

Davide Campari-Milano S.p.A.
 Board of Directors' Report
 on the items on the Agenda
 of the Ordinary Shareholders' Meeting to be held on 19 December 2017
 pursuant to art. 125-ter of Legislative Decree no. 58 of 24 February 1998

The Ordinary Meeting of the shareholders of Davide Campari-Milano S.p.A. (the "Company") is called (single call) at the Campari Academy, Via Campari, 23, Sesto San Giovanni (MI), on 19 December 2017, at 9:30 a.m., in order to discuss and resolve upon the following

Agenda:

appointment of the audit firm for the financial years 2019-2027 and resolutions related thereto.

The Board of Directors, at the proposal of the Board of Statutory Auditors, which, in its capacity as Audit Committee, submitted a reasoned recommendation and expressed a duly justified preference, proposes to the Shareholders' Meeting, for the reasons illustrated below, that Ernst & Young S.p.A. be appointed as audit firm for the financial years 2019-2027 and that such firm's annual fee be set at Euro 395,000.

Upon the preparation of the reports on the annual and consolidated financial statements as of and for the period ending 31 December 2018, the statutory audit mandate granted to PricewaterhouseCoopers S.p.A. on 30 April 2010 will expire and, therefore, the maximum term of nine years provided by law (art. 17, paragraph 1, legislative decree no. 39 of 27 January 2010) will come to an end.

By law (art. 17, paragraph 1, legislative decree no. 39 of 27 January 2010), such mandate may not be renewed. Therefore, it has become necessary to grant a new mandate for the financial years 2019-2027 to another audit firm.

Following the practice which is, at this point, standard and consolidated at the main Italian listed companies, the Board of Directors finds it advisable to submit to the Shareholders' Meeting the relevant proposal in advance with respect to the upcoming expiry of the current mandate for the following reasons, which have also been imposed under recent changes in the applicable legal framework.

First of all, the anticipated grant of the mandate is helpful to ensure a more effective transition between the audit firms, as well as an appropriate planning of the statutory audit activities.

Secondly, art. 5, Regulation (UE) no. 537/2014 introduced a so-called "cooling-in" period with reference to the supply of certain non-audit services and, in particular, it has barred audit firms from providing services related to the designing and implementation of internal control and risk management procedures related to the preparation and/or control/monitoring of financial information, and services related to the designing and implementation of technological systems for financial information, over the course of the financial year prior to that in which a mandate for statutory auditing services is due to commence. Consequently, under the combined provisions of art. 5, Regulation (UE) no. 537/2014 and art. 17, paragraph 3, legislative decree no. 39 of 27 January 2010, the statutory audit mandate for the period 2019-2027 may not be granted to audit firms which have provided the above-mentioned services over the course of the financial year commencing on 1 January 2018.

In consideration of, firstly, the high concentration on the statutory audit market and, secondly, the Campari Group's size, complexity and geographical area of operation, the Board of Statutory Auditors, in its capacity as Control and Audit Committee, pursuant to art. 19, legislative decree no. 39 of 27 January 2010, in agreement with the Company's management and the Board of Directors, has deemed it advisable to commence, already in April 2017, the complex procedure, introduced by art. 16, Regulation (UE) no. 537/2014, for the selection of the audit firm to which the new mandate will be granted,

in order to allow for the possibility, for the reasons illustrated above, to submit the relevant proposal to the Shareholders' Meeting in advance with respect to the upcoming expiry of the mandate currently in progress.

Upon the conclusion of such selection procedure, in accordance with the provisions of art. 16, Regulation (EU) no. 537/2014, the Board of Statutory Auditors submitted to the Board of Directors the proposal required by law (art. 13, legislative decree no. 39 of 27 January 2010), (i) recommending the following two audit firms: KPMG S.p.A. and Ernst & Young S.p.A. and (ii) expressing its own preference for Ernst & Young S.p.A.

The Board of Statutory Auditors' recommendation was explained as follows: (a) both audit firms belong to international networks of primary standing, offering services featuring high levels of quality and professional expertise; (b) the methods of performing the mandate illustrated in the bids, also taking into account the hours and professional resources envisaged in such regard, are generally adequate considering the breadth and complexity of the mandate; (c) the bids received from both audit firms contain a specific and reasoned representation concerning the commitment to demonstrate that the independence requirements provided by law are fulfilled, with particular reference to arts. 10 and 17, legislative decree no. 39 of 27 January 2010, in compliance with the provisions of the applicable legal framework in force; (d) both audit firms which submitted bids feature, albeit with different characterizations and levels, organizations and technical professional qualifications that are adequate in light of the size and complexity of the mandate as required under arts. 10-*bis*, 10-*ter*, 10-*quater* and 10-*quinquies*, legislative decree no. 39 of 27 January 2010 and meet the requirements provided under Regulation (EU) no. 537/2014.

The preference for Ernst & Young S.p.A. is justified by the greater advantageousness, from an economic standpoint, of the bid presented by the latter with reference to the activities related to the statutory auditing of the Company's and the Campari Group's accounts.

The proposal submitted by Ernst & Young S.p.A. may be summarized as follows: the mandate covers the financial years 2019-2027 and has a term of nine years in compliance with applicable law; the subject matter of the mandate consists of the statutory audit activities provided under legislative decrees no. 39 of 27 January 2010 and no. 254 of 30 December 2016 and Consob Circular no. 97001574 of 20 February 1997. Specifically:

Company	Services	Hours	Fees/€
Davide Campari-Milano S.p.A.	Audit of annual financial statements	1,800	135,000
Davide Campari-Milano S.p.A.	Audit of consolidated financial statements	1,650	140,000
Davide Campari-Milano S.p.A.	Opinion on non-financial information (LD 254/2016)	700	60,000
Davide Campari-Milano S.p.A.	Limited half-yearly review	650	60,000
		4,800	395,000
Subsidiaries	Statutory audit	15,600	1,252,500
TOTAL		20,400	1,647,500
Rounded			1,640,000

The fees are valid until 30 June 2020. Starting from 1 July 2020, and for each of the following years, they will be adjusted on the basis of the total change in the ISTAT cost of living index with respect to the previous year (base June 2019).

If certain special circumstances were to arise, which are defined in the proposal, capable of materially changing the hours envisaged in the quote, the agreed fees could change, upon an agreement with the competent corporate offices.

The Board of Directors agrees with the recommendation and preference expressed by the Board of Statutory Auditors and, therefore, for the reasons illustrated, proposes to appoint Ernst & Young S.p.A. as audit firm for the financial years 2019-2027 and to set such firm's annual fee at Euro 395,000, at the conditions set forth above.

Sesto San Giovanni, 7 November 2017

Davide Campari-Milano S.p.A.
Chairman of the Board of Directors

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