

**CORPORATE GOVERNANCE AND OWNERSHIP STRUCTURE REPORT**

In accordance with Article 123-bis of the CFA
(traditional administration and control model)

ELICA S.p.A.

<http://corporation.elica.com>

FINANCIAL YEAR 2015

Approved by the Board of Directors on March 22, 2016

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1. INTRODUCTION

The present report illustrates, in accordance with Article 123-bis of Legislative Decree 58/98 (“**Consolidated Finance Act**” or “**CFA**”) the Corporate Governance system adopted by Elica S.p.A. (“Elica” or the “Company”) in 2015 and updated at March 22, 2016, in line with the recommendations of the Self-Governance Code, issued by Borsa Italiana and approved, in July 2015, by the Corporate Governance Committee (the “**Self-Governance Code**” or the “**Code**”).

The disclosures relating to the remuneration of the corporate officers and senior management are contained in the Remuneration Report prepared pursuant to Article 123-ter of the CFA, in accordance with Attachment 3A, Schedule 7-bis, of Consob Resolution No. 11971/1999 and subsequent amendments (“**Issuers’ Regulations**”) and published together with the present Report, in accordance with the provisions of Article 84-quater of the Issuers’ Regulations (“**Remuneration Report**”).

In addition, the present report will be published on the website of the Company <http://corporation.elica.com> (Corporate Governance section).

2. INFORMATION ON THE OWNERSHIP STRUCTURE (AS PER ARTICLE 123 BIS, PARAGRAPH 1, CFA)

a) Shareholders (as per Article 123-bis, paragraph 1, letter a), CFA)

Amount of subscribed and paid-in share capital: **Euro 12,664,560**.

Classes of shares that make up the share capital: **63,322,800** ordinary shares, with a nominal value of Euro 0.20 each (see “**TABLE 1 – INFORMATION ON THE SHARE CAPITAL**” – “**SHARE CAPITAL STRUCTURE**”). Elica has not issued other share classes at the date of this Report, or convertible financial instruments which confer newly-issued share subscription rights.

b) Restriction on the transfer of shares (as per Article 123-bis, paragraph 1, letter b), CFA)

The By-laws do not contain any restrictions on any type of share transfer.

c) Significant holdings (as per Article 123-bis, paragraph 1, letter c), CFA)

The significant shareholdings are indicated in “**TABLE 1 – INFORMATION ON THE SHARE CAPITAL**” – “**Significant Holdings in the Share Capital**” based on the information available to the Company at March 22, 2016.

d) Shares which confer special rights (as per Article 123-bis, paragraph 1, letter d), CFA)

The Company has not issued shares which confer special controlling rights.

No special powers exist and the by-laws does not provide for shares with the right to more than one vote.

e) Employee shareholdings: voting mechanism (as per article 123-bis, paragraph 1, letter f), CFA)

Not applicable.

f) Voting restrictions (as per Article 123-bis, paragraph 1, letter f), CFA)

The By-laws do not contain any restrictions on voting rights.

g) Shareholder agreements (as per Article 123-bis, paragraph 1, letter g), CFA)

On December 18, 2013, FAN S.r.l.(formerly FAN S.A.), the parent company of Elica S.p.A., and Whirlpool Europe S.r.l. (“Whirlpool”) renewed the shareholder agreement signed on December 10, 2007 (the “**Shareholder Agreement**”).

The Shareholder Agreement covers, among other issues, aspects relating to the governance of Elica S.p.A.. It sets a number of limits on the transfer of investments held by the Parties and commits FAN and the entities controlled by it to a non-competition clause.

The matters outlined above had no impact on the control of Elica which pursuant to article 93 of the Consolidated Finance Act, continues to be indirectly held by Ms. Gianna Pieralisi.

In sub ATTACHMENT 1 the full Extract of the latest Shareholder Agreement communicated to Consob in accordance with Article 122 of Legislative Decree No. 58/1998 is reported.

h) Change of control clause (as per Article 123-bis, paragraph 1, letter h), CFA) and statutory provisions concerning Public Purchase Offers (Article 104, paragraph 1-ter and 104-bis, paragraph 1)

Agreements are in place of a commercial and financial nature and/or concerning investments of the Company in its subsidiaries, of a confidential nature, which provide, among other matters, for the right to withdrawal or to purchase/sell shares of the subsidiaries to the other contracting party, in the case of change of control of the Company. The resolution of an individual agreement would not significantly impact the Company.

The Company By-Laws do not provide for exceptions to the passivity rule pursuant to Article 104, paragraphs 1 and 1 of the CFA, nor the application of the neutralisation rules pursuant to Article 104-bis, paragraphs 2 and 3 of the CFA.

i) Power to increase the share capital and authorisation to purchase treasury shares (as per Article 123-bis, paragraph 1, letter m), CFA)

At the date of the Present Report, the Board had not been granted powers to increase the share capital under Article 2443 of the Civil Code.

The Company, in accordance with Article 8.4 of the By-Laws, may issue non-convertible and convertible bond loans or with warrants, in accordance with Articles 2410 subsequent of the Civil Code.

The Board of Directors may also issue non-convertible bonds within the limits set out in Article 2412 of the Civil Code and convertible within the limits set by Article 2420-ter of the Civil Code.

With reference to the purchase of treasury shares, the Shareholders' Meeting of April 29, 2015 of Elica approved the procedures and delegated powers to the Board of Directors of the Company to purchase (for a period of 18 months) and utilise (without time limits) ordinary shares of the Company, establishing the manner of completion and delegating to the Board of Directors the power to take any necessary actions in order to give effect to resolutions in accordance with applicable laws.

At the date of the present Report, the Company has not undertaken any purchases in accordance with this resolution. It should be noted that during the year 2015, the Company did not utilise treasury shares already held in portfolio in virtue of previous purchases.

On February 12, 2015, the Company, on the appointment of EQUITA SIM S.p.A. as the specialist operator of the company in accordance with Article 2.2.3, paragraph 4 of the Issuers' Regulation, granted to this latter an option to request and obtain from Elica free of charge, in accordance with Articles 1813 and subsequent of the Civil Code, up to a maximum 150,000 treasury shares, corresponding to 0.24% of the share capital, to execute the specialist contract, according to the terms and conditions therein described. At the date of the present report, this option had not been exercised, therefore the company holds 1,275,498 treasury shares in portfolio, equal to 2.014% of the share capital.

The Shareholders' Meeting called for the approval of the 2015 Annual Accounts will, among other issues, be requested to renew the approval for the purchase and utilisation of treasury shares. Acceptance of the proposal would result in therefore, among other issues, the withdrawal of the previous authorisation

granted on April 29, 2015, for that part not utilised.¹

I) Direction and co-ordination activities (as per Article 2497 of the Civil Code)

The company is not subject to management and co-ordination pursuant to Art. 2497 and subsequent of the Civil Code.

This conclusion derives from the fact that the majority shareholder does not carry out management activities within the company and, although exercising their voting rights at the shareholders' meeting, does not exercise any managerial directives or have any involvement in the production and financial programmes. The Company therefore carries out its operations through a totally autonomous and independent decision-making process.

The disclosure required by Article 123-bis, paragraph 1, letter i) of the CFA are contained in Section 1 of the Remuneration Report, while the disclosure required by Article 123-bis, paragraph 1, letter l) are illustrated in the subsequent section "4.1 Appointment and replacement (as per Article 123-bis, paragraph 1, letter l), CFA)" below of the present Report.

3. COMPLIANCE (AS PER ARTICLE 123-BIS, PARAGRAPH 2, LETTER A), CFA)

The company complies with the Self-Governance Code issued by Borsa Italiana S.p.A. and approved by the "Corporate Governance Committee" (July 2015 Edition).

Where the recommendations of the Code are not applied, the reasons for such are provided in the present report.

The Self-Governance Code is available on the website of Borsa Italiana S.p.A.: www.borsaitaliana.it

The Company, and its subsidiaries, are not subject to laws in force outside Italy which affect the Corporate Governance structure of Elica.

4. BOARD OF DIRECTORS

4.1 Appointment and replacement (as per Article 123-bis, paragraph 1, letter l), CFA)

The appointment and replacement of directors is governed by Article 16 of the by-laws, which provides for slate voting. This mechanism was latterly adopted on the renewal of the Board of Directors by the Shareholders' Meeting of April 29, 2015.

For further information on the manner of appointment of the Directors, reference is made to the subsequent section "Appointment of the Corporate Boards".

All amendments to the By-Laws are made based on the provisions of law and the by-laws themselves. In accordance with Article 19.2 of the By-Law, which adheres to Article 2365 of the civil code, adjustments to the by-laws in accordance with law are reserved to the Board of Directors.

Succession plans

On August 27, 2015, the Board of Directors considered whether to adopt a succession plan for executive directors, pursuant to Article 5.C.2. of the Civil Code, delegating the preparatory activities to the Appointments and Remuneration Committee. Thereafter, the Committee presented to the Board a plan proposal, which was approved by the Board on February 12, 2016.

¹ For further information, reference should be made to the Report of the Board of Directors' of Elica S.p.A. relating to the proposal to authorise and utilise Treasury Shares of March 22, 2016, available on the Company website.

The Board of Directors of Elica considers the succession plan as an instrument to ensure the consistent management of risk, business continuity and the long-term sustainability of the company, through governing the renewal and replacement of executive directors in the case of their unforeseeable discontinuation of service, with the most appropriate replacements.

The Succession Plan adopted by the Company includes specific mechanisms in the case of advance replacement, ahead of the natural conclusion of office, of executive directors. To this end, the Appointments and Remuneration Committee, in addition to expressing recommendations with regard to individuals whose presence on the Board is considered appropriate, ensures the existence of a list of possible replacements for executive directors in office in the case of advance conclusion of mandate.

Specifically, the Board of Directors: (i) may approve the succession plan and monitor its efficacy, evaluating at least annually whether to implement updates, taking into consideration the report of the Appointments and Remuneration Committee; (ii) provides operational indications and guidelines; (iii) delegates the preparatory phase and the proposal of updates or amendments to the succession plan to the Appointments and Remuneration Committee; and (iv) reports on the state of the succession plan in the annual corporate governance and ownership structure report.

The Appointments and Remuneration Committee: (i) expresses recommendations with regard to individuals, including with regard to the renewal of executive positions, whose presence on the Board is considered appropriate, including the duty to ensure over time a list of possible replacements for the Chief Executive Officers in office, in view of possible discontinuation of mandate; (ii) manages the preparatory phase, in close collaboration with the competent company department for the management of human resources and draws up updates and amendment proposals for the succession plan to the Board; (iii) draws up promptly a recommendation, to be sent to the Chairman or, in his/her absence, to the CEO, with regard to the resolutions to be adopted at the Board meeting, in the case of the advance replacement of an executive director; and (iv) reports annually to the board upon the operations carried out with regard to the succession of executive directors and expresses an assessment of the coverage level of the relative risk.

The executive directors are involved in the implementation of the process.

The corporate structure supports the Appointments and Remuneration Committee and the other parties involved in the implementation of the plan.

4.2 Composition of the Board of Directors (as per Article 123-bis, paragraph 2, letter d), CFA)

The Board of Directors of the Company, in accordance with article 2 of the Self-Governance Code, is comprised of executive and non-executive directors with sufficient skills and levels of professionalism. The number of independent directors in accordance with the CFA and the Self-Governance Code was four, out of a total of eight. This number is considered more than sufficient to undertake the functions of the independent directors.

As per article 16 of the By-laws, the Company is administered by a Board of Directors made up of between 5 and 11 members, including non-shareholders.

On April 29, 2015, the Shareholders' Meeting of the Company, conferred administration of the system to a Board of Directors comprising of 8 members, which will remain in office until the approval of the financial statements at December 31, 2017, appointing Mr. Francesco Casoli as the Chairman of the Board of Directors.

The Shareholders' Meeting of April 29, 2015 was presented a single slate for the appointment of the directors. This slate was presented by the majority shareholder FAN S.r.l. and proposes as Directors Messrs:

Casoli Francesco, Perucchetti Giuseppe, Pieralisi Gianna, Vita Enrico, Catania Elio Cosimo, Da Ros Katia (formerly Katiusa), Croff Davide and Pieralisi Gennaro.

The result of the voting of Shareholders present at the Shareholders' Meeting was as follows:

- votes in favour of Slate 1 – 37,201,726, equal to 100% of votes;

The candidates listed above were therefore elected as directors and Francesco Casoli was confirmed as Chairman.

In 2015 and until April 29, 2015, the Board comprised: Francesco Casoli (Chairman), Giuseppe Perucchetti (Chief Executive Officer), Gianna Pieralisi (Executive Director), Stefano Romiti (Lead Independent

Director), Gennaro Pieralisi (Non-Executive Director), Andrea Sasso (Non-Executive Director), Evasio Novarese (Independent Director) and Elena Magri (Independent Director).

For further information on the composition of the Board of Directors of the Company at December 31, 2015, which coincides with the composition of the Board at the preparation date of the present report, reference should be made to "TABLE 2 - STRUCTURE OF THE BOARD OF DIRECTORS AND OF THE COMMITTEES".

The curriculum vitae of the directors are summarised below.²

Francesco Casoli: Chairman of the Board of Directors of the Company from April 12, 2006; previously he was the Chief Executive Officer. He is the son of Ermanno Casoli, founder of Elica S.p.A., in which he has worked since 1978; in 1990, at just 29 years of age, he was appointed Chief Executive Officer of the Company. He is the Chairman and Chief Executive Officer of FAN S.r.l., the Sole Shareholder of Fintrack S.p.A. and Vice Chairman of the Ermanno Casoli Foundation. From June 2005 to March 2006, he was the Chairman of Assindustria in the Province of Ancona. At the elections of April 9 and 10, 2006, he was elected to the Senate of the Italian Republic and re-elected in the elections of 2008, leaving the house in March 2013. Finally, between August 2013 and March 2015 he was a Director of the Finish company Efore PLC, listed on the Nasdaq Omx Helsinki OY (small cap segment).

Giuseppe Perucchetti: C.E.O. of Elica S.p.A. since September 13, 2012; previously, from August 2011, he served as an Independent Director of the Company. Having graduated in Industrial Business Economics from the Bocconi University of Milan, he served in various roles in a number of leading companies. In the mid-1980's he began his career with Philips (IRE) as an assistant in the sales department. After 5 years he moved to Whirlpool, where he remained for 22 years, operating both domestically and internationally and within a number of departments. His final position with Whirlpool was Senior Vice President of Whirlpool Europe, Middle East and Africa and Council Chairman of Whirlpool Corporation. He has acted also as a management consultant. He has collaborated with the Regional Economics University Research Centre and was a contracted lecturer at the Economics Faculty of the University of Milan-Bicocca.

Gianna Pieralisi: She has been an Executive Director of Elica S.p.A. since April 12, 2006. Between May 29, 1998 and April 12, 2006, she was Chairperson of the Board of Directors of the Company. She is the mother of the current Chairman of the Board of Directors. She acted as Chairperson of the Board of Directors of Air Force S.p.A. from March 2003 to April 2006. She is the Chairman of FAN S.r.l. and of the Ermanno Casoli Foundation.

Enrico Vita: Director of Elica S.p.A. from April 2015. Since October 2015 C.E.O. of Amplifon S.p.A.. A graduate in Mechanical Engineering, between 1995 and 2003 he undertook roles of increasing responsibility with Indesit Company. His most significant appointments included Managing Director for commercial operations in UK and Ireland in 2007, Chief Commercial Officer in 2010 and Chief Operating Officer in 2013. In 2014, he left the Indesit Group to join Amplifon, firstly as Executive Vice President and thereafter in 2015 as General Manager.

Elio Cosimo Catania: Director of Elica S.p.A. from April 2015. Chairman of Confindustria Digitale and Director of Assonime; Member of the Executive Committee of the Board for relations between Italy and the United States; Member of the Advisory Board of EY. Graduated in Electronic Engineering, thereafter undertaking a Masters in Management Science at the Sloan Fellow School at the MIT of Boston. Between 1970 and 2004 held a number of prestigious appointments at IBM, including Chairman and CEO of IBM Latin America, Chairman and CEO for Southern Europe, Middle East and Africa, Chairman and CEO of IBM Italia; between 2004 and 2006 Chairman and Chief Executive Officer of Ferrovie dello Stato and, between 2007 and 2001, Chairman and Chief Executive Officer of A.T.M. S.p.A.. Was Deputy Vice Chairman of Alitalia (2012-2014) and in addition has held numerous senior roles, including Director of Telecom Italia, Banca Intesa San Paolo, BNL and Luiss University. In 1999 he received the Cavaliere del Lavoro knighthood of the Italian Republic.

Katia Da Ros: Director of Elica S.p.A. from April 2015. She is Vice Chairperson and Chief Executive Officer of Irinox S.p.A. and Chairperson of Irinox USA (Boston, MA, USA). Graduated in Economics from the Ca' Foscari University, awarded an Executive MBA from the Harvard Business School (Boston USA). Director with the Cuoa Foundation and member of the Innovation Board of the Ca' Foscari Foundation; member of the North Eastern Advisory Board of Unicredit, Member of the Management Board of Confindustria, Member of the Ethics Committee of Confindustria and of the Italian Angels for Growth (IAG).

Davide Croff: Director of Elica S.p.A. from April 2015. Chairman of Permasteelisa S.p.A., Director of Banca Popolare di Milano and Chairman of the Ugo and Olga Levi Foundation, in addition to a Director at the European Oncology Institute, Genextra, Gala S.p.A. and the Gualtieri & Associati Firm. Member of the Council for the United States and Italy and of the Leonardo Committee, member of the Assonime Board and an advisor of Roland Berger. In the past, held a number of appointments with Italian and overseas companies: between 1979 and 1989 with the Fiat Group held many appointments, including Financial Affairs Director of the Fiat Group; between 1989 and June 14, 2003 with Banca Nazionale del Lavoro held a number of positions, initially as Vice General Manager and thereafter as Chief

² Indication of involvement of directors in other companies listed on regulated markets (also foreign), in finance, banking, insurance or large enterprises, is reported in the following paragraph: "Maximum number of offices held in other companies"

Executive Officer. Between January 2004 and December 2007 was Chairman of the Biennial of Venice Foundation. Between 2000 and today, in addition to the appointments currently held, he undertook a range of roles, including Director of the Querini Stampalia Foundation of Venice, Director of Terna S.p.A., Director of Snam Rete Gas S.p.A. In addition, was a senior advisor with TPG between 2006 and 2013. Graduated in Economics and Commerce from the Ca' Foscari University of Venice, specialising in Economics at Pembroke College of the University of Oxford. He is a Cavaliere di Gran Croce Ordine al Merito of the Italian Republic (Italian State Recognition for Services).

Gennaro Pieralisi: He has been a member of the Board of Directors of Elica S.p.A. since 1970 and is a cousin of Ms. Gianna Pieralisi. Since the beginning of the 1980s, he has been the Chief Executive Officer of the businesses of the Pieralisi Group, in which, from 1998 he was also Chairman of the Board of Directors. In 1999 he received the Cavaliere del Lavoro knighthood of the Italian Republic. In June 2003, he was conferred the *Laurea Honoris Causa* in Agricultural Sciences and Technology; in addition to managing the family businesses he has fulfilled and currently holds various roles in industry associations and institutes such as Confindustria Ancona, Confindustria Marche, Confindustria, Confidi di Ancona, Assonime, Previndustria and the Italian Accounting Organisation. He was a director of Banca Carifano and a member of the Management Board of Bank of Italy, Ancona office. He has been a member of, and is currently a member of, various Boards of Directors of Italian companies.

Maximum number of offices held in other companies

In accordance with article 1.C.2 of the Self-Governance Code, the Board of Directors, based on the information received from the directors, state that none of its members currently hold the office of director or statutory auditor in listed companies in regulated markets including abroad, with the exception of the following Directors:

Enrico Vita, Chief Executive Officer of Amplifon S.p.A. and Davide Croff, an Independent Director with Gala S.p.A..

In accordance with Article 1.C.3 of the Self-Governance Code, the Board of Directors, lately at the November 12, 2015 meeting, has confirmed its position in relation to the maximum number of offices of director or statutory auditor which may be considered compatible with the proper fulfilment of the role of director of the Company, fixing at five the maximum number of offices of direction or control in other listed companies (including abroad).

The Board did not consider it necessary to define general criteria regarding the maximum number of appointments in other companies that can be considered compatible with an effective conduct of the role of director of the company, considering that this evaluation is primarily that of the Shareholders in nominating the directors and, subsequently, of the individual directors on accepting the office. The Board will however continue to evaluate individual cases, in relation to the attributes of each director (experience, positions held etc.) from which compatibility with the role can be evaluated. This evaluation will be made on the appointment to office and thereafter on an annual basis, principally utilising the following evaluation criteria: (i) the role of the Director within the Company (executive, non executive, independent, member of one or more committees); (ii) the nature and size of entities in which offices are held and the office of the Director within such entities; and (iii) whether such entities are part of the group of the Issuer.

We also report in terms of roles covered in other companies:³

- the Chairman of the Board of Directors Francesco Casoli fulfils, among others, the role of Sole Director with the finance company Fintrack S.p.A., of which he is also a shareholder. He is also Chairman of the Board of Directors and Chief Executive Officer of FAN S.r.l., which directly controls Elica S.p.A..⁴
- the Director Gianna Pieralisi holds, among others, the role of Sole Director with the finance company Ermanno S.r.l., of which she is also a shareholder, as well as a shareholder of the finance companies: Cav. del Lav Igino Pieralisi S.a.p.a. of Igino Pieralisi and SAFE S.a.p.a. of Cav. Igino Pieralisi, of which he is also Chairman. SAFE S.a.p.a has a holding in the Company. She is also a Director of FAN S.r.l., which directly controls Elica S.p.A.⁵

³ For the identification of companies of a large size, the following parameters were taken into account: over 250 employees or revenues > Euro 50 million in the year or assets > Euro 43 million in the year.

⁴ The financial companies listed are holding companies and are not considered in the lists as per Articles 106 and 107 of Legislative Decree 385/93 – Banking Act.

⁵ The financial companies listed are holding companies and are not considered in the lists as per Articles 106 and 107 of Legislative Decree 385/93 – Banking Act.

- the Director Gennaro Pieralisi holds, among others, the role of Director in the following finance companies: Egisto Pieralisi S.p.a.p.a. (Chairman), Mark Leasing S.p.A. (Chairman of the BoD and CEO), Frapi S.p.A. (Sole Director), M.A.I.P. S.p.A. (Chairman of the BoD and CEO), Pieralisi International S.A. (Chairman of the BoD and CEO), Confidi di Ancona e Rete Confidi Marche (Chairman); the insurance company Previndustria S.p.A. (Chairman of the BoD) in the following companies: Pieralisi S.p.A. (Chairman of the BoD and CEO), Pieralisi MAIP S.p.A. (Chairman of the BoD and CEO), MEFOP S.p.A. (Director), TV Centre Marches S.p.A. (Chairman of the BoD and CEO), Pieralisi Espana S.L. (Chairman of the BoD and CEO), not part of the Group which the Company heads.⁶
- The Director Davide Croff is also, among others, the Chairman of Permasteelisa S.p.A., a Director of Banca Popolare di Milano, an Independent Director of Gala S.p.A. (a large listed company) and a Director of Genextra S.p.A.;
- The Director Enrico Vita is also, among others, the Chief Executive Officer of Amplifon S.p.A., and a Director of the following large Amplifon group companies: Amplifon UK Ltd., Amplifon Iberica S.A., Amplifon U.S.A. Inc. and Amplifon Australia Holding.
- the Director Katia Da Ros is, among others, a Director with the finance company DD Investimenti.⁷

Induction Programme

Many of the Company Directors have, through professional experience or years of service, acquired knowledge in the sector in which the company operates, on relevant issues, in addition to the regulatory and self-regulatory framework. However, the Chairman of the Board of Directors periodically briefs the Directors and Statutory Auditors on relevant issues and upon the performances, upon the principles of correct risk management, in addition to the regulatory and self-regulation framework. This information is normally provided at the Board meetings and the informal ad hoc meetings, which may include visits to the production facilities of the Company. In 2015, the directors were invited to take part in the management introductory and presentation of the new managers event, held in October 2015 and attended, in December, on the invitation of the Chairman, the informal meeting of top management, also in order to set the future strategic objectives and budget. In January 2016, they were invited to take part in the event organised in Milan for the launch of the new product "Snap". Invitations to these initiatives were sent reasonably in advance, in order to ensure significant attendance levels.

In addition, at the Board meetings, the Legal & Corporate Affairs Manager is called to outline any updates to the regulatory and self-regulatory framework, or to outline specific regulatory matters of interest to the directors and to the statutory auditors.

⁶None of the financial companies listed, with the exception of Mark Leasing S.p.A. and Confidi Ancona, are listed as per Articles 106 and 107 of Legislative Decree 385/93 – Banking Act.

⁷ Holding company, with investments only in industrial companies, not subject to registration in the Banking Law lists.

4.3 Role of the Board of Directors⁸

The Company is managed, under a traditional governance system, by a Board of Directors, which meets and operates in compliance with articles 1.P.1 and 1.P.2 of the Self-Governance Code.

In accordance with article 17 of the By-laws of the Company, except for the powers of convocation reserved to the Statutory Auditors in the cases established by law, the Board of Directors meets on the convocation of the Chairman, or in the case of his absence or impediment, of the Vice Chairman or the Chief Executive Officers, if appointed, in order of seniority of age, or in the absence or impediment also of these, the most senior Director in terms of age, through registered letter, telefax or electronic mail, to be sent at least 5 days before the date of the meeting.

The company usually agrees, where possible, with the directors the dates of the board meetings and also the matters on the agenda. The significant documentation and information necessary to allow the Board to express, having fully been informed on the matters submitted for their review and approval, concerning the matters on the Agenda, is normally sent to the directors, in the manners agreed with each of them, reasonably in advance of the meeting date, except in exceptional circumstances in which, due to the nature of the motions, the need for confidentiality and/or the timelines with which the Board must undertake decisions, there are specific needs and/or urgencies.

The forwarding of the documentation together with the call notice of the Board, which is normally five days before the meeting, is considered sufficient to permit a review of the same by the directors. This period however is extended, in concert with the directors, in the case of particularly large or complex documentation, and whereby the key elements are illustrated in summary documents - although such should not be considered as a replacement for the complete documentation - which permit the directors to promptly understand the important matters to be dealt with during the meeting. Such presentation documentation is normally filed together with official documentation of the meeting.

During 2015, the above-mentioned period of five days was generally complied with and in any case, the Board was informed with sufficient notice in order to undertake a complete and correct valuation of the matters under examination, promptly and appropriately exploring all matters subject to Board of Directors' motions.

The documents containing confidential information are normally sent only and directly to Directors, specifying the nature of the document and through the manner agreed with each Director individually, in order to ensure confidentiality.

As well as the Secretary to the Board, the Chief Financial Officer usually attends the Board meetings, who provides greater details on the financial implications of the matters on the agenda. On the occasion of specific resolutions, senior managers responsible for the specific functions or managers in charge of specific activities and/or consultants directly involved are invited to express and provide opinions on the matters on the Agenda. For example purposes only, on motions concerning the remuneration of the Chief Executive Officers, the VP Corporate & Strategy, Enrica Satta, and the Human Resources Manager attended, while on the presentation of the specific projects the relative competent managers attended.

The Chairman of the Board meeting ensures that the matters subject to discussion are allocated the time necessary to ensure constructive debate and which encourages the contribution of Directors; it is ensured also that all the necessary and requested reviews and assessments are carried out at the board meetings.

The meetings of the Board of Directors are held at least quarterly and every time the Chairman considers it necessary or when a request as outlined above is made.

In accordance with Article 19 of the By-Laws, the Board of Directors are attributed the widest powers for the management of the Company and the faculty to carry out all acts and operations considered necessary for the reaching of the corporate objectives, except in the case of those attributed by law to the Shareholders' Meeting or deriving from specific authorisations required by the By-Laws.

The Board of Directors also has the following duties:

⁸ The number of meetings of the Board held in 2015, the average duration, the number of meetings scheduled for the current year, as well as the percentage attendance at the Board of Directors' meetings and of the Committees are indicated in the Section: "Activities of the Board of Directors and of the Committees in 2015 and 2016 up to the date of the present Report".

- a) merger and spin-off resolutions in the cases established by articles 2505 and 2505-bis, of the Civil Code;
- b) the opening, transfer and closing of secondary offices;
- c) the indication of which Directors may represent the company;
- d) the issue of non convertible bonds within the limits set out in article 2412 of the Civil Code and convertible within the limits set by article 2420-ter of the Civil Code;
- e) the reduction of the share capital in the case of return of shares by shareholders;
- f) updating the company by-laws and the shareholder meeting regulation in accordance with law;
- g) the transfer of the registered office to another municipality in the national territory;
- h) the reduction of the share capital where losses are greater than one-third of the share capital and the Company has issued shares without nominal value.

Based on the powers conferred, the Board of Directors:

- examine and approve the strategic, industrial and financial plans of the Company and of the Group, periodically monitoring their implementation; establish the corporate governance of the Company and the structure of the Group.
- define the nature and level of risk compatible with the strategic objectives of the Company, including in their assessments all risks considered significant with regard to the sustainability of the medium/long-term operations;
- evaluate the adequacy of the organisational, administration and accounting system of the Company and of its subsidiaries having strategic importance⁹, which has been implemented by the executive directors with particular reference to the internal control and risk management system. In particular, in 2015, the evaluation of the adequacy of the organisational, administrative and accounting structure of the Company and of the subsidiaries, in addition to the adequacy of the Internal Control and Risk Management System in terms of the Company's needs, was carried out by the Board at the meetings of March 19, 2015 and August 27, 2015. In this latter case, considering the appointment of the members of the Committee at the end of April 2015, the Board notes the positive assessment of the Directors previously in office. Subsequently, on March 22, 2016, the Board, also on the basis of information received from the Internal Control and Risk Management Committee, from the competent company functions, in addition to the audit results and the activities carried out by the Internal Audit department, utilising the "Maturity Model for Internal Control" assessment system of "COBIT", assessed the overall level of maturity of the Internal Control System (Defined Process), as risk awareness is accompanied by documented and communicated activities on processes.
- evaluates the general operational performance, taking into account, in particular, the information received from executives, as well as periodically comparing the results with the budgets. In particular, the Board evaluates the general operational performance, on the occasion of the approval of the quarterly and half-yearly reports;
- considers operations of the Company and its subsidiaries, when such operations have a significant strategic, economic, equity or financial importance for the Company or when the Executive Directors consider the involvement of the Board appropriate, although not relating to significant operations. The Board motions of the Issuer concerning subsidiary operations are justified also by the need to expressly authorise significant operations or certain decisions which need to be approved, according to regulations or the by-laws, by the shareholders of such companies. In relation to 2015, we highlight the approval of the proposal for the transfer to a new site of the subsidiary Exklusiv Hauben Gutmann GmbH (Germany).

⁹ The Board of Directors of Elica, considering the size of the group which the Company heads, usually extends this assessment to all subsidiaries; on the approval of the 2016 audit plan, the Board established that, for the plan, in order to identify the scope of the Internal Audit activities, the criteria outlined at Article 151 of the Issuers' Regulation should be used to identify the subsidiaries of Elica with strategic importance.

Following the entry into force of Consob Regulation No. 17221/10, the Board identified specific criteria for the identification of significant transactions, in accordance with the provisions of attachment 3 of the regulation.¹⁰ In addition, the Board undertakes all decisions not specifically attributed to the Executive Directors.¹¹ The decisions, which due to their subject or amount are not within the remit of the executive directors, are those which, indirectly, the Board has considered of particular strategic, economic, equity or financial significance.

- carry out, at least once a year, an evaluation on the functioning of the Board and of its Committees, and also in relation to its size and composition, taking account also of the professional qualifications, experience - also of a managerial nature - and the gender balance of its members, in addition to their years of service. Specifically, in compliance with paragraph 1.C.1. of the Self-Governance Code, in November 2014 and February 2015, the Board of Directors, also to express its position before the appointment of the new Board, concentrated the self-assessment on the size, composition and functioning of the Board itself and its Committees, taking account of the professional characteristics, experience, also in managerial terms, and also in general terms, of its members. The outcome of the self-assessment highlighted the need to, on re-appointment of the Board of Directors:
 - maintain the number of members at eight;
 - maintain, in addition, a range of professional skills, experience, also managerial and in general terms and also in terms of seniority;
 - ensure the presence of at least one Board member with appropriate financial or remuneration policy knowledge and experience and an additional member with appropriate accounting and financial or risk management experience.
 - ensure the presence of an adequate number of independent directors;
 - propose candidates with, as far as possible, industrial experience.

The outcome of the assessment was contained in the Directors' Report to the Shareholders' Meeting of April 29, 2015 concerning the appointment of the Board of Directors.¹²

In the months of February and March 2016 the Board of Directors of Elica carried out a self-assessment on its functioning, with the external support of GC Governance Consulting, a company specialised in corporate governance, which carries out other strategic consultancy for the Company. The Board Evaluation relevant to the Board in office and referred to the year 2015 was conducted through the compilation of a questionnaire adapted by the consultancy company to the specific type of enterprise and type of Board of Directors of the Elica Group, taking account of the recommendations arising from the previous self-assessment, and in light of the indications received from the Appointments and Remuneration Committee.

Individual interviews were carried out with each Director for its compilation and with the three principal officers which interface with the Board for details on the most significant aspects. The questionnaire on the qualitative interviews concerned: (i) composition of the Board of Directors; (ii) the role of the Board of Directors on the strategy, organisation and control; (iii) the functioning dynamics between the Chairman, Directors, Chief Executive Officer and Management; (iv) documentation, organisation and holding of the Board meetings; (v) composition and functioning of the Committees and the efficacy of their activities in support of the Board of Directors.

The assessment of the functioning of the Board of Directors and of the Committees revealed a substantially positive situation and:

¹⁰ Reference should be made in this regard to the procedure for transactions with related parties adopted by the Board of Directors on November 11, 2010, in accordance with Article 2391-bis of the Civil Code and Article 4 of the Consob Regulation concerning related parties, approved with resolution No. 17221 of March 12, 2010, as subsequently amended ("Transactions with related parties procedure Consob Regulation"), available on the Company website <http://corporation.elica.com> in the Corporate Governance Section.

¹¹ See in this regard the Section "4.4 Executive Boards".

¹² Report is available on the Company website in the Investor Relations / Shareholders' Meetings / 2015 section.

- an adequate composition in terms of the number, skills and gender balance, to effectively execute the duties in the Board and in the Committees;
- an effective and transparent manner of operating of the entire Board and its Committees, in addition to the implementation of best practice corporate governance;
- the high frequency of Board meetings, together with meetings, also of an informal nature, between directors and management;
- an intense schedule of the Committees in support of strategies, organisation and control;
- the preparation of a work programme to support, stimulate and assist the 3-5 year strategy.

The Shareholders' Meeting did not authorise, nor were the Board presented with, any general or specific competitor agreements as per article 2390 of the civil code.

Activities of the Board of Directors and of the Committees in 2015 and 2016 up to the date of the present Report.

In the year 2015:

- the Board of Directors met eight times (the average meeting duration was approx. 1 hour and 30 minutes), respectively on February 12, March 19, April 29, May 14, May 25, June 29, August 27 and November 12;
- the Internal Control and Risk Management Committee met four times (average meeting duration of approx. 1 hour and 30 minutes), respectively on February 11, March 18, July 9 and October 23;
- the Appointments and Remuneration Committee met three times (average meeting duration of approx. 1 hour and 30 minutes), respectively on March 18, July 8 and October 23;

Minutes are kept of the Board and Committee meetings and the Chairpersons of each Committee reported upon such at the next appropriate Board of Directors meeting.

In TABLE 2 - Attendance at the Board of Director and Committee meetings, complete details are shown relating to attendances by directors at the meetings of the Board of Directors and the Committees (Internal Control and Risk Management Committee and the Appointments and Remuneration Committee) in the period from January 1, 2015 to December 31, 2015.

In relation to 2016, at the date of the present Report, 5 meetings of the Board of Directors are scheduled - on the approval of the interim and year-end financial statements.¹³ For further details, the corporate events calendar of the Company may be consulted on the website <http://corporation.elica.com> in the Investor Relations section.

Also with reference to the year 2016, the Appointments and Remuneration Committee and the Internal Control and Risk Management Committee met on February 5 and March 11. Further meetings of the Committees are scheduled for 2016, with the dates not yet definitively established.

¹³ The five meetings scheduled include the meetings already held on February 12, 2016 and March 22, 2016.

4.4 Executive Boards

In order to ensure greater management efficiency and in conformity with article 2 of the Self-Governance Code, the Board of Directors delegated adequate powers to the Executive Directors, who periodically report in relation to the exercise of such delegated powers.

Following that resolved by the Board of Directors in the meeting of April 29, 2015, the following powers were attributed:

A) to the **Chairman of the Board of Directors** of the Company, Mr. FRANCESCO CASOLI ("Executive Chairman"), representation of the Company against third parties and in legal matters, general supervision of the strategic policies of the Company as well as all powers which the By-Laws attribute to the Board of Directors with the exception of those non legally delegable and the following powers which remain within the exclusive realm of the Board of Directors:

- approval of the annual budget;
- purchase and/or sale of investments, businesses and business units, rental of businesses and/or business units, for a unitary amount above Euro 3,500,000.00;
- provision of secured and non-secured guarantees, including atypical, for third party obligations of a unitary amount above Euro 3,500,000.00;
- obtainment of loans of a unitary amount above Euro 5,000,000.00;
- conclusion of leasing or rental contracts for a unitary amount above Euro 3,500,000.00;
- purchase and/or sale of assets for a unitary amount above Euro 3,500,000.00;
- purchase and/or sale of brands, trademarks and industrial property rights in general, as well as the conclusion of related licences;
- the appointment of the General Manager of the Company;
- every deliberation regarding the exercise of the voting right of subsidiary and/or associated companies for matters related to the present list of powers.

A further exception of the powers attributed to the Chairman Mr. Francesco Casoli relates to the powers of the "person in charge" concerning the treatment by Elica S.p.A. of personal details in accordance with Legislative Decree 196/03 and subsequent amendments and integrations, including the representation of the Company with third parties and the Privacy Guarantee.

The unitary limits stated above include also several operations of the same nature classifiable by manner, terms or scope as a single operation.

In relation to all of the powers conferred, the Executive Chairman will have the faculty to appoint powers of attorney for single acts or categories of acts.

The Board of Directors conferred the powers above to the Chairman, in consideration of the role which the Chairman has had and has in the growth of the Company and based on his experience and professionalism in the sector.

B) to the **Chief Executive Officer** of the Company, Mr. GIUSEPPE PERUCCHETTI, all powers which the By-Laws attribute to the Board of Directors with the exception of those of extraordinary administration, those non legally delegable and the following powers which remain within the exclusive remit of the Board of Directors:

- approval of the annual budget;
- purchase and/or sale of investments, businesses and business units, rental of businesses and/or business units, for a unitary amount above Euro 3,500,000.00;
- provision of secured and non-secured guarantees, including atypical, for third party obligations of a unitary amount above Euro 3,500,000.00;
- obtainment of loans of a unitary amount above Euro 5,000,000.00;
- conclusion of leasing or rental contracts for a unitary amount above Euro 3,500,000.00;
- purchase and/or sale of assets for a unitary amount above Euro 3,500,000.00;
- purchase and/or sale of brands, trademarks and industrial property rights in general, as well as the conclusion of related licences;
- the appointment of the General Manager of the Company;

- every deliberation regarding the exercise of the voting right of subsidiary and/or associated companies for matters related to the present list of powers.

The Chief Executive Officer Mr. Giuseppe Perucchetti, is attributed all the powers of the "person in charge" concerning the treatment by Elica S.p.A. of personal details in accordance with Legislative Decree 196/03 and subsequent amendments and integrations, including the representation of the Company with third parties and the Privacy Guarantee.

The unitary limits stated above include also several operations of the same nature classifiable by manner, terms or scope as a single operation.

The Chief Executive Officer is also conferred representation of the Company against third parties and in legal matters, within the limits of the powers conferred to him.

In relation to all of the powers conferred, the Chief Executive Officer will have the faculty to appoint powers of attorney for single acts or categories of acts.

Despite the scope of the powers of the Chairman, the Chief Executive Officer is the main person responsible for the management of the Issuer (C.E.O.).

No situations giving rise to the Interlocking Directorate arise, in accordance with Article 2.C.5 of the Code.

C) to the **Executive Director** of the Company, Ms. GIANNA PIERALISI, the following powers:

- obtaining of loans with a duration not above 36 months and/or of a unitary amount not above Euro 5,000,000.00;
- ensuring the best utilisation of funds on bank current accounts and related overdraft facilities;
- undertaking foreign exchange hedging operations relating to underlying commercial operations;
- conclude with any factoring company, domestic or foreign, sales and/or insurance contracts for trade, tax or other receivables, and also within the exclusive interest of the company, any other type of operation relating to the provision of guarantees, mandates for payment, discount operations and those relating to single factoring transactions;
- open, utilise and close current accounts with banking, credit and financial institutions, post offices, with the faculty to settle within her discretion all of the sums relating to the Company, which are paid or accredited of any type;
- endorse, present for collection or protest cheques, bill of exchange, bank, postal and telegraphic drafts, warrants and travellers cheques;
- collect receivables, subventions, mandates of any type, amounts due to the Company, both capital and interest and accessories, from private sources, Public Administration and banking and credit institutions, with power to settle fully all such accounts;
- authorise Banking Institutions to give effect to instructions relating to the payment of invoices, salaries and those sums related to working relationships and, more in general, payments relating to contractual commitments already approved by the Company;
- carry out all transfer of funds from bank to bank;
- sign any contract relating to the management of general services of the Company with the exclusion of production activities.

All of the limits of value above, where not otherwise specified, must include the total amount of volume referred for each single transaction, precluding the dividing of commitments of expenses into several amounts.

The Executive Director is also conferred the representation of the Company against third parties and in legal matters, within the limits of the powers conferred to her.

In relation to all of the powers conferred, the Executive Director will have the faculty to appoint powers of attorney for single acts or categories of acts.

Reporting to the Board of Directors

In order to guarantee transparency and proper disclosure within the Company relating to the activities carried out by the directors with operational powers, and in conformity with Article 1.C.1, letter d), of the Code and the By-laws, the executive directors report in a timely manner, and at least quarterly, to the Board of Directors and the Board of Statutory Auditors in relation to the activities carried out in execution of the powers delegated, on the general performance and on the outlook, as well as on significant operations for size or characteristics carried out by the Company and its subsidiaries.

In particular, the company bodies report upon any atypical and unusual transactions with related parties and/or which may cause potential conflicts of interest, on their own behalf or of third parties, as well as concerning the strategic plan, industrial and financial projects of the Company and of the Group¹⁴.

In 2016, the executive directors reported systematically to the Board in relation to the powers delegated to them.

4.5 Other Executive Directors

No other directors apart from those indicated in the previous Section 4.4 are considered as executive directors within the Company.¹⁵

Specifically, in the Board there are no other directors, beyond those already indicated in previous Section, who have the role of Chief Executive Officer or Executive Chairman in a controlled company and/or have directive tasks in the Company, its controlled companies or the controlling company.

4.6 Independent Directors

In accordance with Article 3.P.1 of the Code, until April 29, 2015 the Board contained three independent non-executive directors: Stefano Romiti, Elena Magri and Evasio Novarese; this latter Director appointed by the Shareholders' Meeting of April 24, 2013. Subsequently, with the appointment of the new Board of Directors, four directors resulted independent were appointed: Elio Cosimo Catania, Davide Croff, Enrico Vita and Katia Da Ros.

The independent directors, following the evaluation carried out by the Board of Directors on appointment, in conformity with Articles 3.C.1 and 2 of the Self-Governance Code and Article 148, paragraph 3 of the CFA, are considered independent as:

- a) they do not directly or indirectly, including through subsidiaries, trusts or nominees, control the company and are not capable of exercising significant influence, or participate in a shareholder agreement through which one or more parties can exercise control or significant influence on the Company;
- b) they are not and have not been in the previous three years, a senior representative¹⁶ of the Company or of one of its subsidiaries with strategic importance or of a company subject to common control, or of a company or of a body that, even together with others through a shareholder agreement, controls the Company or is able to exercise significant influence;
- c) they do not have and have not had, directly or indirectly (for example through subsidiary companies or where they are a relevant member, or as partner of a professional advisory firm or a consultancy company) in the previous year, a significant commercial, financial or professional relationship:
 - with the Company, a subsidiary, or with some relevant members;
 - with a party that, also together with others through a shareholder agreement, controls the Company, or
 - in relation to companies or bodies - with the relevant members;

¹⁴ For further information on the procedures concerning transactions with related parties and/or which may result in potential conflicts of interests, reference is made to the subsequent section "12. HOLDINGS OF DIRECTORS AND TRANSACTIONS WITH RELATED PARTIES", in addition to the Procedures for Transactions with Related Parties, published on the website of the Company <http://corporation.elica.com>(Corporate Governance section).

¹⁵ The Chairman of the Board of Directors, Francesco Casoli acts as the Sole Director of Fintrack S.p.A. and is the Executive Director of FAN S.r.l., while the Executive Director, Gianna Pieralisi, is a director of FAN S.r.l..

¹⁶ "Senior representatives" of a company or an entity concern: the Chairman of the body, the Chairman of the Board of Directors, the Executive Directors and senior management.

or are not and were not in the previous three years, an employee of one of the above parties;

d) they do not receive and have not received in the previous three years, from the Company or a subsidiary or parent company a significant additional remuneration other than the “fixed” fee of non-executive director and the compensation for Committee membership established by the Code, including incentive participation plans relating to the performance of the company, including share-based payments;

e) they have not been a director of the Company for more than nine of the past twelve years;

f) they are not an executive director in another company in which an executive director of the Company is a director;

g) they are not shareholders or directors of a company or of an entity belonging to the network of the auditors of the Company;

h) they do not have a close family member in a situation described in the previous points.

i) the conditions established by Article 2382 of the Civil Code are not applicable;

l) they are not spouses, relatives or close members within the fourth level of the directors of the Company; they are not directors, spouses, relatives or similar within the fourth level of the directors of the companies controlled, of the companies that control it or subject to common control;

m) they are not related to the company or any subsidiaries or companies that control the company or subject to any common control or to the directors of the company or any parties at letter l) above or independent or subordinated employment or any other monetary or professional relationship which may compromise their independence.

The assessment of independence, in accordance with Article 3.C.4 of the Code and Article 147-ter, paragraph 4 of the CFA, based on the declarations made by the interested parties and available to the Company, was conducted by the Board of Directors on April 29, 2015. The result of this assessment was communicated to the market. At the same time, the Board of Statutory Auditors verified the correct application of the assessment criteria and procedures adopted by the Board in accordance with Article 3.C.5 of the Code. For the result of these evaluations, reference should be made to the subsequent Section “Board of Statutory Auditors activities in 2015 and in 2016 until the date of the present Report” and to that reported in the Board of Statutory Auditors Report to the Shareholders’ Meeting, available on the Company website <http://corporation.elica.com> in the Investor Relations Section.

The presence of four Non Executive and independent Directors on the board of the company has the objective of achieving the greatest possible corporate “good governance” through enabling debate and dialogue between all of the Directors.

The contribution of the independent directors permits the Board to evaluate with sufficient independence in cases of potential conflicts of interest of the Company with the controlling shareholders.

In 2015, the Independent Directors, in accordance with Article 3.C.6 of the Code, met on November 11, in order to examine the structure and activities of the Company, including the implementation of the Regulation for Transactions with related parties, without noting any irregularities. With regard to this latter, they confirmed that no reasons emerged to amend the Regulation. Specifically, the Director Davide Croff reported upon the meetings held by the Internal Control and Risk Management Committee, attended by the Company Protiviti and that the Committee decided not to propose amendments to the current audit structure.

The Director Elio Catania reported upon the activities carried out by the Appointments and Remuneration Committee.

The independent directors, finally, reported that there were no matters on the structure of the company or on its operations on which they have not independently expressed their opinion during the Board of Directors’ meeting.

Directors who declare their independence are committed to maintain such for the duration of their mandate and where necessary, resign.

4.7 Lead Independent Director

On April 29, 2015, following the appointment of the new Board of Directors, under application criteria 2.C.4. of the Code (Lead Independent Director) Ms. Katia Da Ros was appointed to the role. Previously, the role was held by Mr. Stefano Romiti.

The Lead Independent Director has the right, among others, on his own initiative or upon the request of the other directors, to summon meetings of the independent directors in order to discuss issues that are considered relevant regarding the functioning of the Board of Directors or management in general.

In 2015, the Lead Independent Director operated as a reference point for the other independent directors, collaborating, among others, with the Chairman of the Board of Directors, in order to guarantee complete and timely information for the independent directors.

The Board considered it necessary to appoint a Lead Independent Director in consideration, among other issues, of the extent of the duties conferred to the Chairman of the Board of Directors (although he does not act as C.E.O.), the offices held in the company's holding companies and the familial relationship between the Chairman and the Chief Executive Officer Gianna Pieralisi, who indirectly holds control of the Company, in accordance with Article 93 of the CFA.

5. TREATMENT OF CORPORATE INFORMATION AND PERSONS WITH ACCESS TO CONFIDENTIAL INFORMATION ("INSIDERS REGISTER").

The Board of Directors, in the meeting of April 12, 2006, approved, in accordance with article 4 of the Self-Governance Code, a regulation relating to the internal management and external communication of documents and information related to the Company, with particular reference to confidential information, based on article 114, paragraph 1, 181 of the CFA and 66 of the Issuers' Regulation.

Subsequently, on November 14, 2013, the Board updated this regulation describing, among other matters, in greater detail the procedures to be undertaken for the management of significant and confidential information.

In particular this regulation is divided into two parts. The first part defines in general, also in relation to the subsidiary companies, the information considered significant or confidential, the relative treatment, and in the case of confidential information, governs the relative disclosure. The second part governs the procedures for the management and updating also with reference to subsidiary companies, the Register of persons with access to confidential and/or price sensitive information (so-called "Insider Register") created by the company in accordance with article 115-bis of the Consolidated Finance Act and whose maintenance is the responsibility of the Investor Relations Manager.

The Company has published the provisions of this regulation internally within the Company and its subsidiary companies and has systematically managed and communicated the confidential information published from time to time.

On September 27, 2007, Laura Giovanetti was appointed "Investor Relations Manager" and is also responsible for maintaining the Insider Register of the Company.

6. INTERNAL COMMITTEES

On April 29, 2015, the Board of Directors of the Company, in accordance with Article 4.P.1 of the Self-Governance Code, confirmed the existence of an "Appointments and Remuneration Committee" and an "Internal Control and Risk Management Committee", formed by a majority of non-executive and independent directors.¹⁷

¹⁷ These Committees had been set up in 2012 when, in comparison with the previous structure established in 2006, the functions of the Appointments Committee, previously not constituted, were allocated to the Remuneration Committee, while the Internal Control and Risk Management Committee replaced the Internal Control Committee.

The duties attributed by the Code to the Committees were therefore not reserved for the entire Board. The Appointments and Remuneration Committee was established in accordance with Article 4.C.1, letter c) and in compliance with the provisions of Articles 5.P.1 and 6.P.3 of the Code. The decision to create a single Committee for the Appointment and Remuneration of Directors is based on the size of the Board and of the Company, in addition to the need of the Company to maintain, and compliance with the conditions of the Code, a responsive and effective organisation.

The Internal Control and Risk Management Committee was created in accordance with Articles 4.P.1, 7.P.3. (ii) and 7.P.4 of the Self-Governance Code.

The work of the Committees is co-ordinated by the respective Chairpersons: Elio Catania, Chairman of the Appointments and Remuneration Committee and Davide Croff, Chairman of the Internal Control and Risk Management Committee.

Further information on these committees is reported in sections "7. APPOINTMENTS COMMITTEE", "8. APPOINTMENTS AND REMUNERATION COMMITTEE" and "10. CONTROL AND RISKS COMMITTEE."

7. APPOINTMENTS COMMITTEE

The Company did not consider it necessary to create a specific Appointments Committee and consequently allocated the relative duties to the Remuneration Committee, now the Appointments and Remuneration Committee.

For further information, reference should be made to section "6. INTERNAL COMMITTEES" and "8. Appointments and Remuneration Committee"

8. APPOINTMENTS AND REMUNERATION COMMITTEE

Composition and operation of the Committee (as per Article 123-bis, paragraph 2, letter d) CFA)

The Board of Directors of the Company, in accordance with articles 4.P.1, 5.P.1. and 6.P.3. of the Self-Governance Code, set up an Appointments and Remuneration Committee.

Stefano Romiti (Chairman-Lead Independent Director), Gennaro Pieralisi (Non-Executive Director) and Elena Magri (Independent Director) were members of the Committee in 2015, until April 29. Since April 29, 2015, the appointment date of the current Board, the Committee has comprised the Independent Directors Elio Catania (Chairman), Davide Croff and Enrico Vita.

The Appointments and Remuneration Committee was allocated all of the duties established by Articles 5.C.1, 6.P.4 and 6.C.5 of the Self-Governance Code. In addition, on February 12, 2016, the Appointments and Remuneration Committee, following the adoption by the Company of a succession plan for executive directors, were assigned the additional functions necessary for the effective implementation of the plan.¹⁸

The Members of the Committee have knowledge and experience in relation to accounting and financial matters and/or remuneration policies; in particular, the Chairman Elio Catania has particular remuneration policy experience and the Director Davide Croff has particular knowledge and experience in relation to accounting and financial matters. The Board considers that the Members of the Committee have sufficient professional abilities to carry out the roles entrusted to them.

This committee guarantees the greatest information and transparency on the remuneration of directors vested with specific offices, as well as the manner for determining the remuneration.

The Committee has solely proposing and consultative functions, while the power of determining the remuneration of the Directors vested with specific offices remains with the Board of Directors, having consulted with the Board of Statutory Auditors.

In particular the Committee, under its own internal regulation, performs the following functions:

- a. draws up opinions for the Board of Directors in relation to the size and composition of the Board and expresses recommendations on the professional roles whose presence on the Board is considered beneficial, in addition to the matters as per Application criteria 1.C.3 and 1.C.4 of the Self-Governance Code (July 2015 version);

¹⁸ For further information, reference should be made to Note 4.1. Section: Succession plans.

- b. proposes to the Board of Directors candidates for the office of director in the cases of co-option, or to replace independent directors;
- c. defines and proposes the means and the timelines for the annual assessment of the Board of Directors;
- d. periodically evaluates the adequacy, the overall compliance and the application of the remuneration policy of senior directors and senior executives, utilising for this latter issue the information provided by the Chief Executive Officers.
- e. consequently presents to the Board of Directors related proposals and therefore proposes a policy for the remuneration of senior directors and senior managers; reviews in advance the annual remuneration report to be made available to the public at the Shareholders' Meeting.
- f. presents proposals or expresses opinions to the Board of Directors on the remuneration of executive directors and other senior directors as well as establishing the performance objectives related to the variable component of this remuneration; monitors the application of the decisions adopted by the Board verifying, in particular, the achievement of the performance objectives;
- g. within its remit, the Committee reviews the overall salary structure of the Company and in particular monitors the application of management incentive systems (including any share-based remuneration plans), i.e. those instruments put in place to attract and motivate employees with adequate experience, developing their sense of belonging and assuring over time a consistent commitment to the creation of value;
- h. oversees the Succession Plan for executive directors, executing the indicated functions.¹⁹
- i. monitors the updating of the management replacement tables, undertaken by the executive directors and supports the Chief Executive Officer and the competent functions with regard to the development of managers;
- j. with the support of the relevant company structures, prepares the documentation, on the issues within their remit, to be submitted to the Board of Directors for decision-making, in terms of those matters considered by applicable regulations. In particular, the Chairman of the Committee reports to the Board of Directors, at the first appropriate Board meeting, with regard to the activities of the Committee;
- k. reports to shareholders on the manner of exercise of their functions; therefore, the Chairman or another Committee member usually attends the Shareholders' Meeting.

In relation to the activities undertaken by the Committee in 2015, the persons participating at the relative meetings and the instruments and resources available at the meetings, reference should be made to the first Section of the Remuneration Report.

For further information regarding the number of meetings held and the participation at the meetings for each of the members, reference is made to the section "Activities of the Board of Directors and of the Committees in 2015 and 2016 up to the date of the present Report." .

9. REMUNERATION OF DIRECTORS

For information on the present Section, reference should be made to the Remuneration Report, Section 1.

In accordance with Article 6.C.3 of the Civil Code, the remuneration of senior executives is established by the Corporate Boards in line with the criteria concerning remuneration of Executive Directors or those with specific roles.

In relation to the incentives for the Executive Responsible for the preparation of Corporate Accounting Documents, these are in line with the responsibilities assigned. These incentive mechanisms are not applicable to the Internal Audit manager, as this function is entirely outsourced.

¹⁹ For further information, reference should be made to Note 4.1. Section: Succession plans.

10. CONTROL AND RISKS COMMITTEE

Composition and operation of the Committee (as per Article 123-bis, paragraph 2, letter d) CFA)

The Board of Directors of the Company, in accordance with Articles 4.P.1 and 7.P.4 of the Self-Governance Code, set up an Internal Control and Risk Management Committee.

Stefano Romiti (Chairman-Lead Independent Director), Gennaro Peralisi (Non-Executive Director) and Elena Magri (Independent Director) were members of the Committee in 2015, until April 29. Since April 29, 2015, the date of appointment of the current board, the Committee has comprised the Independent Directors Davide Croff (Chairman), Elio Catania and Enrico Vita.

The Internal Control and Risk Management Committee is composed of members with adequate financial, accounting and risk management experience.

The Board of Statutory Auditors is required to attend the meetings of the Committee, through the Chairman and the Standing Members of the Board. In relation to the specific matters on the Agenda, and also on invitation, the following also attended: the Executive responsible for the Preparation of the Corporate Accounting Documents, the Internal Audit Manager and the Company Managers.

The Internal Control and Risk Management Committee, within the scope of its powers, in observance of the recommendations of the Self-Governance Code, supports, with appropriate preparatory activities, the assessments and decisions of the Board of Directors on the Internal Control and Risk Management System, in addition to those concerning the approval of the periodic financial reports. The Committee, in particular, has been appointed to:

- provide opinions to the Board of Directors (i) establishing the guidelines of the Internal Control and Risk Management System, so that the principal risks relating to the Company and its subsidiaries are correctly identified, in addition to adequately measured, managed and monitored (ii) evaluating, at least annually, the adequacy of the Internal and Risk Management System in relation to the characteristics of the Company and the risk profile assumed, in addition to its efficacy (iii) approving, at least annually, the work plan prepared by the Internal Audit Manager, having consulted with the Board of Statutory Auditors and the Director in charge of the Internal Control and Risk Management System (iv) in the description of the principal characteristics of the internal control and risk management system for the evaluation of its adequacy; and (v) having consulted with the Board of Statutory Auditors, the findings of the independent audit firm in any letter containing suggestions and in the report on fundamental questions arising during the audit;
- provides a favourable opinion to the Board of Directors (i) on the appointment and replacement of the Internal Audit manager (ii) ensuring adequate resources for the carrying out of their duties and the determination of the remuneration of the Internal Audit manager, in accordance with company policy;
- evaluate, together with the Executive Responsible for the preparation of corporate accounting documents, following consultation with the auditors and the board of statutory auditors, the correct application of the accounting principles and, in the case of groups, their uniformity in the preparation of the consolidated financial statements;
- express opinions on specific aspects concerning the identification of the principal corporate risks;
- examine the periodic reports, concerning the evaluation of the internal control and management of risks system, and those of particular size, prepared by the internal audit department;
- monitor the independence, adequacy, efficacy and efficiency of the internal audit department;
- request verifications on specific operating areas from the Internal Audit department, communicating at the same time such to the Chairman of the Board of Statutory Auditors;
- through the Chairman of the Committee, at the next appropriate Board meeting, report to the Board on the meetings held and, at least every six months, on the approval of the annual and half-year reports, communicates to the Board a formal report on the work carried out and on the adequacy of the internal control and risk management system;
- perform the additional consultative and/or propositional tasks assigned by the Board of Directors, particularly with regard to relations with the independent audit firm;

- support, with appropriate preparatory activity, the assessments and decisions of the Board of Directors concerning the management of risk from events which come to the attention of the Board of Directors.

The Internal Control and Risk Management Committee was also allocated the role to issue a non-binding prior opinion on the interest of the company, as well as the suitability and substantial correctness of the conditions, in the case of transactions with related parties as per the Procedure for Transactions with Related Parties²⁰.

In 2015, the Internal Control and Risk Management Committee, among other actions:

- adopted an internal regulation;
- positively assessed the autonomy, adequacy, efficacy and efficiency of the Internal Audit function;
- evaluated and approved the proposals of the Internal Audit annual plan for 2015 and 2016 and the activities carried out in 2015, providing suggestions and proposing additions; The proposed additions include the request to carry out a cyber security assessment, accompanied by the request to explore with the Information Technology Director the protections undertaken by the Group in terms of cyber risk prevention;
- verified the adequacy of the Internal Control and Risk Management System and provided support to the Board of Directors in drawing up the Guidelines for the Internal Control and Risk Management System.

The Committee had access to the information and departments for the undertaking of their duties as well as the assistance of external consultants, within the terms established by the Board. Therefore, as the Committee availed of the resources, the means and the structure of the Company, the provision of specific financial resources is not provided for.

11. INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM (AS PER ARTICLE 123-BIS, PARAGRAPH 2, LETTER B), CFA)

The Board, with responsibility for the overall internal control and risk management system, defines, also with the support of the Control and Risks Committee, the guidelines to ensure that the principal risks of the Company and of the Group are identified, measured, managed and monitored, in line with best practice domestic and international models.

In establishing the guidelines for the risk management and internal control system, the Board also assessed the compatibility of this system with the strategic objectives identified and the level of risk considered acceptable.

The Internal Control and Risk Management System, based on the "COSO Report" model and on the Self-Governance Code principles, comprises a set of rules, procedures and organisational structures with the objective to prevent or limit the consequences of unexpected results or permit the achievement of strategic and operational objectives, comply with law and applicable regulations (compliance) and correct and transparent disclosure (reporting). This system concerns all of the Company and involves different parties attributed specific duties and responsibilities.

The Internal Accounting Control System in fact seeks to provide reasonable certainty that the accounting disclosure provides users with a true and fair representation of the operational facts, corresponding to the documented results, books and underlying accounting entries as well as the adequacy and effective

²⁰ See also par.: 4.1 "Prior opinion of the Committee" of the procedure for Transactions with Related Parties, available on the Company website. For further information regarding the participation at the meetings for each of the members, reference is made to section "Activities of the Board of Directors and of the Committees in 2015 and 2016 up to the date of the present Report.".

application of the administrative and accounting procedures during the period to which the accounting documents refer.

The Board of Directors of Elica defined the guidelines of the Internal Control System, taking into account the nature and level of compatible risk with the corporate strategic objectives. These risks are identified based on the following criteria:

- a) nature of the risk, particularly in relation to risks of a financial nature, those concerning compliance with accounting rules and those with a potentially significant impact on the reputation of the Company;
- b) significant probability of the occurrence of the risk;
- c) limited capacity of the Company to reduce the impact of the risk on operations;
- d) significant size of the risk.

Also in the year just ended, the Board evaluated the adequacy, efficiency and effective functioning of the Internal Control and Risk Management System considering that the system overall provides reasonable certainty on the management of the principal risks identified. In addition, the Board of Directors, having consulted the Board of Statutory Auditors and Director in charge of the Internal Control and Risk Management System, approved the 2015 Audit Plan and the 2016 Audit Plan, prepared by the Internal Audit Department.

For details of the principal characteristics of the Risk Management and Internal Control System in relation to the Financial Disclosure process, reference should be made to ATTACHMENT 2

11.1 Executive in charge of the Internal Control and Risk Management System

The Company appointed a Director in charge of the creation and maintenance of an effective Internal Control and Risk Management System, in line with Article 7.P.3 of the Self-Governance Code. Until April 29, 2015, this role was held by the Chief Executive Officer Giuseppe Perucchetti, while subsequently awarded, together with the new appointments, to the Executive Chairman Francesco Casoli.

In particular, in 2015 the appointed directors:

- identified the main business risks, taking into account the characteristics of the activities undertaken by the Issuer and by its subsidiaries, and periodically presents them for examination to the Board of Directors on the approval of the quarterly reports;
- shared with the Board of Directors the guidelines utilised for the design, drawing up and management of the Internal Control and Risk Management System, verified the adequacy and implemented any adjustments necessary based on the operating conditions and of the legislative and regulatory environment;
- in addition requested, from the Internal Audit function, checks on particular issues;
- updated the Board of Directors on any problems arising on the undertaking of their activities;
- proposed additions to the Audit Plan.

11.2 Internal Audit Department Manager

The Internal Audit department undertakes its Internal Auditing activity in order to assist the Board of Directors and the Control and Risks Committee, as well as the company's management, in discharging their responsibilities related to the Internal Control and Risk Management System. The Internal Audit department, which does not report directly to any operational department, reports to the Board of Directors.

In accordance with the recommendations indicated at Articles 7.C.1 and 7.C.6 of the Self-Governance Code, on the proposal of the Executive in charge of the Internal Control and Risk Management System, having consulted with the Board of Statutory Auditors and with the approval of the Internal Control and

Risk Management Committee, the Board of Directors on November 13, 2014 appointed, until December 31, 2017, Protiviti S.r.l., a Management Consultancy company, a leader in the analysis and design of governance and organisation and control models, to execute the Internal Audit function, having met the professional standards, independence and organisation requirements. This choice was made, among other issues, with the objective to ensure greater oversight for operations and the adequacy of the internal control and risk management system.

During the year, the Internal Audit function carried out its activities in line with the approved plan. The appointments concerned the various areas of coverage, in terms of financial audits, compliance audits, to ensure the effective implementation of the control system for compliance with internal or external rules or regulations and operational audits, for an assessment of the efficiency and efficacy of instruments to offset risks concerning the non-achievement of company objectives.

Such Reports are communicated to the Board of Directors (including the Executive in charge of the Internal Control and the Chief Executive Officer), the Control and Risks Committee and the Board of Statutory Auditors.

11.3 Organisational Model as per Legislative Decree 231/2001

The organisation, management and control Model as per Legislative Decree 231/01 of Elica S.p.A. was updated and approved by the Board of Directors, latterly on November 12, 2015, following legislative amendments and jurisprudence pronouncements in relation to responsibility of entities.

In particular, Elica updated the mapping of risk areas and the analysis of controls in place with regard to anti-money laundering offenses and those under the Eco offenses Law. The company also updated the Model description document (General Part and Special Part) and the Group's Ethics Code.

The organisation, management and control Model of Legislative Decree 231/01 of Elica S.p.A. is comprised of a general part which illustrates the functions, principles and constituting elements, identification of the activities at risk, definition of the protocols, information flows, training and information activities, characteristics and functioning of the Supervisory Board as well as the following attachments, which constitute an integral part of the model: List of the offenses, Mapping of activities at risk of offense, Protocol procedures against the activities at risk of offense, By-Laws of the Supervisory Board, Composition and Curriculum of the members of the Supervisory Board, Ethics Code and the Governance system. For further information, reference should be made to website <http://corporation.elica.com>, Corporate Governance section.

The principal offenses, with potential application upon the entity of the sanctions established under Legislative Decree 231/2001, are the following:

- Offenses against the Public Administration (Article 24-25);
- Corporate offenses (Article 25-ter);
- Workplace safety offenses (Article 25-septies);
- Offenses concerning the receipt, laundering and use of money, assets and other proceeds of illegal provenance, in addition to anti-money laundering (Article 25-octies);
- Environmental offenses (Art. 25 *undecies*);
- Offenses concerning the employment of illegal aliens (Article 25-*duodecies*);
- Offense of induction to provide or promise gains (Article 319-*quater*, re-stated by Article 25) and the corruption between private parties offense (Article 2365 of the Civil Code, re-stated by Article 25-*ter*).

The Supervisory Board of Elica S.p.A. in 2015 and at the date of this report comprised Massinissa Magini Paolo (Chairman and external member), Cruciani Marco (external member) and Babbo Cristiano (external member).

The Board of Directors also granted the Supervisory Board sufficient financial resources to carry out all required duties. This allocation however may be recalculated according to any necessary increases on the proposal of the Supervisory Board.

The Board of Directors, following an assessment, decided not to assign the duties of the Supervisory Board to the Board of Statutory Auditors, considering it appropriate to maintain two distinct bodies.

11.4 Independent Audit Firm

The mandate of the independent audit firm Deloitte & Touche SpA, appointed in 2006, concluded with the approval of the 2014 Annual Accounts - without the possibility of further extension.

The Shareholders' Meeting of April 29, 2015, having considered the Directors' Report to the Shareholders' Meeting on the proposal for the appointment of the independent audit firm for the nine-year period 2015-2023, on the basis of the Proposal of the Board of Statutory Auditors for the appointment of the Audit Firm for the 2015-2023 period, for the establishment of remuneration and adjustment criteria, awarded the assignment to the independent audit firm KPMG S.p.A.. This report and the minutes of the appointment are available on the Company website <http://corporation.elica.com> (Investor Relations section).

11.5 Executive responsible for the preparation of corporate accounting documents

In accordance with Article 154-bis of the CFA as amended by Law No. 262 of December 28, 2005 (so-called "Savings Law") and in accordance with Article 26 of the By-Laws, on April 29, 2015, the Board of Directors, having consulted with the Board of Statutory Auditors, confirmed as the Executive Officer Responsible for the preparation of the Corporate Accounting Documents Mr. Alberto Romagnoli, Chief Financial Officer, who will remain in office until the Shareholders' Meeting called for the approval of the 2017 Annual Accounts.

Article 26 of the By-Laws provides that the Executive Responsible for the preparation of the corporate accounting documents must have specific professional skills in administration, finance and control, as well as the requisite standing established for directors. The Board considered that the professional requirements with specific competence in the area of administration, finance and control have been fulfilled as well as the standing requirements required by the By-laws, and has proceeded to provide him with adequate resources and means necessary to carry out his duties.

In particular, in order to fully carry out his duties, the Executive Responsible, among others, may avail of the powers and resources established in the Guidelines drawn up by Confindustria in relation to the role (edition of December 13, 2007).

The Executive Responsible, in the exercise of his institutional role, in application of the above-stated Article 154-bis of the CFA:

- has specific duties of control in relation to the legal notices and communications of the Company established by law or announced to the market, containing information and data on the income statement, balance sheet and financial situation of the Company, accompanied by a written declaration of the Chief Executive Officer and the Executive Responsible for the preparation of the Corporate Accounting Documents, who attest to their truthfulness;
- prepare administrative and accounting procedures for the completion of the parent company and consolidated financial statements, as well as for every other communication of a financial nature;
- declares, together with the executive boards, through a report, attached to the parent company and consolidated financial statements, the adequacy and the effective application of the administrative and accounting procedures adopted in the year on which the accounts are based, as well as the correspondence of the financial statements with the underlying accounting documents and records.

11.6 Coordination of the parties involved in the internal control and risk management system

The periodic verification of the adequacy and effective functioning, and any review, form an essential part of the Internal Control and Risk Management Structure, in order to ensure its full and correct efficacy.

For these purposes the Internal Audit function, in the meetings of the Internal Control and Risks Management System at which the Board of Statutory Auditors and on invitation the Executive Responsible for the Preparation of Corporate Accounting Documents attend, reports on the activities carried out and

therefore on the management of risks, on the compliance of the content of the plans, and on the evaluation of the appropriateness of the Internal Control system itself.

The Board of Directors receives and examines on a half-yearly basis the reports prepared by the Internal Control and Risk Management Committee and examines the significant corporate risks submitted for the attention of the Director in charge of the Internal Control and Risk Management System.

In order to facilitate consistent communication flows between company management and employees, empowering management and involving the internal structure, the Company has also set up an Administration Committee, a Steering Committee and Functional Committees, who usually meet on a monthly basis.

12. HOLDINGS OF DIRECTORS AND TRANSACTIONS WITH RELATED PARTIES

The "Procedure for Transactions with Related Parties" ("TRP Procedure"), adopted by the Board of Directors in the meeting of November 11, 2010 and updated on August 28, 2012, is available on the website of the Company <http://corporation.elica.com> in the Corporate Governance section, to which reference should be made.

On November 12, 2015, the Board assessed the necessity to modify the TLP Procedure, taking into account the shareholder structure and the effectiveness demonstrated by the Procedure within the applicative practices. Following this evaluation, the Board did not consider it necessary to make any amendments to the TRP Procedure previously approved.

In the TRP Procedure, the Board established the criteria to identify transactions for which application is required, in order to ensure the transparency and correctness, both materially and procedurally, of transactions with related parties.

In 2015 no significant transactions with related parties were undertaken; all transactions were in fact conducted on an arm's length basis in the ordinary course of business.

In relation to transactions in which a director has, on his own behalf or on behalf of third parties, an interest, the interested director is called, except for specific circumstances, to abstain from the vote or to leave the meeting at the moment of discussion and resolution. When the transaction is not subject to the prior approval of the Board of Directors but within the powers delegated to the interested director, also through the exercise of a specific proxy, this latter abstains from the carrying out of the transaction and provides in a timely and exhaustive manner information in relation to such to the Board.

In order to identify transactions in which a director may have an interest, also on behalf of third parties, the Company utilises, among others, an electronic database containing information on related parties of directors of the Company.

13. APPOINTMENT OF STATUTORY AUDITORS

In relation to the appointment of statutory auditors, reference is made to the subsequent section "Appointment of the Corporate Boards".

14. COMPOSITION AND OPERATION OF THE BOARD OF STATUTORY AUDITORS (AS PER ARTICLE 123-BIS, PARAGRAPH 2, LETTER D) CFA)

The Company's By-laws provide that the Board of Statutory Auditors consist of three standing auditors and two alternate auditors.

Until April 29, 2015, the Board of Statutory Auditors has comprised the Chairman Corrado Mariotti, the Standing Auditors Gilberto Casali and Stefano Marasca, in addition to the Alternate Auditors Franco Borioni and Daniele Capecci. The mandate of this Board, appointed by the Shareholders' Meeting of April 2012, concluded with the Shareholders' Meeting for the approval of the 2014 Annual Accounts, at which the current Board of Statutory Auditors was appointed, in accordance with the By-Laws which provides for "slate voting".

The Board of Statutory Auditors currently in office was appointed, in accordance with the requisites of autonomy and independence of Article 8.C.1 of the Self-Governance Code, by the Shareholders' Meeting

of April 29, 2015, and remains in office until the approval of the financial statements at December 31, 2017.

In particular, on appointment, a slate was presented by the majority shareholder FAN S.r.l., which proposed the following list of candidates:

STANDING AUDITORS

1. CASALI GILBERTO
2. ROMAGNOLI SIMONA
3. BORIONI FRANCO

ALTERNATE AUDITORS

1. TIRANTI LEANDRO
2. SPACCAPANICCIA SERENELLA

For further details on the slate, reference is made to the documentation relating to the above-stated Shareholders' Meeting available on the Company's website.

The result of the voting of Shareholders present at the Shareholders' Meeting was as follows:

- VOTES IN FAVOUR: 37,161,736, EQUAL TO 99.892505% OF VOTES;
- VOTE AGAINST: 19,344, EQUAL TO 0.051998% OF VOTES; AND
- ABSTAINING VOTES: 20,646, EQUAL TO 0.055497% OF VOTES,

TABLE 3 – STRUCTURE OF THE BOARD OF STATUTORY AUDITORS attached to the present report, presents the composition of the Board of Statutory Auditors at December 31, 2015, which has not changed at the preparation date of the present Report, in addition to the amendments in 2015.

At the Shareholders' Meeting for the appointment of the new Board of Statutory Auditors, the meeting established the remuneration of the statutory auditors, taking account of the commitment required, the importance of the role, in addition to the size and sector of the company.

Reported below is a brief *curricula vitae* of the members of the Board of Statutory Auditors:

Gilberto Casali: born in Jesi (AN) on 14/01/1954, Chairman of the Board of Statutory Auditors of Elica S.p.A.. Enrolled at the Accountants' Association of Ancona from 23/03/1978 at No. 69/A, enrolled as an Official auditor of accounts with Min. Decree 9/07/1993 published in the Official Gazette No. 58 of 23/07/1993. He is a member of the Auditors' Register at No. 11716 with Ministerial Decree 12/04/1995 published in the official gazette No.31 bis of 21/04/1995 – IV Special Series.

He is Chairman of the Board of Directors of Cavallottiundici S.r.l., of Fincrea S.r.l., of L'Olivo S.r.l., of Sanmarcodue S.r.l. and is Sole Director of Imak S.r.l..

He is Chairman of the Board of Statutory Auditors of Ermanno S.r.l., of Kalida S.p.A., of Garofoli Strutture S.p.A., of Gielle Real Estate S.r.l., of Nuna S.r.l. and of Mark Leasing S.p.A., of Cav. Del Lav. Igino Pieralisi S.a.p.A., of Egisto Pieralisi S.A.P.A. di Gennaro Pieralisi, of Nini Pieralisi S.A.P.A. di Luigi Pieralisi e of Safe S.a.p.A. del Cav. Del Lav. Igino Pieralisi and a Statutory Auditor of Engifin S.p.A., of Golden Lady Company S.p.A., of La Castellina S.p.A., of 2 M S.p.A. and of the Ermanno Casoli Foundation.

Franco Borioni: born in Jesi (AN), 23/06/1945; Statutory Auditor of Elica S.p.A.. He has been a member of the Accountants Association of Ancona since April 11, 1979 at No. 73/A as well as being on the Technical Consultants of the Civil and Criminal Court of Ancona roll. Official auditor of accounts with Min. Decree 24/02/1988 published in the Official Gazette No. 53 of 04/03/1988. He is a member of the Auditors' Register at No. 7353 with Ministerial Decree 12/04/1995 published in the official gazette No.31 bis of 21/04/1995 – IV Special Series.

He is the Sole Director of: MA.BI. srl, Gielle Real Estate S.r.l., Belgravia S.r.l., Casper S.r.l., Led S.r.l. di Consigliere d'amministrazione della Marmo Meccanica S.p.A. and of Cavallottiundici S.r.l.. He is the Chairman of the Board of Statutory Auditors of Simonetta S.p.A., of 2M S.p.A., of Air Force S.p.A. (subsidiary of the Company), of Confidi Ancona Soc. Coop. p.a., of FAN S.r.l., of Fintrack S.p.A., of the Ermanno Casoli Foundation, of Gilfin S.p.A. and of Imesa S.p.A. and a Statutory Auditor of Ausiliare S.p.A., of Golden Lady Company S.p.A., of SOGESI S.r.l., of Torelli Dottori S.p.A. and of TV Centromarche S.p.A..

Simona Romagnoli: born in Jesi (AN), 02/04/1971; Statutory Auditor of Elica S.p.A.. She has been a member of the Accountants Association of Ancona since October 13, 2000 at No. 486/A, as well as being on the Technical Consultants of the Civil and Criminal Court of Ancona roll. Enrolled in the Auditors' Register with Ministerial Decree of 27/07/2001, published in the Official Gazette No. 67 - IV special series of 24/08/2001.

She is the liquidator of Elettromeccanica Adriatica S.p.A., a member of the Board of Statutory Auditors of Pantofola d'Oro S.p.A and of LCJ S.p.A.; she is a Board of Directors member of Banca di Credito Cooperativo di Falconara M.ma, a Judicial Commissioner of the company Cava Gola della Rossa S.p.A., of Fatma S.p.A. and of Fazi & Battaglia S.p.A. She has also been appointed receiver for a number of bankruptcies and in addition is the judicial custodian appointed

by the Public Prosecutors Office at the Court of Ancona, in addition to a Judge for Preliminary Investigations at the Court of Rimini.

Leandro Tiranti: born in Sassoferato (AN) on 04/05/1966, Alternate Auditor of Elica S.p.A., he has been enrolled at the Accountants Association of Ancona at No. 321, Section A since 1994; enrolled at the Technical Consultants register of the Court of Ancona; enrolled in the Auditors' Register at No. 72,312 as per Decree of the director general of civil affairs and professions of May 26, 1999, published in the Official Gazette 4a, special series No. 45 of June 8, 1999. He is the Chairman of the Board of Statutory Auditors of V.I.C. S.p.A., Ikonic S.r.l., Ov S.p.A., Tre Pini S.p.a.; he is a Statutory Auditor with Fintrack S.p.A., Air Force S.p.A. and F.I.D.E.A. S.p.A.; he is a Director of Fastnet S.p.A., Diatech Pharmacogenetics S.r.l. and an Alternate Auditor with Nuova Sima S.r.l., Sima S.p.A., Togni S.p.A. and Centro Nazionale Servizi ai Professionisti S.p.A.

Spaccapaniccia Serenella: born in Montegiorgio (AP) on 04/04/1965, Alternate Auditor of Elica S.p.A.. Member of the Accountants Association of Ancona since 12/04/1994 at No. 308, as well as being on the Technical Consultants of the Civil and Criminal Court of Ancona roll since 1/01/1997. Enrolled in the Auditor's Register with Ministerial Decree of 26/05/1999, published in the Official Gazette No. 45 - IV special series of 8/06/1999 at No. 72269.

She is a standing member of the Board of Statutory Auditors at 8 Non-Profit Entities in the Marche Region; Sole Auditor on the Regional Professional Roll; Director of ODCEC (Accountants Association) of Ancona; Chairman of the Non-Profit Entities Research Commission set up by the ODCEC of Ancona; Secretary of the CNDCEC (National Accountants' Committee) Research Commission on the Tertiary Sector.

Board of Statutory Auditors activities in 2015 and in 2016 until the date of the present Report

In relation to the activities carried out, the Board of Statutory Auditors in 2015 met nine times, respectively on January 29, March 19, March 23, March 30, April 22, April 29, July 16, October 16 and November 12, 2015.

In 2016, the Board of Statutory Auditors met three times, on January 15, February 12 and March 7, 2016. The activities of the Board of Statutory Auditors concerns, among others, in accordance with point 3.C.5 of the Self-Governance Code, the verification of the criteria and procedures adopted by the Board to evaluate the independence of its members. The Board of Statutory Auditors in the course of the above-stated verifications did not record anomalies, as per the minutes drawn up of April 29, 2015.

The Board of Statutory Auditors established the independence of its members in conformity with Article 8.C.1 of the Self-Governance Code in the meeting of April 29, 2015.

The Board has constantly monitored the independence of the Independent Audit Firm in carrying out its duties, verifying compliance with law and monitoring the other activities carried out apart from accounting control.

The Board of Statutory Auditors, in carrying out its duties, coordinated its activities with the Internal Audit manager and the Internal Control and Risk Management Committee through the exchange of information relating to their respective activities and the participation of the Board of Statutory Auditors at the Internal Control and Risk Management Committee meetings during the year.

The Board of Statutory Auditors notes that the company, having complied with the Self-Governance Code of Borsa Italiana S.p.A., provides that where a statutory auditor, on his/her own behalf or that of third parties, has an interest in a determined transaction of the Company, he/she must inform the other statutory auditors and the chairman of the Board, in a timely and comprehensive manner, regarding the nature, terms, origin and extent of his/her interest. In accordance with the Consob Regulation concerning transactions with "related parties" the members of the Board of Statutory Auditors drew up a document for the identification of related parties in accordance with Article 4, paragraph 4 of Consob Regulation, adopted with resolution No. 17221 of March 12, 2010 and No. 17389 of June 23, 2010.

The members of the Board of Statutory Auditors have adequate experience and knowledge of the sector in which the Company operates; however, in order to improve such knowledge, and of the corporate activities and performance, in addition to the regulatory framework, the Board of Statutory Auditors attends the meetings of the Board and of the Committees, in addition to the ad hoc meetings organised by the Chairman of the Board of Directors.²¹

²¹ See in this regard also the Induction Programme.

15. RELATIONS WITH SHAREHOLDERS, WITH BORSA ITALIANA AND WITH THE COMPETENT AUTHORITY

In conformity with article 9.C.1 of the Self-Governance Code, the Board of Directors, in the meeting of September 27, 2007 appointed Laura Giovanetti as the Investor Relations manager in replacement of Vincenzo Maragliano, previously appointed at the meeting of April 12, 2006. The Investor Relations Manager is assigned the duties of (i) fostering the Company relationships with the financial community; (ii) enabling continuous dialogue between the company and the stakeholders and in particular the investors and shareholders; (iii) communicating to investors and the market the performance of the business and (iv) carrying out the operations and the duties relating to the Insider Register of the Company, in conformity with the "Regulation for the treatment of corporate information and the constitution of the Insider Register".

In addition, in order to guarantee a more efficient flow of information with the relevant authorities and the market, the Board of Directors of the Company considered it proper that the Information Officer coincides with the role of the Investor Relations Manager and at the same meeting of September 27, 2007 conferred Laura Giovanetti the appointment of Information Officer responsible for the relations with Borsa Italiana and Consob, in replacement of Vincenzo Maragliano.

Therefore on November 11, 2010, following the conferment of other duties to Mr. Giampaolo Caselli, the Company replaced him with Ms. Francesca Pisani, Legal & Corporate Affairs Supervisor of the Company, in the role of Information Officer.

All of the documents relating to the Corporate Governance and the other information relating to the Company, which have significance for shareholders, may be consulted on the website <http://corporation.elica.com>.

Internal Dealing regulations

The Company, with Board resolution of April 12, 2006, adopted a procedure concerning the information obligations relating to financial instruments issued by the Company, related to so-called "significant" persons and persons associated with them, in relation to Internal Dealing (the so-called "Internal Dealing Code"). This procedure was amended on April 27, 2012 for the purposes of, among others, the adjustment in line with the regulatory amendment to Article 152 *septies*, paragraph 3 of the Issuers' Regulation, introduced with Consob Resolution No. 18079 of January 20, 2012.

The regulation is published on the Company website <http://corporation.elica.com>, in the Corporate Governance section.

16. SHAREHOLDERS' MEETINGS

The By-Laws of the Company do not provide for a method of functioning other than those as prescribed by law and regulations.²²

Normally, all of the directors attend the Shareholders' Meetings. The Shareholders' Meeting of April 29, 2015 marked the conclusion of mandate of the Board of Directors and was attended by four of the eight directors; this included one of the members of the Appointments and Remuneration Committee, who attended also to provide any clarifications on the content of Sections 8 and 9 of the present Report, in addition to the content of the Remuneration Report, including, among other issues, the description of the manner of exercise of the duties of the stated Committee. However, all directors leaving office provided the necessary support to prepare the documentation presented to the Shareholders' Meeting.

All of the matters on the Agenda of the Shareholders' Meeting were reported upon in the Directors' Report to the Shareholders' Meeting or in the documents filed, available to the Shareholders and published on the company website.

All those who have sent the company the communication provided by the intermediary appointed by the end of the third market day preceding the date fixed for the Shareholders' Meeting in first call or in single

²² The Shareholders' Meeting assigned the Board the duties as per Article 19.2 of the By-laws, in accordance with the Article 2365 of the Civil Code.

call, have the right to attend the shareholders' meeting, or within a different time period established by existing regulations, as long as the communications are sent to the Company within the above-stated time periods, provided by the beginning of the business of the shareholders' meeting.

Every shareholder may be represented by a third party conferring upon him proxy in accordance with law, the By-Laws and the Shareholders' Meeting regulation.

The notification through electronic means of proxy to the Company by those with the right to vote may take place through sending an e-mail to the address indicated in the call notice.

The Shareholders' Meeting of the Company on April 12, 2006 approved the Shareholders' Meeting Regulation, proposed by the Board of Directors in accordance with article 9.C.3 of the Self-Governance Code, subsequently amended by the Shareholders' Meeting of April 28, 2011 in order to guarantee the proper carrying out of the shareholders' meetings as well as the rights of each shareholder to contribute to discussions on the matters on the agenda. The Regulation is published on the Company website <http://corporation.elica.com>, in the Corporate Governance section.

With particular regard to the means by which each shareholder may take the floor on the matters under discussion, the stated Shareholders' Meeting regulation provides that the Chairman, taking account of the subject and the importance of the individual matters on the Agenda, in addition to the number of requests for interventions, pre-establishes the duration of such interventions, usually as not less than 3 (three) minutes and not greater than 5 (five) minutes for each contribution. Those with the right to intervene, may do so upon each matter on the Agenda only once, except, at the discretion of the Chairman, in the case of a reply or a voting declaration.

The Board reported on the activities carried out and programmed in the Shareholders' Meetings and endeavored to ensure shareholders have adequate information regarding the necessary elements so that they could take, in a knowledgeable manner, the decisions within the authority of a Shareholders' Meeting.

In relation to the market capitalisation, the share price at January 2, 2015 was Euro 1.6889 and at December 30, 2015 was Euro 1.9837; the minimum price in 2015 was Euro 1.6872, the maximum price in 2015 was Euro 2.3201 and the average price was Euro 1.980504. The Board of Directors, in the meetings of February 12, 2015 and February 12, 2016, noting the share price in the periods preceding the respective meetings, decided not to propose to the Shareholders' Meeting changes to the By-laws in relation to the percentages established for the exercise of the shares and of the protection of minority shareholders.

Appointment of the Corporate Boards

According to the provisions of the current By-Laws, the appointment of the Board of Directors and the Board of Statutory Auditors is carried out through the voting of slates, in accordance respectively with articles 16 and 24 of the by-law. These articles were amended in the Shareholders' Meeting of April 24, 2013 in order to provide for a mechanism which ensures gender equilibrium in accordance with current legislation.²³

Only shareholders who individually or collectively hold at least 2.5%²⁴ of the share capital have the right to present slates or a differing minimum percentage provided for or allowed by regulations.

For the inclusion of the Directors to be elected, consideration is not taken of the slates which have not obtained at least half of the votes required for the presentation of the slates. All those entitled to vote shall vote for only one slate.

Directors must have the requisites of eligibility, professionalism and independence provided by law and the other applicable directives.

Statutory Auditors must also have the requisites of eligibility, professionalism and independence provided by law and the other applicable directives. In particular, in relation to the professionalism requirement

²³ For further information on the amendments to the By-laws, reference should be to the Directors' Report to the Shareholders' Meeting called for April 24, 2013, in relation to the By-law amendments, available on the Company website.

²⁴ The percentage indicated coincides with the percentage holding established by Consob in accordance with Article 144-*quater* of the Issuers' Regulation.

covered by article 1 of Justice Ministerial Decree of March 30, 2000, No. 162, the following fields are deemed to be closely related to the company's activities: that relating to commercial or tax law, the economy and corporate finance, the manufacturing and design sector, as well as the activities listed in Article 2 of the By-laws, to which reference should be made.

Except in the situation of ineligibility established by law, no person who covers offices of statutory auditor in five or more other companies listed on regulated markets may fulfil the role of statutory auditor and if nominated must vacate the office, with exclusion of the subsidiary companies as well as the parent companies and the companies controlled by such, or anyone who covers offices of direction and control in a number higher than that provided by law and the regulations in force.

The presentation of slates for the appointment of the Board of Directors will occur in the manner established by, and in compliance with, Article 16 of the By-laws, to which reference should be made.

The presentation of slates for the appointment of the Board of Statutory Auditors will occur in the manner established by, and in compliance with, Article 24 of the By-laws, to which reference should be made.

In relation to the appointment of the Board of Statutory Auditors, in the case in which twenty-five days prior to the Shareholders' Meeting only one slate is presented, or only slates related to it are presented, in accordance with Article 144 *sexies*, paragraph five of the Issuers' Regulations, slates may be presented up until the third subsequent day to this date or any other date stipulated by the applicable regulation. In this case, the percentage threshold established for the presentation of the slate is reduced by half (1.25% of the share capital).

The slates presented that do not comply in full with the By-laws shall be considered as not presented.

The Company assures that the shareholders are provided adequate information on the profile of the candidates for the offices of director and statutory auditor in the manner set out in the above stated articles to which reference is made.

With reference to the method of election of the Board of Directors through the "voting of slates", the By-Laws provide that:

- a) from the slate which obtained the highest number of votes (hereafter the "Majority Slate") all of the members of the Board of Directors are elected except one, as established by the Shareholders' Meeting, according to the progressive order of the slate;
- b) from the slate which obtained the second highest number of votes (hereafter the "Minority Slate"), which is not connected in any way, even indirectly, with the shareholders who have presented or voted on the Majority Slate, the first candidate listed is elected to the Board of Directors.

If, with the candidates elected through the manners stated above, an adequate number of independent directors is not elected, however not lower than the amount provided by law, or if the gender balance provisions have not been complied with (including the rounding upwards of the number of members of the Board of Directors in the case of the application of the gender balance quotas not resulting in a full number), the non-independent candidate of the most represented gender elected last on the progressive numbering of the Majority Slate will be replaced by the first independent candidate of the other gender, according to the respective progressive numbering, not elected on the same Majority Slate.

In the case in which the Majority Slate no longer presents non-elected candidates with the necessary requirements or in the case in which the Majority Slate does not contain a sufficient number of candidates to form the Board in accordance with that established by the Shareholders' Meeting, the meeting proceeds with their replacement/supplementation by statutory majority.

The candidate listed in first position on the Majority Slate is elected as Chairman of Board of Directors.

Should two or more slates receive the same number of votes, a second vote of the Shareholders' Meeting is taken, with only those tied taking part.

In the case in which only one slate is presented or voted upon, or where only one slate has received at least half of the required votes for presentation, all Directors will be elected from the slate, in compliance with the provisions concerning the composition of the Board of Directors.

Where no slate is presented, the Shareholders' Meeting votes by statutory majority, without following with the above stated procedure, however in such a manner that the applicable regulations concerning the composition of the Board of Directors are complied with.

In relation to the appointment of the Board of Statutory Auditors, considering also compliance with the applicable regulations concerning gender equality (including rounding up where necessary in relation to the underrepresented gender), the following is applied:

1) from the slate which obtained the highest number of votes in the shareholders' meeting (hereafter the "Majority Slate"), based on the progressive order on the slate, 2 standing members and 1 alternate member are elected;

2) from the slate which obtained the second highest number of votes (hereafter the "Minority Slate") and which, in accordance with current regulations, was presented and voted upon by shareholders who are not connected in any way, even indirectly, with the shareholders who have presented or voted on the Majority Slate, based on the progressive order listed on the slate, one statutory auditor and one alternate auditor is elected.

The Chairman of the Board of Statutory Auditors shall be the first candidate on the Minority Slate.

In the case of a tie in the number of votes between two or more slates, the eldest candidates shall be deemed elected.

If voting does not result in compliance with the applicable legal and regulatory provisions in relation to gender equality (including rounding up where necessary in relation to the underrepresented gender), the elected Statutory Auditor candidate appearing last on the Majority Slate of the overrepresented gender is excluded and will be replaced by the next candidate from the same slate belonging to the other gender. In the case in which the Majority Slate no longer presents non-elected candidates with the necessary requirements, or in the case in which the Majority Slate does not contain a sufficient number of candidates to form the Board of Statutory Auditors, the Shareholders' Meeting proceeds with their replacement/supplementation by statutory majority.

In the case of the replacement of a Statutory Auditor, the alternate auditor from the same slate joins the Board, on condition that the applicable legal and regulatory provisions are complied with.

The previous provisions in relation to the election of statutory auditors are not applied to Shareholders' Meeting for which only one slate is presented or voted upon or in the shareholders' meetings which provides in accordance with law for the appointment of statutory auditors and/or alternate auditors necessary to complete the Board of Statutory Auditors following replacement or resignation. In this case, the Shareholders' Meeting votes by majority.

The By-laws are available on the website <http://corporation.elica.com>, Corporate Governance section, that of Borsa Italiana S.p.A. and at the registered office.

Changes since year-end

The text of the present report was supplemented, in the individual paragraphs, with the information concerning the changes between December 31, 2015 and March 22, 2016, date of its approval.

Elica S.p.A.

The Chairman of the Board of Directors

TABLE 1 – INFORMATION ON THE SHARE CAPITAL
Share Capital structure

	NO. OF SHARES	% SHARE CAPITAL	LISTED/NON-LISTED	RIGHTS & OBLIGATIONS
Ordinary shares	63,322,800	100%	Listed on the MTA Star	Voting rights at the Ordinary and Extraordinary Shareholders' Meeting, right to a dividend and repayment of capital in the case of liquidation
Shares with limited voting rights				
Of which Treasury Shares with no voting rights	1,275,498	2.014%		Treasury shares

Significant Shareholdings

Shareholder	Direct shareholder	% of ordinary share capital	% of voting share capital	NOTE
PIERALISI GIANNA	FAN S.r.l.	52.809%	52.809%	*
PIERALISI GIANNA	S.A.F.E. S.A.P.A. DEL CAV. IGINO PIERALISI	0.184%	0.184%	*
PIERALISI GIANNA	PIERALISI GIANNA	0.082%	0.082%	**
WHIRLPOOL CORPORATION	WHIRLPOOL EUROPE Srl	12.568%	12.568%	*
N.D.	INVESCO FUNDS SERIES 4	3.869%	3.869%	*
FIRST CAPITAL SPA	FIRST CAPITAL SPA	2.116%	2.116%	*
ELICA SPA	ELICA SPA	2.014%	-	*

* Updated figures to 11/03/2016 based on the shareholders' register

**Shareholder declaration released on 11/03/2016

For completeness it is also reported:

Shareholder	Direct shareholder	% of ordinary share capital	% of voting share capital	NOTE
INVESCO LTD	INVESCO CANADA TLD	0.091%	0.091%	***
INVESCO LTD	INVESCO ASSET MANAGEMENT DUBLIN	1.231%	1.231%	***
INVESCO LTD	INVESCO ASSET MANAGEMENT LIMITED	0.456%	0.456%	***
INVESCO LTD	INVESCO FUND MANAGERS LIMITED	0.957%	0.957%	***

***Figures based on communication as per model 120, Legislative Decree No. 58/98 provided by the shareholders on 15/07/2013

TABLE 2 - STRUCTURE OF THE BOARD OF DIRECTORS AND OF THE COMMITTEES
***Board of Directors*²⁵**

Name	Place and date of birth	Office	In office from/until ²⁶	No. of other offices*	Exec.	Ind. Cod. / Ind. CFA
Francesco Casoli	Senigallia (AN) 05/06/1961	Chairman of the Board of Directors		2/-	yes	no
Giuseppe Perucchetti	Varese 30/10/1958	Chief Executive Officer		-	yes	no
Gianna Pieralisi	Monsano (AN) 12/12/1934	Executive Director	April 29, 2015 / 2017	3/-	yes	no
Vita Enrico***	Fabriano (AN) 16/02/1969	Director	Financial Statement Approval	5/-	no	yes/yes
Catania Elio Cosimo***	Catania 05/06/1946	Director		2/-	no	yes/yes
Katia Da Ros**	Conegliano 30/03/1967	Director		3/2	no	yes/yes
Croff Davide***	Venice 01/10/1947	Director		7/- ²⁷	no	yes/yes
Gennaro Pieralisi	Monsano (AN) 14/02/1938	Director		13/8	no	no

DIRECTORS RESIGNING DURING THE YEAR FOR MANDATE ENDING

Name	Place and date of birth	Office	In office from/until	Member ICC/ARP***	Exec.	Ind. Cod. / Ind. CFA
Andrea Sasso	Rome, 24/08/1965	Director	2007/ 29.04.2015	no/no	no	no
Stefano Romiti**	Rome, 17/11/1957	Director	2006/ 29.04.2015	yes/yes	no	yes/yes
Elena Magri***	Brescia 19/07/1946	Director	2012/ 29.04.2015	yes/yes	no	yes/yes
Eaviso Novarese	Omegna (VB) 25/08/1947	Director	2013/ 29.04.2015	no/no	no	yes/yes

(*) includes the other positions held in finance companies not registered as per Articles 106 and 107 of Legislative Decree 385/93 – Banking Act/ No. offices held in these companies excluded. For further information, reference should be made to the list at the section “Maximum number of offices held in other companies”. Interests in foundations, entities or companies of insignificant size, which do not affect the role carried out for the Company, are not included.

(**) Lead Independent Director.

(***) Internal Control and Risk Management Committee (ICC)/Appointments and Remuneration Committee (ARC)

Attendance of the Directors at Board meetings and at the Committees between 1/1/2015 to 29/04/2015

Office	Name	B.o.D. *	I.C.C. member	**	A.R.C member	***
Chairman	Francesco Casoli	2/2				
Chief Executive Officer	Giuseppe Perucchetti	2/2				
Executive Director	Gianna Pieralisi	2/2				
Director	Gennaro Pieralisi	2/2	X	1/2	X	0/1
Director	Andrea Sasso	2/2				
Director	Elena Magri	1/2	X	2/2	X	1/1
Director	Stefano Romiti	2/2	X	2/2	X	1/1
Director	Evasio Novarese	2/2				

Attendance of the Directors at Board meetings and at the Committees between 29/04/2015 and 31/12/2015

Office	Name	B.o.D. *	I.C.C. member	**	A.R.C member	***
Chairman	Francesco Casoli	6/6				
Chief Executive Officer	Giuseppe Perucchetti	6/6				
Executive Director	Gianna Pieralisi	5/6				
Director	Gennaro Pieralisi	6/6				
Director	Catania Elio Cosimo	6/6	X	2/2	X	2/2
Director	Vita Enrico	5/6	X	2/2	X	2/2
Director	Da Ros Katia	6/6				
Director	Croff Davide	5/6	X	2/2	X	2/2

(*). This column indicates the attendance of the Director at the Board meetings: no. meetings attended/total number of meetings

(**). This column indicates the attendance of the director at the Internal Control and Risk Management Committee Meetings: no. meetings attended/total number of meetings.

(***). This column indicates the attendance of the director at the Appointments and Remuneration Committee Meetings: no. meetings attended/total number of meetings.

²⁵ All the members of the Board in charge has been nominated on the basis of the sole slate presented by the major shareholder FAN S.r.l.

²⁶ The figures refer to the most recent appointment. For years of service, reference should be made to the Directors CV's.

²⁷ Includes roles in Foundations and Institutes.

TABLE 3 – STRUCTURE OF THE BOARD OF STATUTORY AUDITORS
Board of Statutory Auditors

Office	Members	Year of birth	Date of first appoint. *	In office from	In office until	Slate **	Ind. Code	Attendance at Board meetings ***	No. of other offices ****
Chairman	CASALI GILBERTO	1954	28/08/2008	29/04/2015	Approval 2017 Accs.	M	YES	8/9	1
Standing Auditor	BORIONI FRANCO	1945	29/04/2015	29/04/2015	Approval 2017 Accs.	M	YES	4/4	1
Standing Auditor	ROMAGNOLI SIMONA	1971	29/04/2015	29/04/2015	Approval 2017 Accs.	M	YES	4/4	0
Alternate Auditor	TIRANTI LEANDRO	1966	29/04/2015	29/04/2015	Approval 2017 Accs.	M	YES	0/4	0
Alternate Auditor	SPACCAPANICCIA SERENELLA	1965	29/04/2015	29/04/2015	Approval 2017 Accs.	M	YES	0/4	0

Number of meetings held in the year: 9
Quorum required for the presentation of slates by minority shareholders for the election of one or more standing members (as per Art. 148 CFA): 2.5% of share capital.
NOTE

* The first appointment of each Statutory Auditor refers to the date on which the Statutory Auditor was appointed for the first time to the Board of Statutory Auditors of the Issuer.

** This column indicates the slate from which each Statutory Auditor originated ("M": majority slate; "m": minority slate).

*** This column indicates the percentage of attendance of the Statutory Auditors in relation to the number of meetings of the Board of Statutory Auditors (indicates the number of meetings attended compared to the amount they could have attended; e.g. 6/8; 8/8 etc.).

**** This column indicates the number of offices of director or statutory auditor in accordance with Article 148 *bis* of the CFA and the relative enacting provisions in the Consob Issuer Regulations. The complete list of offices held is published by Consob on its website pursuant to Article 144- quinqueagesdecies of the Consob Issuers' Regulations.

STATUTORY AUDITORS RESIGNING DURING THE YEAR

Office	Members	Year of birth	Date of first appoint. *	In office from	In office until	Slate **	Ind. Code	Attendance at Board meetings ***
Chairman	MARIOTTI CORRADO	1944	12/04/2006	27/04/2012	Approval 2014 Accs.	m	YES	5/5
Standing Auditor	MARASCA STEFANO	1960	12/04/2006	27/04/2012	Approval 2014 Accs.	M	YES	5/5

ATTACHMENT 1**Extract from the shareholder agreements communicated to Consob in accordance with Article 122 of Legislative Decree No. 58 of February 24, 1998****ELICA SPA**

- **FAN S.r.l.**, the company incorporated under Italian Law, with registered office in Rome, Via Parigi 11, Italy, enrolled in the Rome Company Registration Office at No. 10379911000 ("FAN");

and

- **Whirlpool Europe S.r.l.**, an Italian incorporated company, registered office in Comerio (VA), Viale Guido Borghi No. 27, registered at the Company's Register Office of Varese, No. 01534610124 ("Whirlpool");

(FAN and Whirlpool, hereafter individually the "**Party**" and, collectively the "**Parties**").

On the basis that

- a. on December 10, 2007, FAN and Whirlpool signed an investment contract and shareholder pact (the "**Shareholders' Agreement**" or "**Agreement**") concerning Elica S.p.A. (the "**Company**" or "**Elica**") which provides for, inter alia, a number of rules concerning the governance of the Company and the circulation of the Shares held by the Parties;
- b. on March 8, 2010, Whirlpool and FAN signed an agreement relating to some provisions of the Shareholder Agreement (the "**Supplementary Agreement**");
- c. on December 18, 2010, as neither Party had communicated to the other their opposition to the renewal of the Shareholder Agreement, in accordance with the renewal conditions of the Shareholder Agreement, such was renewed without any amendments;

communicates that

on its conclusion on December 18, 2013 the Parties signed an agreement (the "**Agreement**") which renewed, for the duration specified at subsequent point 4, the Shareholder Pact concerning Elica, introducing a number of supplementations and amendments. The new provisions contained in the Agreement are summarised below.

1. Company whose instruments are subject to the Agreement.

Elica S.p.A., registered office in Fabriano (AN), Via Dante Alighieri n. 288, Company's Register Office Ancona No. 00096570429, share capital Euro 12,664,560.

2. Financial instruments subject to the Agreement and percentage compared to the share capital.

The agreement concerns the shareholdings in the Company as reported below, comprising the contained number of investments held from time to time by each of the Parties.

The Parties did not undertake an obligation to introduce further actions to be completed during the validity of the Agreement.

Shareholder	Number of shares conferred	% of shares compared to the total number of shares conferred	% of Shares conferred compared to the share capital
FAN	33,440,445	84.079%	52.809%
Whirlpool	6,332,280	15.921%	10.000%
Total	39,772,725	100%	62.809%

The Shareholder Agreement has no impact on the control of the Company which, pursuant to Article 93 of the Consolidated Finance Act, is indirectly held by Ms. Gianna Pieralisi.

3. Contents.

The Agreement provides for the following.

3.1 Governance

The agreement provides for the following governance terms.

3.1.1 FAN will ensure that for the duration of the Agreement, one member of the Board of Directors of the Company is nominated on the recommendation of Whirlpool, subject to this latter being a holder of at least 5% of the share capital of the Company. Where the Agreement is terminated or Whirlpool has a holding lower than 5% of the share capital of the Company (except as a consequence of a Dilution or as a consequence of a breach of the Agreement by FAN, Whirlpool will request the designated Director to resign from office. Dilution is intended as the dilution of the investment by Whirlpool deriving from (i) any issue of Elica shares or financial instruments where Whirlpool does not have an option right or (ii) mergers or any other operations carried out by the Company after the renewal of the Agreement. In the case of the appointment of a new Board of Directors during the Shareholder Agreement, FAN will present a single slate of candidates, which will include the Director designated by Whirlpool.

3.1.2 Without the approval of FAN, the designated Director of Whirlpool may not be an employee, a director or an executive of Whirlpool or a **“Related Party”** (intended, with reference to each Party, as a party which directly or indirectly controls, is controlled by or is subject to common control with this Party).

3.1.3 Where and until such time that Whirlpool has a shareholding in Elica of at least 10%, the resolutions of the Shareholder Meetings or of the Board of Directors relating to:

(a) any issue of Shares or other financial instruments, in which Whirlpool does not have the rights option, will be adopted with the favourable vote respectively of Whirlpool or of the Director designated by Whirlpool; and

(b) distribution of reserves or other provisions or assets, spin-offs, reduction of share capital (except in the case of the obligatory reduction of the share capital pursuant to article 2446, second paragraph, and article 2447 of the Civil Code) or any other resolution of the Shareholders that results in a reduction in the shareholders' equity of the Company under Euro 126,000,000 will be adopted with the favourable vote of Whirlpool or of the Director designated by Whirlpool, whose vote may not be unreasonably declined.

3.2 Share transfer limits

The provisions of the Shareholder Agreement on the transfer of shares are outlined below.

3.2.1 Non transfer obligations

For the entire duration of the Agreement FAN will not transfer any shares conferred to the Agreement to any third parties involved vertically or horizontally in the production, development, marketing or sales of products of water purification, white electrical goods, home appliances, air-conditioning systems and compressors for fridges and air conditioning systems (a "Competitor") nor vote in favour of the issue of Elica shares or financial instruments in favour of a Competitor. FAN will ensure that this clause is complied with also in relation to any share or financial instrument held by the Company or Related Parties to FAN.

3.2.2 Transfers permitted

as an exception to any other provisions of the Agreement, Whirlpool and FAN may freely transfer the Elica Shares or any other financial instrument in which, from time to time, they hold/acquire ownership in the following cases:

(a) transfer from FAN (or its successors if permitted by the Agreement) to Fintrack S.p.A. or Ms. Gianna Pieralisi, Mr. Francesco Casoli or Ms. Cristina Casoli, or their spouses or relatives (as defined by articles 74 and 76 of the Civil Code) or to a company wholly owned or controlled by one of these parties;

(b) transfer from Whirlpool to a Related Party of Whirlpool Corporation or by FAN to a Related Party of FAN, provided that such Related Party of FAN is not a Competitor of Whirlpool or has a holding in a Competitor of Whirlpool.

In each case the buyer must adhere to the Agreement and the seller will ensure that the buyer remains a Related Party and will remain fully committed to the seller.

The Parties agreed also that the above-stated provisions apply also to any share or financial instrument held by any related party of FAN, including Messrs. Gianna Pieralisi, Francesco Casoli and Cristina Casoli.

3.2.3 Pre-emptive Right

Where one of the Parties wishes to transfer, all or part, of the Elica shares or financial instruments it holds during the Agreement, in favour of any other person or entity, the following procedures are applied:

(a) where one of the Parties wishes to transfer shares or other Elica financial instruments, they will communicate their intention in writing (the "**Offer**") to the other Party. During a period not beyond 30 days from the reception of the Offer (the "**Pre-exemption Period**"), the other Party will have the right to acquire all (and not just some) of the

shares or Elica financial instruments described in the Offer at the same terms and conditions within 30 working days from the reception of the Offer;

(b) where the Offer does not contain a cash sum, the Parties may jointly nominate an investment bank of international standing within 10 days from the Pre-emption Period in order to determine the value of the Shares or the Elica financial instruments and the corresponding consideration in cash. The Parties agreed that the above-stated provisions apply also to:

the Elica shares and financial instruments held by Fintrack and the related parties of FAN and to each transfer of the majority of the shares (or rights on these) issued by FAN or by a party directly or indirectly controlled by FAN; in the case in which the transfer of the majority of the shares issued by these parties is made through several transfers of minority holdings, FAN will transfer on the request of Whirlpool all the Elica shares held by FAN at that date at the price determined in accordance with the terms of paragraph 3.2.3(b).

3.3 Non Competition Clause

Except where otherwise stated in the supply agreement signed on December 18, 2013 between Whirlpool Corporation and Elica ("OEM Supply Agreement") or in any other agreements between the Parties, FAN, also on behalf of its parent company Fintrack S.p.A. and Ms. Gianna Pieralisi, Mr. Francesco Casoli and Ms. Cristina Casoli, will ensure that, until any party among FAN, Fintrack S.p.A. and Ms. Gianna Pieralisi, Mr. Francesco Casoli and Ms. Cristina Casoli (the "Non-Competitive Party") holds directly or indirectly, individually or together with third parties, Elica shares or financial instruments or rights from these or relating to these, up to the first date between (i) the expiry of the Agreement and (ii) 18 months after the date in which the Non-Competitive Party will cease to hold, directly or indirectly, Shares or such holdings or rights, this Non-Competitive Party may not:

(i) undertake or make, directly or indirectly, on its own behalf or on behalf of third parties, in any territory as further specified in the Agreement (the "Territory"), any commercial or entrepreneurial operation in the production, research and development, marketing, distribution and sale of kitchen hoods (the "Competitive Activity");

(ii) hold, directly or indirectly, any interest, participation or affiliation, on its own behalf or of other parties or entities, in the Territory and in relation to the Competitive Activity, or be (A) a shareholder, lender or investor, which exercises the control or significant influence on the operations or (B) a shareholder or investor that holds (or has related voting rights or equity rights) more than 10% of any non-listed category of securities of, or more than 2% of the listed securities of, any party that undertakes or makes any commercial or entrepreneurial operations described in paragraph (i) above.

4. Duration and renewal of the Agreement.

4.1 The agreement will remain in force until the first of (i) December 18, 2016 and (ii) the date in which Whirlpool holds less than 5% of the share capital of the Company (except in the case of a Dilution or as a consequence of the breach of the Agreement by FAN).

4.2 The Parties declare from the present moment, where on the expiry of the Agreement, the OEM Supplier Agreement is still effective and Whirlpool has acquired and still holds an investment of at least 10% in the share capital of Elica (calculated without considering any dilution or breach of the Agreement by FAN), they intend to

renew the Agreement without any modifications for a further period of two years.

5. Type of Agreement.

The Agreement is made in accordance with Article 122 of the Consolidated Finance Act and, specifically, first paragraph and fifth paragraph, letters a), b) and c) of this legislation.

6. Filing of the Agreement.

The Agreement through which the Parties extended the validity and efficacy of the Shareholder Pact, amending and supplementing it, is subject to Consob communications and was filed at the Ancona Companies Registration Office on December 19, 2013.

7. Resolution, withdrawal and penalty clauses.

7.1 Right of resolution

- (a) Where Whirlpool or FAN violates or does not comply with some essential clauses of the Agreement (each a "**Breach**"), the non-defaulting party will have the right to bring the Agreement to immediate fruition through communication to the defaulting party pursuant to article 1456 of the Civil Code.
- (b) In the case of advanced dissolution of the OEM Supply Agreement for an alleged breach by Elica of the OEM Supply Agreement (each a "**Elica Dissolution Event**"), Whirlpool may withdraw from the Agreement with immediate effect through written communication to FAN.
- (c) In the case of (i) advanced dissolution of the OEM Supply Agreement for a breach by Whirlpool or (ii) proof of serious breach of certain essential clauses of the OEM Supply Agreement (each a "**Dissolution Event**"), FAN may withdraw from the Agreement with immediate effect through written communication to Whirlpool.

7.2 Exit procedure by Whirlpool

- (a) In the case of the conclusion of the Agreement following non-fulfillment by FAN, ("**Whirlpool Exit Event**"), Whirlpool will have the unconditional right to sell on the market, in full or in part, the Elica shares held at that moment.
- (b) Where there is a Whirlpool Exit Event, Whirlpool, within 30 working days, must provide written communication (the "**Exit Declaration**") to FAN specifying the Whirlpool Exit Event and indicating (i) the calculation of the weighted average price per share (the "**Average Purchase Price**") and (ii) the weighted average market price per share of the last 30 days preceding the Exit Declaration (the "**Elica Weighted Price**"). In this case FAN, with written communication to Whirlpool within 10 working days from the Exit Declaration, will have the right to buy from Whirlpool all the Shares held by Whirlpool at the Average Purchase Price within 10 working days of the above-mentioned communication. Where FAN decides not to buy these Shares at the Average Purchase Price, or subsequently does not make the payment within the agreed terms, Whirlpool will have the right to obtain from FAN within 20 working days of the Exit Declaration an amount equivalent to the difference between the Average Purchase Price (if higher than the Elica Weighted Price) and the Elica Weighted Price, multiplied by the number of shares held.

7.3 Exit procedure by FAN

- (a) In the case of resolution of the Agreement following a Breach by Whirlpool (“**FAN Exit Event**”), FAN will have the unconditional right to buy, all or part, of the shares held at that moment by Whirlpool (the “**FAN Exit Shares**”).
- (b) Where there is a FAN Exit Event, within 30 working days of being aware of the event, FAN may inform Whirlpool through written communication and Whirlpool will be obliged to sell to FAN the Exit Shares of FAN at the Average Purchase Price within 20 working days of the reception of the above-mentioned communication.

8. Other information.

The Agreement does not provide for a committee to oversee its functioning.

The Agreement does not contain obligations to file the Shares pursuant to the Agreement.

December 21, 2013

ATTACHMENT 2

Description of the principal characteristics of the risk management and internal control system in relation to financial disclosure

Introduction

Within the general process for the recording and analysis of Group risk areas, undertaken to structure an internal control system which allows for the best possible governance of company risks, a particular focus is placed on the internal control system on the financial disclosure process, which is not considered a separate component, but rather an integral part of Elica's overall internal control system. The above accounting-administrative control model comprises a set of procedures and internal instruments adopted to enable the reaching of the assurance, accuracy, reliability and timeliness of financial reporting objectives.

Employing a single and integrated approach the Company therefore considered it correct to base the guidelines for the design, implementation and maintenance of the Internal Control System on the best international practices, which currently stem from the study conducted by the Committee of Sponsoring Organizations of the Threadway Commission (CoSO Report). In addition to this, the development and implementation of the control procedures were conducted taking account of the Control Objectives for IT and related technology (COBIT Framework) and the Self-Governance Code of the Committee for Corporate Governance of Borsa Italiana SpA, of the Confindustria "Guidelines", of the "Ethics Code" and further regulations and rules in force, as well as national and international standards and guidelines concerning Internal Control Systems in general, and specifically concerning Financial Disclosure Control Systems.

With specific regard to the administrative-accounting processes, the Internal Control System, as described above, supports the basis of the declaration which the Executive Responsible for the Preparation of the Corporate Accounting Documents must issue in accordance with Article 154-bis of Legislative Decree 58/98.

The structuring and organisation of administrative-accounting processes, in continuous development, is focused on achieving maximum synergy between achieving the compliance objectives and the optimisation objectives, through actions focused on formalising the processes and their efficiency, the identification and the evaluation of risks and the design of mitigating controls according to a structured methodology, with an overall view to achieving maturation of the entire System, extendable to the Group in the medium term.

Phases of risk management and internal control in place in relation to Financial Disclosure

The System of Financial Disclosure Control of Elica is based on the phases described below:

i) identification of financial disclosure risks

This activity concerns the definition of the Group companies and of the processes of the individual companies by which they evaluate the risks and administrative-accounting controls, adopting both quantitative parameters, defined according to the impact they have on the principal financial statements accounts, in addition to qualitative parameters. The scope analysis is periodically carried out by the Company to identify the need to make amendments or supplements.

ii) Assessment of risks and identification of controls

The administrative-accounting processes, identified as above, are documented through utilising structured instruments to improve operations, allowing analysis and maintenance and an exhaustive description of the risks and the controls in place.

The approach adopted takes into consideration the possible risk of failing to correctly represent operating events in the financial disclosure, designing and monitoring controls to guarantee the coverage of these risks, in addition to the coordinating with the control mechanisms implemented for other components of the overall internal control system. In particular, the administrative-accounting processes include risks related to the non-achievement of the control objectives to ensure true and correct financial disclosure and to minimise the probability and impact of any occurrence. These objectives concern the financial statement affirmations (typically: existence and occurrence, completeness, rights and obligations, valuation and recording, presentation and disclosure) and other elements concerning the internal control environment of the organisation (such as, for example, compliance with authorisation limits, segregation of duties, controls on the physical security and the existence of assets, documentation and traceability of operations). The risk analysis related to financial disclosure, developed according to the guidelines and the scope defined by the Executive Officer, provides for periodic updating in order to identify the principal amendments made to the administrative-accounting processes with the natural development of the business and the organisation.

iii) Evaluation of the control of identified risks

On the basis of the results of the recording and assessment of financial disclosure process risks at an inherent level (i.e. independently of the existence of controls upon occurrence), the Company defines the structure and the means for execution of administrative-accounting controls considered adequate to guarantee the containment and mitigation of residual risks to an acceptable level.

The system of controls drawn up to guarantee their containment is subject to periodic monitoring in order to ensure that the risk coverage needs defined by the internal control system and the relative control structure are adequate, and also consistent following any changes to the business, the organisation or Group processes. A systematic verification on the effectiveness of the administrative-accounting controls is also set out, with specific tests in place to ascertain the correct execution by company functions of the established controls, in addition to the implementation of corrective measures.

Roles and Functions involved

The Risk and Control Management System, in relation to the Financial Disclosure of Elica is overseen by the Executive Responsible who draws up adequate administrative and accounting procedures for the preparation of the parent company and consolidated financial statements, in addition to all communications of a financial nature.

The Executive Responsible declares upon the adequacy and the effective application of these procedures with regard to the half-year and annual financial statements, both for the parent company and for the group.

In carrying out the duties assigned by the Board of Directors, the Executive Responsible:

- is supported by the corporate boards of the subsidiary legal entities which, on the occasion of the half-year and annual financial statements, declare the completeness and accuracy of the financial information provided by them;
- establishes a relationship of complete sharing and transparency with the Internal Control and Risk Management Committee and the Board of Statutory Auditors sharing, at least half-yearly, the evaluations on the activities carried out and the actions to be undertaken.