

## **REPORT OF THE BOARD OF STATUTORY AUDITORS**

*pursuant to Article 153 of Legislative Decree No. 58/1998 and Article 2429 of the Italian Civil Code*

Dear Shareholders,

This report refers to the activities conducted by the Board of Statutory Auditors of Davide Campari Milano S.p.A. (hereinafter the “Company” and jointly with its subsidiaries the “Group”) for the financial year ended at 31 December 2013 (hereinafter the “Financial year”).

The Board of Statutory Auditors in office was appointed by the Shareholders’ Meeting of 30 April 2013 for the three-year period 2013-2015, in compliance with the procedures set out in the Articles of Association and applicable regulations, specifically with regard to the requirement that the Chairman of the Board of Statutory Auditors be elected from the slate filed by minority shareholders, and respect for gender equality.

1. In carrying out supervisory and control activities, the Board of Statutory Auditors acknowledges that:
  - a) it has monitored compliance with the law, Articles of Association and adherence to the principles of correct administration, pursuant to Article 2403 of the Italian Civil Code and Article 149 of Legislative Decree no. 58/1998 (hereinafter the “T.U.F”) and in accordance with the requirements of Consob communication no. 1025564 of 6 April 2001 and subsequent amendments and taking into account the standards issued by the Italian association of chartered accountants;
  - b) it has taken part in the meetings of the Board of Directors and the Control and Risk Committee, required by Article 22 of the Articles of Association, and it has periodically received information from the directors about the general business performance and outlook, as well as the most significant economic, financial and capital transactions approved and implemented during the financial year, by the Company and Group companies, also in compliance with Article 150, paragraph 1 of the T.U.F. The Board of Statutory Auditors believes that the transactions approved and implemented comply with the law and with the Articles of Association and are not manifestly imprudent or risky, or in potential conflict of interest, or contrary to the resolutions approved by the Shareholders’ Meeting or such that would compromise the integrity of the share capital. The resolutions of the Board of Directors are executed with the utmost compliance by management and by the organisation;
  - c) it has not found atypical and/or unusual transactions with Group companies, third parties or related parties, nor has it received indications of such from the Board of Directors, the independent auditors or the director of the internal control and risk management system. In the Report on Operations, the Board of Directors provided an appropriate description of the impact of the most significant operational, financial and balance-sheet transactions carried out as part of ordinary operations with subsidiaries under normal market conditions. Based on the results of the activities conducted by the Internal Audit department, the Board of Statutory Auditors also believes that any related-party transactions were

adequately managed. The Board of Statutory Auditors wishes to point out that from 1 January 2011 the Company adopted procedures for related-party transactions in compliance with the requirements of Consob Regulation 17221 of 12 March 2010 and Consob Communication of 24 September 2010, in addition to specific standards in the Group's Code of Ethics to prevent or manage transactions in which there are situations of conflict of interest or personal interest of the directors. Pursuant to Article 4 of the above-mentioned Regulation, the Board of Statutory Auditors verified that the procedures adopted complied with the principles of this Regulation, and checked that they were being followed;

- d) it has reviewed and supervised the adequacy of the organisational structure of the Company with regard to competence, compliance with principles of correct administration, by gathering information from the heads of the competent corporate functions and holding meetings with representatives of the independent auditors, PricewaterhouseCoopers S.p.A., appointed to conduct the statutory audit, including for the purposes of exchanging of important data and information, from which no serious issues arose. In addition, no serious issues arose from the annual reports issued by the Board of Statutory Auditors of the subsidiaries Sella&Mosca S.p.A., Campari Wines S.r.l and Campari International S.r.l.;
- e) it has evaluated and supervised, as far as its responsibility pursuant to Article 19 of Legislative Decree 39/2010 is concerned, the financial information process, the adequacy of the internal control, administrative and accounting systems, as well as the reliability of the latter for the purpose of providing a true and fair view of operations by:
  - i. the periodic exchange of information with the CEOs and, specifically, with the director in charge of preparing corporate accounting documents pursuant to Article 154-*bis* of the T.U.F.;
  - ii. the examination of the reports prepared by the head of the Internal Audit department including information on the outcome of any corrective measures undertaken following the audit activities;
  - iii. the acquisition of information from the heads of corporate functions;
  - iv. meetings and exchanges of information with the control and administrative bodies of the subsidiaries Sella&Mosca S.p.A., Campari Wines S.r.l. and Campari International S.r.l. pursuant to paragraphs 1 and 2 of Article 151 of the T.U.F. during which the Board of Statutory Auditors acquired information about administrative and control systems and general business performance of the company.
  - v. performing detailed analysis of activities performed, and reviewing the results of the work of the external auditor;
  - vi. participating in the work of the Audit Committee, and when specific issues so required, jointly working with the committee on such issues.

From the work carried out, no irregularities were found that indicated inadequacies in the internal control and risk management system;

- f) it has held meetings with the managers of the independent auditors, pursuant to Article 150, paragraph 3 of the T.U.F. and Article 19 of Legislative Decree no. 39/2010, during which no facts or situations emerged which should be highlighted

in this report, and that it monitored events pursuant to Article 19 of Legislative Decree No. 39/2010;

g) it has monitored the implementation methods of the Code of Conduct for Listed Companies, promoted by Borsa Italiana S.p.A., adopted by the Company, under the terms illustrated in the Report on Corporate Governance and Ownership Structure approved by the Board of Directors on 12 March 2014. The Board of Statutory Auditors has also verified the correct application of the criteria and assessment procedures adopted by the Board of Directors for ascertaining the independence of its members. The Board of Statutory Auditors has also verified the compliance of the criteria of independence of its members, as required by the above-mentioned Code of Conduct, also acknowledging compliance with the limit on simultaneous offices set out in Article 144-terdecies of the Issuer Regulation adopted through Consob resolution 11971 of 14 May 1999;

h) it has seen and obtained information about activities of an organisational and procedural nature implemented pursuant to Legislative Decree No. 231/2001 on the administrative liability of organisations. The Board of Statutory Auditors noted that the Board of Directors meeting held on 30 April 2013, taking advantage of the right granted by paragraph 4 bis, Article 6 of Legislative Decree 231/2001, granted the Board of Statutory Auditors the functions pertaining to the Supervisory Body pursuant to paragraph 1, B), Article 6 of said Legislative Decree 231/01. During our activities we monitored the operation and effectiveness of the organisation, management and control model adopted by the Company, also taking into account its adequacy and updating;

i) it had confirmed that the information flows provided by the non-EU subsidiaries are adequate to conduct audits of the annual and infra-annual accounts as required by Article 36 of the Market Regulations adopted through Consob resolution 16191 of 29 October 2007;

j) it monitored the implementation of organisational measures related to the development of corporate activities.

The Board of Statutory Auditors also released its opinions pursuant to Article 2389 of the Italian Civil Code in the light of the evaluations of the Remuneration and Appointments Committee required by Article 22 of the Articles of Association.

The Board of Statutory Auditors met six times in 2013, also attending the meetings of the Board of Directors and the Control and Risk Committee.

Taking into account the information acquired, the Board of Statutory Auditors believes that the activities have been conducted in compliance with the principles of correct administration and that the organisational structure, system of internal control, and the accounting and administrative system are fully adequate for corporate requirements.

2. As far as relations with the independent auditors are concerned, the Board of Statutory Auditors reports that:

- a) the independent auditors PricewaterhouseCoopers S.p.A. today issued the "annual confirmation of independence", pursuant to Article 17, paragraph 9, a) of Legislative Decree no. 39/2010;
  - b) the independent auditors PricewaterhouseCoopers S.p.A. today issued the report required by Article 19, paragraph 3 of Legislative Decree No. 39/2010 which states that no significant shortcomings have been detected in the internal control system with regard to the financial information process;
  - c) the independent auditors PricewaterhouseCoopers S.p.A. today released, pursuant to Articles 14 and 16 of Legislative Decree No. 39/2010, the reports which show:
    - i. that the separate and consolidated financial statements as at 31 December 2013 have been clearly prepared and are a true and fair view of the Company's and Group's balance sheet, financial situation, operating results, changes in shareholders' equity and cash flows for the Financial Year;
    - ii. the consistency of the Reports on Operations and the information in paragraph 1, c), d), f), l), m) and paragraph 2, b) of Article 123-bis of the T.U.F., in the Report on corporate governance and ownership structure, with the consolidated and separate financial statements;
  - d) in addition to the tasks required by the regulations for listed companies, as stated in the Notes to the financial statements, the independent auditors PricewaterhouseCoopers S.p.A. and the companies belonging to the PricewaterhouseCoopers S.p.A. network have been appointed to carry out services other than auditing, for a sum of € 563,000, compatible with the provisions of Article 17 of Legislative Decree no. 39/2010.  
Also taking into account the above, the Board of Statutory Auditors believes that there are no critical issues with regard to the independence of PricewaterhouseCoopers S.p.A.;
  - e) during the year, the external auditor did not issue any opinions required by law since the prerequisites for issuing such opinions were not met..
3. The Board of Statutory Auditors is not aware of any facts or statements that should be reported to the Shareholders' Meeting. During the course of the work carried out, and on the basis of information obtained, no omissions, non-conformities, irregularities or other circumstances were identified that would require notification to the Supervisory Body or mention in this report. Note that during the Shareholders' Meeting of 30 April 2013, one shareholder filed a complaint pursuant to Article 2408 of the Italian Civil Code. Specifically, the shareholder, believed the notice to call the Shareholders' Meeting on 30 April 2013 was non-compliant where it stated that questions should be sent by the end of the third trading day prior to the date set for the Meeting, while Article 127-ter of the T.U.F. indicates that: "The deadline may not be earlier than three days prior to the date of the shareholders' meeting at first or single call...".  
The Board of Statutory Auditors believes that the right to submit questions was not prejudiced since shareholders were also able (in accordance with the law) to submit questions during the Shareholders' Meeting. In the light of the above, therefore,

given the actual subject of the dispute, as well as taking into consideration that the shareholder was given an exhaustive to reply to questions at the Meeting, the Board unanimously believes that what the shareholder has stated does not constitute non-compliance or a dispute pursuant to Article 2408 of the Italian Civil Code and has therefore decided not to pursue the above-mentioned dispute.

4. The Board of Directors has handed over the financial statements and the Report on Operations to the Board of Statutory Auditors. To the extent of its authority, the Board of Statutory Auditors reports that the layouts used are in compliance with the law, that the accounting principles used, which are described in the notes to the financial statements, are appropriate for the activities and transactions carried out by the Company, that the procedure adopted (impairment test) to identify any impairment losses on goodwill and trademarks reported in the financial statements is appropriate, and that the financial statements correspond to the facts and information as identified by the Board of Statutory Auditors following its participation in meetings with corporate bodies and the supervisory activities undertaken.
5. Taking into account the results of the specific tasks performed by the external auditors in its audit of the accounting records and of the reliability of the company financial statements, as well as its own supervisory activities, the Board of Statutory Auditors expresses its favourable opinion concerning the approval of the company financial statements at 31 December 2013 and agrees with the proposal of the Board of Directors concerning the distribution of profits.

Milan, 27 March 2014

For the Board of Statutory Auditors  
The Chairman  
Pellegrino Libroia