - other activities in support of and in coordination with the Sustainability Director, having a significant impact on the internal control and risk management system in relation to the Sustainability Project:
    - Vendor Audits – ethical and social controls on the suppliers;
    - Drafting of the "Suppliers' Code of Conduct" as an integral part of the supply contract.

The Head of the Internal Audit department reported on July 26, 2016 and December 13, 2016 to the Control, Risks and Sustainability Committee; on July 27, 2016 and February 28, 2017 to the Board of Directors and to the Director in charge of the internal control system and risk management on the activities performed during the Financial Year.

### **10.3. ORGANISATIONAL MODEL pursuant to Italian Legislative Decree no. 231/2001**

The Company's Board of Directors adopted the organisational and management model under Legislative Decree no. 231 of June 8, 2001 (the "**Model**"), since March 28, 2014.

The Model of Moncler consists of two parts. The first one, of a general nature, explains the purpose, recipients and components of the preventive control system of the Model itself and, always in line with the explanations found in Legislative Decree no. 231/2001, the structure, functioning and tasks of the Supervisory Body, which, pursuant to Article 6 of Legislative Decree no. 231/2001, has the task of supervising the functioning of the Model and compliance with its requirements.

The first part of the Model also requires the Company's personnel to be involved in training and be provided with information on the contents of the Model and the disciplinary system in the event of infringements of the provisions of the Model.

On the other hand the second part of the Model, of a special character, contains a description of the type of offences contemplated by Legislative Decree no. 231/2001 and the relative penalties with respect to the risk of committing the above-mentioned infringements identified in the Model.

The type of offences that the Model intends to prevent, on the basis of the existing mapping of risks carried out with the objective of adoption, are as follows:

- offences against the Public Administration;
- offences related to corporate law and market abuse;
- offences of receiving, laundering and use of money, goods or assets of illicit origin;
- offences in the field of health and safety at work;
- offences of incitement not to make statements or make mendacious statements to judicial authorities;
- forgery offences relating to trademarks, patents and brands;
- offences relating to infringement of copyright;
- offences regarding the employment of non-Italian nationals without a permit to stay;
- computer crimes and illegal data processing;
- environmental crimes;
- laundering crimes.

In 2016, the Model has been updated with the introduction of sensitive areas relating to environmental crimes and self-money laundering.

The requirements contained in the Model are complementary to those of the Code of Ethics of the Moncler Group, approved by the Board of Directors of January 24, 2014, which describes the commitments and ethical responsibilities in conducting business and corporate activities in which every employee and all those with whom the Company enters into contact during its activities, must comply in the conduct of their business, in the belief that ethics in the conduct of business are critical to the success of the business.

The Code of Ethics is available on the Company's web site [www.monclergroup.com](http://www.monclergroup.com) in the section Governance/Corporate Documents.

As of the date of this Report, the Supervisory Body, renewed on May 10, 2016, is composed by Mr. Lorenzo Mauro Banfi as Chairman, Mr. Carlo Alberto Marchi and Mr. Riccardo Gregi, Head of Internal Audit.

On November 9, 2015, following the resignation from her office by Ms. Claudia Donatello, the Board of Directors appointed Mr. Riccardo Gregi as a member of the Supervisory Body, who will remain in charge until the expiry of the Supervisory Body and, therefore, until March 28, 2016.

For full compliance with Legislative Decree no. 231/2001, the Supervisory Body is an entity that reports directly to the senior management of the Company and is not bound to business operations by any

hierarchical structure in order to guarantee its full autonomy and independence in the discharge of its functions.

The Supervisory Board reported on July 27, 2016 and February 28, 2017 to the Board of Directors on the activities performed in the Financial Year.

As of the date of this Report, the Supervisory Board is composed by the Standing Statutory Auditor of Industries, Mr. Mauro Lorenzo Mauro Banfi as Chairman, Mr. Carlo Alberto Marchi and Mr. Riccardo Gregghi.

#### **10.4. AUDITING FIRM**

Pursuant to Article 13 of Italian Legislative Decree no. 39 of January 27, 2010, on October 1, 2013 the ordinary Shareholders' Meeting of the Company, on the proposal of the Board of Statutory Auditors, resolved to appoint the auditing firm KPMG S.p.A. to perform an audit of the annual and consolidated financial statements of the Group for the years 2013-2021, to perform a review of the consolidated half-year financial statements for that nine-year period and to ensure that the Company has kept proper accounting books and records and that its operations have been properly recognized in those books and records during that period.

#### **10.5. MANAGER ASSIGNED TO DRAWING UP THE CORPORATE ACCOUNTING DOCUMENTS AND OTHER ROLES AND FUNCTIONS OF THE COMPANY**

Mr. Luciano Santel acts as the Manager assigned to drawing up the corporate accounting documents as of December 16, 2013.

Article 19.4 of the By-laws provides for this officer to be appointed, subject to the mandatory opinion of the Board of Statutory Auditors, from those holding significant professional experience in accounting, finance and economics for at least 5 years.

Recalling what has already been described in paragraph 10, in accordance with current law this manager is responsible in particular for:

- i. setting up adequate administrative and accounting procedures for the preparation of the annual accounts and consolidated financial statements of the Company as well as any other financial documents;
- ii. releasing written declarations which attest to the correspondence to the accounting books and records of documents and communications of the Company issued to the market including interim accounting information;
- iii. making together with the Managing Director the declarations provided for in Article 154-*bis*, paragraph 5 of the TUF in a report drawn up in accordance with the model established by Consob regulations, annexed to the annual financial statements, to the half-year condensed financial statements and to the consolidated financial statements;
- iv. participating in meetings of the Company's Board of Directors having as their agenda an examination of the Company's economic and financial data;
- v. reporting forthwith to the Managing Director, to the Board of Directors, also through the Control, Risks and Sustainability Committee, any significant relevant aspects which it is believed, if not corrected, should be stated in the declarations pursuant to Article 154-*bis* of the TUF;



- vi. reporting every six months to the Board of Directors, the Control, Risks and Sustainability Committee and the Board of Statutory Auditors on the activity performed.

On his appointment, the Board granted this manager all the powers and means to perform the tasks assigned to him by current legislation and the By-laws, including direct access to all functions, offices and information necessary for the production and testing of the accounting, financial and economic data, without any authorisation.

The Company has also set up within the Secretariat of Legal and Corporate Affairs of Moncler, the figure of Head of Group Compliance with direct hierarchical reporting to the Chief Corporate Officer and functionally to the Board of Directors of Moncler.

In 2016, the Group has adopted a procedure and official whistleblowing channels, in accordance with the existing best practices at a national and international level, which will permit to internal subjects and third parties to make reports on alleged irregularities that took place in corporate management, through a confidential and reserved channel.

At the date of this Report, the Board of Directors of the Company has not appointed any officers in charge of the internal control and risk management other than those described so far.

#### **10.6. COORDINATION BETWEEN THE PARTIES INVOLVED IN THE SYSTEM OF INTERNAL CONTROL AND RISK MANAGEMENT**

The Company has scheduled meetings, as methods of coordination between the subjects involved in the system of internal control and risk management, at least once every six months, with the participation of all parties with control functions or in any way connected with the system of internal control and risk management.

The meetings involve the Board of Directors, the Control, Risks and Sustainability Committee, the Director in charge of the internal control system and risk management, the Head of the Internal Audit department, the Manager assigned to drawing up the corporate accounting documents, the Board of Statutory Auditors, representatives of the auditing firm and eventually the external consultants who assist the Company with Enterprise Risk Management.

On July 26, 2016, the Control, Risks and Sustainability Committee met to examine, *inter alia*, the progress of the works on the Enterprise Risk Management Model and on the Report on Internal Control System relating to the first semester of the year 2016, signed by the Head of the Internal Audit department. The meeting, to which the Board of Statutory Auditors participated, was attended by the Manager assigned to drawing up the corporate accounting documents, Mr. Luciano Santel, the Director in charge of the internal control system and risk management, Mr. Sergio Buongiovanni and Mr. Riccardo Gregghi, Head of Internal Audit department, as well as Mr. Francesco Masetto of KPMG S.p.A. as responsible for the audit of the half-year financial statements.

The Chairman of the Committee, Mr. Galateri di Genola, upon conclusion of the meeting indicated above, reported to the Board of Directors on the activities performed during the first semester by the Committee he chairs and, in particular, on the audits carried out with reference to the specific business risks to which the Company is exposed. Also the Supervisory Board attended to such meeting in order to report on the activities performed in the first semester of the financial year 2016.

## 11. INTERESTS OF DIRECTORS AND RELATED PARTY TRANSACTIONS

Under Article 25 of the By-laws, the Company approves the operations with related parties in accordance with applicable laws and regulations in force, the provisions of the By-laws and the procedure adopted on January 24, 2014, having obtained the positive opinion of the Independent Directors in accordance with article 2391-*bis* of the Italian Civil Code and the RPT Regulation, updated on June 27, 2016 (the “**RPT Procedure**”).

In accordance with the RPT Regulation, the RPT Procedure regulates the procedures for examining and approving transactions with related parties defined of greater importance on the basis of the criteria set out in the RPT Regulation and transactions with related parties defined of minor importance, by which are meant those other than transactions of greater importance and minor transactions in accordance with the RPT Regulation.

Given that, pursuant to the RPT Regulation, the most important transactions with related parties are those in which the equivalent-value or assets or liabilities relevance ratio is greater than the threshold of 5%, in order to facilitate timely detection and constant monitoring, the RPT Procedure requires the Manager assigned to drawing up the corporate accounting documents (i) to periodically identify the values of the capitalisation on the basis of the data published by Borsa Italiana S.p.A. and consolidated shareholders' equity of the Group, based on the latest periodic financial accounts published, by which to calculate the indices of relevance; and (ii) to record and update the value of transactions with related parties that have a similar nature or form part of an overall plan that are carried out with the same related party of the Company or with parties related to the latter, and the Company, subject to the application of reason for exemption specified in Article 13 of the RPT Procedure.

Without prejudice to the information obligations provided for by law and by the RPT Procedure, related party transactions shall be approved by the competent authority on the adoption of its decision in accordance with law and the By-laws, after acquisition of the reasoned and non-binding opinion of the Related Party Committee consisting of at least three independent directors of Moncler on the convenience and substantial correctness of the conditions relating to the operation expressed by related parties.

The Related Parties Committee performs the functions envisaged in the Procedure, the RPT Regulation and the laws and regulations in force from time to time, and in particular:

- (i) expresses its prior opinion on the approval of and on the amendments of the RPT Procedure, and on the proposals to be submitted to the shareholders' meeting of the Company regarding any amendments to the By-Laws identified as necessary by the Board of Directors in relation to the definition of the RPT Procedure;
- (ii) expresses its justified and binding opinion on the transactions of greater importance and expresses its justified and non-binding opinion on the transactions of lesser importance;
- (iii) participates in the negotiations and investigation of transactions of greater importance, by receiving a complete and prompt flow of information and with the right to request information and make observations to the delegated bodies and persons engaged to conduct the negotiations or investigation; and
- (iv) supports the corporate bodies and departments responsible for the preliminary investigations to determine the related parties and related-party transactions parties pursuant to the RPT Procedure and the laws and regulations in force from time to time.

The Board of Directors appointed the independent non-executive directors: Diva Moriani, Guido Pianaroli and Marco De Benedetti (Chairman) as members of the RPT Committee.

The RPT Procedure is available on the Company's website [www.monclergroup.com](http://www.monclergroup.com) in the section *Governance / Corporate Documents*, to which reference should be made for full details.

At the date of this Report, the Board of Directors did not deem it necessary to adopt, in addition to the RPT Procedure and the reporting requirements set out in Article 2391 Italian Civil Code, a specific procedure for the identification and management of situations where a director is the holder of an interest on his own behalf or that of a third party.

## 12. APPOINTMENT OF STATUTORY AUDITORS

Under Article 24 of the By-laws, the regular and deputy statutory auditors are appointed by the Shareholders' Meeting in compliance with the pro tempore regulations currently in force concerning gender balance, on the basis of lists presented by shareholders in accordance with the laws and regulations in force from time to time present in Article 148 of the TUF and Article 144-*quinquies* and following of the Issuers' Regulation, in which candidates must be listed with a sequential number and must be in a number not exceeding the members of the body to be elected. Each list must be composed of two sections: one for the appointment of regular statutory auditors and one for the appointment of deputy statutory auditors. The first candidate in each section must be selected from among the auditors enlisted in the appropriate register referred to in Article 2397 of the Italian Civil Code.

The lists that have a total number of candidates equal to or greater than three shall be made from candidates belonging to both genders, so at least one-third (rounded upwards) of the candidates for the office of regular statutory auditor and at least one-third (rounded upwards) of the candidates for deputy auditor belongs to the less well represented gender in the list.

Pursuant to Article 24 of the By-laws, the right to present the lists is entitled only to shareholders who, alone or together with other shareholders, hold shares representing at least 2.5% of the share capital or of other shareholding capital established by the laws and regulations in force. The participation threshold finally determined by Consob for Moncler pursuant to article 144-*quater* of the Issuers' Regulation by way of Resolution no. 19856 of January 25, 2017 is 1%.

Each shareholder has the right to submit or participate in the presentation of only one list and each candidate may appear on only one list on penalty of ineligibility.

Along with each list, within the deadlines for submission prescribed by law, declarations in which the individual candidates accept their candidacy and attest, under their own responsibility, that there are no causes of ineligibility and incompatibility, as well as the existence of the regulatory and statutory requirements for the position, must be filed. The list that does not comply with the provisions referred to above is considered as not presented. Along with the statements, a *curriculum vitae* on the personal and professional characteristics and including the list of administration and control duties of each candidate held in other companies must be filed for each candidate.

The provisions of law and regulations in force from time to time apply for the presentation, filing and publication of the lists. The lists are divided into two sections: one for candidates for the office of regular statutory auditor and the other for candidates for the office of deputy statutory auditor. Each person entitled may vote for only one list.

Statutory auditors are appointed as follows:

- (a) two regular statutory auditors and one deputy statutory auditor are elected from the list that obtained the highest number of votes, based on the sequential order in which they appear in the list;

- (b) the remaining regular statutory auditor - who will take the office of Chairman - and one deputy statutory auditor are taken from the second list that has obtained the highest number of votes and found not to be connected in any way, directly or indirectly, with those who presented or voted for the first list with the highest number of votes on the basis of the sequential order in which they appear in the list. In the event that minority lists obtain the same number of votes, the candidate of the list, regular statutory auditor and deputy statutory auditor, being the eldest shall result as elected;
- (c) in the event one list alone is submitted, the Board of Statutory Auditors is drawn entirely from this subject to having obtained the approval of a simple majority of the votes.

If the methods above do not assure the composition of the Board of Statutory Auditors, in its full number of members, in compliance with the pro tempore legislation regarding gender balance, in the context of the candidates for the office of regular statutory auditor from the list that obtained the highest number of votes, the necessary replacements shall be performed according to the sequential order in which candidates are listed.

If the legal and statutory requirements are not met, the statutory auditor forfeits the office. In the event of the replacement of a statutory auditor, the deputy an auditor belonging to the same list as the outgoing one takes his place or, failing that, in the event of termination of the minority member, the next candidate on the same list as the outgoing auditor or, alternatively, the first candidate from the minority list that has obtained the second highest number of votes.

It is understood that the Chair of the Board of Statutory Auditors shall remain with the minority auditor and that the composition of the Board shall comply with the regulations currently in force concerning gender balance.

When the Shareholders' meeting is due to appoint the regular and/or deputy statutory auditors to set up the Board of Statutory Auditors, the procedures shall be as follows: if it is necessary to replace elected auditors in the majority list, the appointment shall be made by a majority vote on any list; if there is the need to replace elected auditors in the minority list, the Shareholders' Meeting replaces them on a simple majority vote, choosing where possible between the candidates on the list of which the auditor to be replaced was part, or on the minority list that has the second highest number of votes.

If the application of these procedures does not allow, for any reason, the replacement of the statutory auditors appointed by the minority, the meeting will take measures for a relative majority vote, subject to submission of nominations by shareholders who, alone or together with others, are in total holders of a number of shares with voting rights representing at least the percentage indicated above in relation to the procedure for the submission of lists; however, the results of this last vote will not take into account the votes of shareholders who, according to communications made under the current legislation, hold, directly or indirectly or jointly with other shareholders that are party to a relevant shareholders' agreement pursuant to Article 122 of the TUF, a relative majority of the voting power which can be exercised in the meeting, as well as shareholders that control, are controlled by or are under the common control of the same.

Replacement procedures mentioned above must in any case ensure compliance with the laws and regulations in force on gender balance. The outgoing auditors can be re-elected.

The By-laws do not contemplate the election of more than one minority auditor.

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

Under Article 24 of the By-laws, the Shareholders' Meeting appoints the Board of Statutory Auditors, consisting of three regular statutory auditors and determines their remuneration. The Shareholders' Meeting also elects two deputy statutory auditors. The powers, duties and term of office of the statutory auditors shall be those established by law.

The Board of Statutory Auditors, in charge at the date of this Report, was appointed by the Shareholders' Meeting on April 29, 2014 on the basis of the sole list presented on April 2, 2014 by the shareholder Ruffini Partecipazioni S.r.l. The board remains in office until approval of the financial statements for the year ended December 31, 2016.

The members of the Board of Statutory Auditors are:

First and last name	Charge
Mario Valenti	Chairman of the Board of Statutory Auditors
Raoul Francesco Vitulo	Standing Auditor
Antonella Suffriti	Standing Auditor
Lorenzo Mauro Banfi	Deputy Auditor
Stefania Bettoni	Deputy Auditor

Reference should be made to **Table 3** in the appendix for full details of the composition of the Board of Statutory Auditors.

The following are brief resumes of the members of the Board of Statutory Auditors, which indicate the expertise and experience they have gained in the field of business management.

**Mario Valenti** - Born in Tortona (AL) on June 4, 1942, graduated in Economics and Business at Università Commerciale Luigi Bocconi in Milan in 1967. He has been enrolled in the Association of Certified Accountants of Milan with seniority since January 1, 1963; furthermore, he became a chartered accountant in 1969 and an auditor in 1995. He is the owner of the Milan professional studio named after him. Currently he is Chairman of the Board of Statutory Auditors of various companies, including Achille Pinto S.p.A., Dafe 4000 S.p.A., Giovanni Bosca Tosti IVI S.p.A., Immobiliare BA 68 S.p.A., Industries S.p.A., Jakil S.p.A., Lampugnani Farmaceutici S.p.A., Porto di Lavagna S.p.A., Ruffini Partecipazioni Holding S.r.l., Ruffini Partecipazioni S.r.l., Tekmed Instruments S.p.A. and member of the Board of Statutory Auditors of Caprotti S.p.A., Intesa Aretina S.c.arl., Intercos Europe S.p.A., and Zephyro S.p.A.. In addition, he holds the position of Sole Director of Tecla S.r.l..

**Antonella Suffriti** - Born in Modena on January 27, 1960, Antonella Suffriti graduated in Business and Economics at the University of Modena in 1984 and is enrolled in the Association of Certified Accountants and Auditors. She started her career at Reconta Ernst Young S.a.s. as assistant accountant. In 1987 she worked as Certified Accountant. In 1991 she started to work for the network Deloitte Touche Tohmatsu in the area of auditing and became a Partner in 2001. She currently holds the office of CFO and controller with powers in the area of HR for Partner of Deloitte FA Transaction Services and of Managing Director of Dianthus S.p.A.. She has gained significant experience in providing direct services to medium and large client companies, including several listed companies. She has carried out several due diligence processes on Italian and foreign companies, listing procedures and issue of bonds, also on international markets. Among her main clients: Sportswear Company, Champion, Gucci, Armani, Bruno Magli, Ralph Lauren, Sergio Rossi, Golden Lady, Fiat, General Motors, VM Motori, Mahindra, Panini, Tiscali, Grand Hotel Baglioni, Cisa, Deutsche Bahn, Snai, Gemeaz, Elica. She has been a member of the Board of Statutory Auditors of Ge.Co., Investimenti Commerciali Savignano and Motoman.



**Raoul Francesco Vitulo** - Born in Milan on July 3, 1953, he graduated in Economics and Commerce from Università Commerciale Luigi Bocconi in Milan. Chartered Accountant and Auditor, holder of the Corporate Finance Qualification, he is currently a partner of Deloitte Financial Advisory Services S.p.A., in which he is responsible for listing processes, vendor processes, acquisitions, IPOs and valuations. He has held the office of member of the Board of Statutory Auditors, also as Chairman, in Snia S.p.A., Sorin S.p.A., Cesare Fiorucci S.p.A., Crest S.r.l., International Motorcycles S.p.A., Mascioni S.p.A. and Vincenzo Zucchi S.p.A.; and holds a position still effective as Chairman in Mesdan S.p.A., Eutron S.p.A., Savio Macchine Tessili S.p.A., Holdingbi S.p.A., Octo Telematics S.p.A., Avio S.p.A., and as statutory auditor in, Remazel Engineering S.p.A., Redecam Group S.r.l., Altesino S.p.A., Azienda Agricola Tenuta Borgo Scopeto e Caparzo S.r.l., Conceria Gaiera S.p.A., Caffita System S.p.A., Eldor Holding S.p.A., Optima Italia S.p.A., Pavan S.p.A., Ergo Previdenza S.p.A., Ergo Italia S.p.A and Industries S.p.A..

**Lorenzo Mauro Banfi** - Born in Milan on January 12, 1959, graduated in Business and Economics at Università Cattolica del Sacro Cuore in Milan in 1983. He has been enrolled in the Association of Certified Accountants of Milan since 1984 and in 1993 obtained the qualification of chartered accountant (auditor pursuant to the applicable legal changes coming into force in 1995). He is a partner of the Studio di Revisori Associati and of Studio Pirola Pennuto Zei & Associati. Previously, he performed auditing activities for around two years at a primary auditing firm. Deals with extraordinary corporate operations, tax consulting in the area of business income and regulatory and tax issues relating to banking and financial activities. He has held the office of Statutory Auditor, also as Chairman of the Board of Statutory Auditors, of Halfen S.r.l., Hugo Boss S.p.A., Kion Rental Services S.p.A., Natixis Global Associates Italia S.p.A. in liquidation, Società di Gestione delle Partecipazioni di Banca Sintesi S.r.l., The Swatch Group (Italia), Les Boutiques S.p.A. in liquidation, Geco SIM S.p.A., Goldman Sachs SGR S.p.A., Italsec S.r.l. in liquidation, Petunia S.p.A. in liquidation, UBS Securities Italia Finanziaria S.p.A., and Valora S.p.A.. He is the Chairman of the Board of Statutory Auditors of various companies, including Hugo Boss Shoes & Accessories Italia S.p.A., Lascor S.p.A., Linde Gas Italia S.r.l., Morgan Stanley SGR S.p.A., Puma Italia S.r.l., Still Italia S.p.A., The Swatch Group Italia S.p.A., Granato S.p.A., Carrier Distribution Italy S.p.A., Chiron Italia S.p.A., Cimprogetti S.p.A., Commerciale Carrelli S.r.l., H7 S.p.A. DFI S.p.A. in liquidation, Linde Medica S.r.l., and Linde Hydraulics Italia S.p.A. In addition, he is Chairman of the Board of Directors of SPV Venezia S.r.l..

**Stefania Bettoni** - Born in Brescia on February 3, 1969, Stefania Bettoni graduated in Social and Economics Sciences at Università Commerciale Luigi Bocconi in Milan March 1994. She has been enrolled in the Association of Certified Accountants of Milan since 1998; in the Register of Auditors since May 1999 and in the Register of Judicial Technical Consultants of the Courts of Milan since January 2002. She has been associated since 2003 with Studio Spadacini, in Milan, where she gained a solid experience in the areas of financial statements, continuous accounting and tax assistance mainly for financial companies, family holdings and non-commercial organizations. Among the main offices she has held: Chairman of the Board of Statutory Auditors of Programma 101 S.p.A.; Standing Statutory Auditor of Synergo SGR S.p.A., Kinexia S.p.A., Bieffe Medital S.p.A., Motovario S.p.A., Oftalmica Galileo S.p.A., LTL S.p.A. and A2A Retigas S.p.A.; member of the Board of Auditors of Fondazione Gianfranco Ferrè and Fondazione Pier Lombardo.

All the members of the Board of Statutory Auditors meet the independence requirements provided for in Article 148, paragraph 3, of the TUF and, as stated in the respective resume and additional information provided in this paragraph, the requirements of integrity and professional qualifications required by Article 148 of the TUF and the implementing regulations adopted by the Decree of the Ministry of Justice no. 162/2000.

In 2016, the Board of Statutory Auditors positively verified the independence of its members on the basis of the criteria set out in article 3 and article 8 of the Corporate Governance Code. In the declaration of

candidacy and acceptance of the office of auditor of the Company, all the auditors have also certified (i) that there are no grounds for their ineligibility, revocation, or incompatibility, (ii) that they meet all integrity, independence, and professionalism requirements, in compliance with law and with the bylaws, for the office of auditor of Moncler which is a listed company; (iii) that they do not hold management or control positions equal to or exceeding the limits established by law; and (iv) that they will communicate promptly to the Company and, on its behalf, the Board of Directors and the other members of the Board of Statutory Auditors, any changes to the declaration and any supervening grounds for revocation.

The Board of Statutory Auditors met on thirteen occasions during the Financial Year.

Reference should be made to **Table 3** in the appendix for the percentage of effective participation to the meetings of each member the Board of Statutory Auditors.

For the current Financial Year, the Board of Statutory Auditors has scheduled nine meetings, of which two have already been held on February 28 and March 7, 2017.

As regards the initiatives promoted by the Chairman of the Board of Directors aimed at providing statutory auditors with adequate knowledge of the area of activity in which the Issuer operates, reference should be made to the matters described in paragraph 4.2.

As discussed in paragraph 10, in the performance of its duties the Board of Statutory Auditors has co-ordinated and regularly liaises with the Internal Audit department, with the Control, Risks and Sustainability Committee, with the Director in charge of the Internal Control and Risk Management System, with the Manager assigned to drawing up the corporate accounting documents and with the auditing firm.

The Company has not found it necessary to formalise and adopt procedures for the obligation of the statutory auditor, who on his or her own behalf or that of third parties has an interest in a specific corporate transaction, to inform promptly and thoroughly the other auditors and the Chairman of the Board of Directors about the nature, terms, origin and scope of the interest, deeming as effective and adequate, on one side, the obligations and the protections applicable to the statutory auditors in accordance with the applicable regulatory and legislative discipline of the Corporate Governance Code; on the other side, having the widest cooperation and dialogue in this regard with the statutory auditor who acts transparently and the full information of the Board.

## 14. RELATIONS WITH SHAREHOLDERS

The Company believes it is essential and of a strategic interest and duty to establish and maintain a constant and open dialogue with shareholders, investors, including institutional investors, and more generally with all the involved stakeholders of Moncler and the Group.

To this end, the Board of Directors, adhering to the recommendations set out in Article 11 of the Corporate Governance Code, appointed the official responsible for relations with the shareholders and investors (Investor Relator) in the person of Ms. Paola Durante.

A special section of the Company's website [www.monclergroup.com](http://www.monclergroup.com) is dedicated to providing financial and corporate information for investors and called "Investor" within which an e-mail address is provided for collecting and responding to requests for information made by shareholders and investors.

The coordinates of the Head of Investor Relations are:

**Paola Durante**

**Investor Relations and Strategic Planning Director****Tel: +39 02 422041****[investor.relations@moncler.com](mailto:investor.relations@moncler.com)****15. SHAREHOLDERS' MEETINGS**

The Shareholders' Meeting of Moncler shall decide on all matters within its jurisdiction by law.

The resolutions, both at ordinary or extraordinary Shareholders' Meetings shall be taken by the majority required by law, subject to the provisions of Article 12.3 of the By-laws, under which the Shareholders' Meeting is duly constituted with the presence of shareholders representing at least half of the share capital, and shall be effective with the favourable vote of at least 70% of the share capital represented at the Shareholders' Meeting, for resolutions relating to: (i) capital increases or the issue of convertible bonds or other convertible financial instruments or giving the right to receive, for any reason, the Company's shares, with the exclusion of option rights, or even if there is no exclusion of this right, if issued at a unit issue price that has not been calculated based on the fair market value of the Company taking into account the average stock exchange price of the six (6) months prior to the date of the meeting of the Board of Directors resolving the proposed increase in capital or issue of bonds or other securities referred to in this paragraph (i); (ii) mergers or demergers involving companies not wholly owned by the Company; (iii) changes to the Company's By-laws relating to (a) the business purpose; (b) the appointment of the governing bodies; or (c) the rights of shareholders, including but not limited to any qualified majority; and (iv) the request for voluntary exclusion from trading.

Under Article 8 of the By-laws, ordinary and extraordinary Shareholders' Meetings are normally held in the municipality where the Company's registered office is located, unless otherwise resolved by the Board of Directors, and provided that it is in Italy or in a country in which the Company operates, directly or through its affiliates or subsidiaries.

The ordinary Shareholders' Meeting must be convened at least once a year to approve the Financial Statements, within one hundred twenty days after the close of the financial year or within one hundred and eighty days, since the Company is required to prepare consolidated annual accounts or, in any case, when it is required by the extraordinary demands on the structure and purpose of the Company.

The relevant notice of summon is made within the time prescribed by the applicable laws and regulations in force from time to time by notice published on the Company's website, as well as the manner prescribed by applicable laws and regulations in force from time to time with a notice period of not less than the minimum required by law prior to the date fixed for the Shareholders' Meeting.

Ordinary and extraordinary Shareholders' Meetings are held in a single call.

Those who may participate and intervene in the Shareholders' Meeting are those who have the right to vote and their representatives in accordance with legal rules and regulations from time to time in force.

Under Article 10 of the By-laws, those who are entitled to vote may be represented at the Shareholders' Meeting, in accordance with law, by proxy issued in the manner provided by law. The proxy may be notified to the Company by mail or by e-mail transmission in the manner specified in the convening notice.

The Company does not exercise the option provided for by law to appoint a representative to whom shareholders may assign a proxy with voting instructions on all or some of the proposals on the agenda of the Shareholders' Meeting.

The Shareholders' Meeting is chaired by the Chairman of the Board of Directors or, in his absence or impediment, by the Deputy Chairman or the Managing Director, if present; in their absence the Shareholders' Meeting elects the Chairman.

Shareholders' Meetings are governed by specific Shareholders' Meeting Regulations which were approved by the resolution of October 1, 2013 and are effective from December 16, 2013.

The Shareholders' Meeting Regulations have been adopted in order to regulate the orderly and efficient conduct of Shareholders' Meetings and to benefit the rights of shareholders in compliance with the legal regulations enacted in the European Community Directive 2007/36/EC (known as the Shareholders' Rights Directive) and the recommendations found in Article 9 of the Corporate Governance Code.

For regulating and facilitating any action undertaken by right holders, article 6 of the Shareholders' Meeting Regulations provides that those who have the right to vote may ask to speak on the topics under discussion only once, making comments and asking for information. In exercising their right to vote right-holders may also make proposals. In order to ensure orderly conduct of the Shareholders' Meeting, the Chairman has the right to determine, at the beginning or during the discussion of individual topics, a term for the submission of requests for intervention. The Chairman shall lay down the methods of inquiry and conduct of operations and the order of execution of the same. The Chairman, taking note of the object and relevance of individual topics under discussion as well as the number of requests to speak and any questions made by members before the Shareholders' Meeting which have not already been answered by the Company, predetermines the duration of interventions and replies – normally not more than ten minutes for interventions and five minutes for replies – in order to ensure that the Shareholders' Meeting can conclude its work in a single session.

The Shareholders' Meeting Regulations are available on the Company's website [www.monclergroup.com](http://www.monclergroup.com) in the section *Governance / Corporate Documents* to which reference should be made for any further details.

In the course of the Financial Year, a general Shareholders' Meeting was held on April 20, 2016:

- (i) in the ordinary session for the approval of the financial statements as of December 31, 2015 and of the destinations of the profits for the financial year, of the remuneration policy mentioned in the first section of the Remuneration Report pursuant to Article 123-ter of the TUF, the appointment of the Board of Directors (with the appointment of the Chairman and of the Deputy Chairman and the determination of the number of its members, the term of office and the remuneration of the members), the 2016-2018 Performance Shares Plan, and the authorization to purchase and dispose of own shares, pursuant to Article 2357 and 2357-ter of the Italian Civil Code, after revocation of authorisation decided by the ordinary Shareholders Meeting on April 23, 2015;
- (ii) in the extraordinary session, to approve the proposed amendment to Article 5 of the By-laws and the delegation to the Board of Directors, pursuant to Art. 2443 of the Italian Civil Code, of the power to increase the share capital, pursuant to Article 2349 of the Italian Civil Code, by issue of up to 3,800,000 ordinary shares, for a maximum amount of Euro 760,000, to be allocated to the beneficiaries of the 2016-2018 Performance Shares Plan.

In addition to the Chairman of the Board, Remo Ruffini, who chaired the Shareholders' Meeting on April 20, 2016, attended, for the Board of Directors, the Directors Nerio Alessandri, Vivianne Akriche, Christian Gerard Blanckaert, Sergio Buongiovanni, Marco Diego De Benedetti, Gabriele Galateri di Genola and Diva Moriani; for the Board of Statutory Auditors, the Chairman Mario Valenti and the Standing Auditors Raoul Francesco Vitulo and Antonella Suffriti. The Chief Corporate Officer and the

Manager in charge of preparing corporate accounting documents, Mr. Luciano Santel, attended the Shareholders' Meeting as well.

The Company is part of the FTSE-MIB of Borsa Italiana as of March 24, 2014, having reached, after the listing on the MTA, a market capitalization that at the date of the present Report is equal to Euro 4,509,180,207.52.

During the Financial Year no further significant changes in the market capitalization of the Company occurred. With regard to changes in the company structure of Moncler, please refer to the previous paragraph 2 (g).

## 16. ADDITIONAL CORPORATE GOVERNANCE PRACTICES

The Chairman and Managing Director Remo Ruffini is assisted by a Strategic Committee composed by the Chairman and Managing Director (Chairman of the Committee), the Executive Director Sergio Buongiovanni (Secretary and Deputy Chairman of the Committee), the Chief Corporate Officer, the Chief Operating Office, the Head of Operation and Supply Chain and the Head of Retail and Development.

The Strategic Committee assists the Chairman and Managing Director in an advisory capacity, supporting him on a continuous basis in the definition and implementation of strategies and carrying out the task of linking the main strategic areas of the Company and the Group and obtaining their agreement, ensuring consistency and agreement with Moncler's founding values, namely uniqueness, exclusivity, transversality, quality and innovation. In particular, the Strategy Committee meets on a regular basis to help define business and operational planning, product development and collections, management of the retail network and local structures (the Regions), the organisation of events, the opening of new stores and entering new markets, including through the creation of joint ventures.

## 17. CHANGES SINCE THE END OF THE FINANCIAL YEAR

Save as set out under paragraph 4.2, there have been no changes in the Company's Corporate Governance structure since the end of the Financial Year.

\* \* \*

Milan, February 28, 2017

**Moncler S.p.A.**  
On behalf of the Board of Directors  
The Chairman  
Remo Ruffini





## TABLES

TABLE 1: INFORMATION ON CORPORATE STRUCTURES

Capital structure				
	No. of shares	% of share capital	Listed (indicate markets)/unlisted	Rights and obligations
Ordinary shares	250,231,976	100%	<i>Mercato Telematico Azionario</i>	-
Shares with limited voting rights	-	-	-	-
Shares without voting rights	-	-	-	-

Other financial instruments				
	Listed (indicate markets)/unlisted	No. of instruments in circulation	Category of shares for the conversion \ exercise	No. of shares for the conversion \ exercise
Convertible bonds	-	-	-	-
Warrants	-	-	-	-

Significant shareholdings (*)			
Declarant	Direct shareholder	No. of shares	% of ordinary share capital
RUFFINI REMO (*)	RUFFINI PARTECIPAZIONI SRL	66,921,551	26.750%
EURAZEO SA	ECIP M SA	23,836,577	9.528%

(\*) Investment as per the Consob website.

Table 2: Structure of the Board of Directors and Committees

Board of Directors													Control, Risks and Sustainability Committee			Nomination and Remuneration Committee		Committee for related-party transactions	
Office	Members	Birth year	Date of first appointment *	In charge as of	In charge until	List **	Executive	Non-executive	Indep. (by Law)	Indep. (pursuant to TUF)	No. of other charges ***	(*)	(*)	(**)	(*)	(**)	(*)	(**)	
Chairman ◊	Ruffini Remo	1961	01.10.2013	20.04.2016	SH mtg appr. FS 2018	M	X				4	9/9							
Director •	Buongiovanni Sergio	1962	01.10.2013	20.04.2016	SH mtg appr. FS 2018	M	X				2	9/9							
Director	Morgon Virginie	1969	01.10.2013	20.04.2016	SH mtg appr. FS 2018	M		X			12	8/9			4/5	M			
Director	Phair Stephanie	1978	20.04.2016	20.04.2016	SH mtg appr. FS 2018	M		X	X	X	1	7/8							
Director	Torres Carretero Juan Carlos	1949	08.11.2016	08.11.2016	SH mtg appr. FS 2018	M		X			6	2/2							
Director	Santel Luciano	1956	20.04.2016	20.04.2016	SH mtg appr. FS 2018	M					2	8/8							
Director ◊	De Benedetti Marco	1962	01.10.2013	20.04.2016	SH mtg appr. FS 2018	M		X	X		12	7/9	4/5	M	5/5	M	1/1	P	
Director	Moriani Diva	1968	15.12.2014	20.04.2016	SH mtg appr. FS 2018	M		X	X	X	9	7/9	1/1		5/5	P	1/1	M	
Director	Pianaroli Guido	1952	20.04.2016	20.04.2016	SH mtg appr. FS 2018	M		X	X	X	0	7/8	1/1	M			1/1	M	
Director	Alessandri Nerio	1961	04.11.2013	20.04.2016	SH mtg appr. FS 2018	M		X	X	X	10	7/9	1/1		2/2				
Director	Galateri di Genola Gabriele	1947	07.07.2014	20.04.2016	SH mtg appr. FS 2018	M		X	X	X	12	6/9	4/5	P	1/2				
-----DIRECTORS CEASED DURING THE FINANCIAL YEAR-----																			
Director	Akriche Vivianne																		
No. of meetings held during the referred financial year: 9						Control, Risks and Sustainability Committee: 5				Nomination and Remuneration Committee: 5				Committee for related-party transactions: 1					
Indicate the quorum required for the presentation of the lists by the minorities for the election of one or more members (ex Art. 147-ter TUF): 1% of the share capital																			

## NOTES

The symbols indicated below should be entered in the column "Office":

• This symbol indicates the Director in charge of the internal control and risk management system.

◊ This symbol indicates the main responsible officer for the management of the issuer (Chief Executive Officer or CEO).

◊ This symbol indicates the Lead Independent Director (LID).

\* The date of first appointment of each director shall mean the date when the director has been appointed for the first time (in absolute) in the Board of Directors of the issuer.

\*\* In this column it is reported the list from which each director has been elected ("M": Majority list; "m": minority list; "BoD": list presented by the BoD).

\*\*\* In this column it is reported the number of offices as Director or Statutory Auditor of the concerned person in other listed companies in regulated markets, even non-Italian, financial corporations, banks, insurance companies or companies having significant dimensions. In the Report on the corporate governance the offices are reported in full.

(\*). In this column it is reported the attendance of the Directors to the meetings of the BoD and of the committees respectively (i.e. no. of presences / no. of meetings held during the actual term of office of the concerned person; ex. 6/8; 8/8 etc.).

(\*\*). In this column it is reported the role of the Director in the committee: "C": chairman; "M": member.

**Table 3: Structure of the Board of Statutory Auditors**

Board of Statutory Auditors									
Office	Members	Birth year	Date of first appointment *	In charge as of	In charge until	List **	Indep. Code	Attendance to the meetings of the Statutory Auditors ***	No. of other officers ****
Chairman	Valenti Mario	1942	12.10.2011	29.04.2014	SH mtg appr. FS 2016	M	X	13/13	17
Standing Auditor	Vitulo Raoul Francesco	1953	12.10.2011	29.04.2014	SH mtg appr. FS 2016	M	X	13/13	18
Standing Auditor	Suffriti Antonella	1960	29.04.2014	29.04.2014	SH mtg appr. FS 2016	M	X	13/13	3
Deputy Auditor	Banfi Lorenzo Mauro	1959	12.10.2011	29.04.2014	SH mtg appr. FS 2016	M	X	-	35
Deputy Auditor	Bettoni Stefania	1969	29.04.2014	29.04.2014	SH mtg appr. FS 2016	M	X	-	33
-----AUDITORS CEASED DURING THE REFERRED FINANCIAL YEAR-----									
No. of meetings held during the Financial Year: 13									
Indicate the quorum requested for the presentation of the lists by the minorities for the election of one or more members (ex Art. 148 TUF): 1% of the share capital									

**NOTES**

\* The date of first appointment of each director shall mean the date when the director has been appointed for the first time (in absolute) in the Board of Statutory Auditors of the issuer.

\*\* In this column it is reported the list from which each auditor has been elected ("M": majority list; "m": minority list).

\*\*\* In this column is reported the percentage of attendance of the statutory auditors to the meetings of the Board of Statutory Auditors (i.e. no. of presences / no. of meetings held during the actual term of office of the concerned person; ex. 6/8; 8/8 etc.).

\*\*\*\* In this column it is reported the number of offices as Director or Statutory Auditor of the concerned person pursuant to article 148-bis of the TUF and the relevant implementation provisions included in the *Regolamento Emittenti* (Issuers' Regulations) of Consob. The complete list of the offices is published by Consob on its website pursuant to article 144-quinquiesdecies of the Issuers' Regulations