



REPORT ON CORPORATE GOVERNANCE AND OWNERSHIP STRUCTURE

pursuant to article 123-*bis* of Legislative Decree 58 of 24 February 1998

Issuer: Davide Campari Milano S.p.A.
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CONTENTS

Contents	2
1. Issuer profile	3
2. Information on ownership structure (ex article 123- <i>bis</i> of the TUF) at 31 December 2011	4
a) Structure of the share capital	4
b) Restrictions on the transfer of securities	4
c) Major shareholdings	4
d) Securities conferring special rights	4
e) Employee share ownership: mechanism for exercising voting rights	4
f) Restrictions on voting rights	4
g) Shareholders' agreements	4
h) Change of control clauses	5
i) Powers to increase the share capital and authorisation of share buybacks	5
l) Management and control	5
m) Severance indemnities for Directors in the event of resignation, dismissal or cessation of the employment relationship following a takeover	5
n) Management and coordination	6
3. Compliance	6
4. Board of Directors	6
4.1. Appointment and replacement	6
4.2. Composition	7
4.3. Role of the Board	8
4.4. Delegated bodies	10
4.5. Other executive Directors	11
4.6. Independent Directors	11
4.7. Lead independent director	12
5. Handling of company information	12
6. Board Committees	12
7. Remuneration and Appointments Committee	12
8. Remuneration of Directors	14
9. Audit Committee	14
10. Internal audit system	15
10.1. Executive Director responsible for the internal audit system	16
10.2. Head of internal auditing	16
10.3. Organisational model ex Legislative Decree 231 of 8 June 2001	16
10.4. Auditing company	17
10.5. Manager responsible for preparing the company's accounting statements	17
10.6. Main features of existing risk management and internal control systems relating to the financial reporting process pursuant to article 123- <i>bis</i> , paragraph 2. b) of the TUF	18
11. Directors' interests and related party transactions	19
12. Appointment of the Board of Statutory Auditors	19
13. Auditors	20
14. Relations with shareholders and investors	22
15. Shareholders' meetings	22
16. Other corporate government practices	24
17. Changes since the end of the Financial Year under review	24
Table 1: Structure of the Board and the committees	26
Table 2: Structure of the Board of Statutory Auditors	28

1. Issuer profile

Davide Campari-Milano S.p.A. (hereinafter the 'Company' and, together with its subsidiaries, the 'Group') has adopted the provisions of the Code of Conduct for Listed Companies (hereinafter the 'Code') as its model for corporate governance.

This report on corporate governance (hereinafter the 'Report') was prepared with reference to the 'Format for corporate governance and ownership structure reporting', issued by Borsa Italiana in February 2012.

The aim of the Report is to provide the market and shareholders with information pursuant to article 123-*bis* of Legislative Decree 58 of 24 February 1998 (hereinafter the 'TUF'), as well as complete disclosure on the corporate governance model used by the Company and on specific compliance with each recommendation of the Code during financial year 2011 (hereinafter the 'Financial Year').

The Company has a traditional administration and control model, consisting of a management body, a Board of Directors (hereinafter the 'Board') and a control body (the Board of Statutory Auditors).

In accordance with article 14 of its articles of association (hereinafter the 'Articles of Association') the Company is run by a Board with between three and fifteen members, appointed by the ordinary shareholders' meeting, which also determines the number of members.

The Board has full ordinary and extraordinary administrative powers to manage the Company and to achieve the corporate purpose.

It constitutes the central body of the Company's corporate governance system.

The Board is responsible for setting out strategic and management guidelines for the Company and the Group and for monitoring general performance, as well as defining and applying the Company's corporate governance rules and examining internal audit procedures.

The Board of Statutory Auditors is responsible for compliance with the law and with the Articles of Association. It ensures that the principles of correct administration are applied, and specifically that the internal control system and the organisational, administrative and accounting procedures are adequate and properly functioning.

Article 27 of the Articles of Association stipulates that the Board of Statutory Auditors shall comprise three Permanent Auditors and three Deputy Auditors.

The accounts are audited by an auditing company.

The shareholders' meeting is responsible for approving (i) at ordinary sessions, the annual accounts, the appointment and dismissal of Board members and the appointment of members of the Board of Statutory Auditors, the remuneration of Directors and Auditors, the engagement of external auditors and the conferral of responsibilities to Directors and Auditors, and (ii) at extraordinary sessions, changes to the Articles of Association.

The Group observes the principles of correctness, loyalty, honesty and impartiality in carrying out its business and those of confidentiality, transparency and completeness in managing corporate information.

To this end the Company adopted a Code of Ethics in February 2004, setting out the above principles and defining the mission and values according to which the Group's employees should operate.

2. Information on ownership structure (pursuant to article 123-bis of the TUF) at 31 December 2011

a) Structure of the share capital

Amount of subscribed and paid-up share capital: € 58,080,000.00.

Categories of shares comprising the share capital:

Category	Number of shares	% of share capital	Listed (indicate markets)/unlisted	Rights and obligations
Ordinary shares	580,800,000	100%	Listed on the Mercato Telematico Azionario of Borsa Italiana S.p.A. (FTSE MIB Index)	See the following articles of the Articles of Association: 5 (par value), 6 (right to vote), 8 (rights of first call), 9 (new shares), 11 (attendance of shareholders' meetings), 12 (appointment of secretary), 13 (withdrawal rights), 14 (appointment of the Board of Directors), 27 (appointment of the Board of Statutory Auditors), 30 (interim dividends), 31 (advances on the dividend), 32 (registered address) and 33 (liquidation).

b) Restrictions on the transfer of securities

There are no restrictions on the transfer of securities.

c) Major shareholdings

The major shareholdings in the capital at 31 December 2011, according to the communications made pursuant to article 120 of the TUF, were as follows:

Declarer	Direct shareholder	% of ordinary capital	% of voting capital
Rosa Anna Magno Garavoglia	Alicros S.p.A.	51.000%	51.000%
Andrew Brown	Cedar Rock Capital	10.82 %	10.82%
Morgan Stanley Investment Management Limited	Morgan Stanley Investment Management Limited	2.04%	2.04%
Independent Franchise Partners LLP	Independent Franchise Partners LLP	2.02%	2.02%

d) Securities conferring special rights

No securities conferring special rights have been issued.

e) Employee share ownership: mechanism for exercising voting rights

There is no mechanism for employee share owners to exercise voting rights.

f) Restrictions on voting rights

There are no restrictions on voting rights.

g) Shareholders' agreements

The Company is not aware of any shareholders' agreements pursuant to article 122 of the TUF.

h) Change of control clauses (under article 123-bis, para. 1, letter h) of TUF) and statutory provisions regarding public offers of shares for sale (under articles 104, para. 1-ter, and 104-bis, para. 1) of TUF)

The Company and its subsidiaries, in the course of their business, are parties to commercial contracts (distribution contracts, joint-venture contracts, etc.) which, as is customary in international business, include clauses giving each of the parties the power to cancel all contracts in the event that there is a direct and/or indirect change in control of the other party to the contract, with a number of expressly stated exceptions.

Loan agreements (private placement contracts) stipulated by Group companies and bonded loans contain similar clauses.

The Company does not make exceptions to the passivity rule contained in article 104, paragraphs 1 and 2 of the TUF, and its Articles of Association do not permit application of the neutralisation rules contemplated under art. 104-bis, paragraphs 2 and 3 of the TUF.

i) Powers to increase the share capital and authorisation of share buybacks

The extraordinary shareholders' meeting of 30 April 2010, modifying article 5 of the Articles of Association, conferred on the Board, for a period of five years, the power to increase the company's share capital in one or more transactions, against payment and/or free of charge (and with or without the option to cancel the transaction if it is not fully subscribed), up to a total nominal value of € 100,000,000.00, via the issue of new shares; and the power to issue, in one or more transactions, bonds convertible into shares and/or other securities (other than bonds) which allow the subscription of new shares up to a total nominal value of € 100,000,000.00, but in amounts which, on each occasion, do not exceed legally established limits for bond issues; the said article also establishes the procedures for exercising these powers.

The powers granted to the Board can also be exercised with the limitation and/or exclusion of rights of first call according to the conditions expressly indicated in article 5 above.

The shareholders' meeting of 30 April 2010 authorised the purchase and/or sale of own shares to meet two separate requirements.

First, it is necessary to allow the Board, whenever it deems appropriate, to purchase and/or sell own shares (i) with a view to possible future acquisitions and/or strategic alliances, including via share exchanges; (ii) in the event that listed shares fluctuate beyond normal movements linked to stock market trends, and in line with market practices (including to support liquidity and normal trading); and finally (iii) to meet investment needs if such a transaction becomes financially expedient due to the performance of the shares or the amount of cash available.

Secondly, it is necessary to allow the Board to replenish, via purchases and/or sales of own shares on the market, in any quantity it deems appropriate, the reserve of own shares for the stock option plan for the Group's management, as well as to manage implementation of the plan with the allocation of new stock options and/or the granting of stock options to beneficiaries who meet the conditions for the early exercise of options.

Authorisation has been given until 30 June 2012 to purchase ordinary shares of the Company on one or more occasions. The shares acquired must not exceed a total of 10% of the share capital, also taking into account the own shares already held by the Company. The Board is also authorised to sell on, one or more occasions, the total quantity of own shares held.

With the exception of own shares sold for the purposes of the stock option plan, which are sold at prices established under the plan, for every other purchase or sale of own shares the

maximum and minimum prices are set by the Board (this task may be delegated to one or more Directors) according to the following criteria, which establish clear and objective parameters: the unit purchase or sale price shall not be less than 25% lower or more than 25% higher than the average reference price registered in the three stock market sessions prior to each transaction.

At the close of the Financial Year, the company held 3,346,565 own shares.

I) Management and coordination

The Company is not subject to management and coordination activity by other companies, pursuant to articles 2497 *et seq.* of the Civil Code, in that all decisions made by the management bodies, including strategic decisions, are made in complete autonomy and independence.

Lastly, please note that:

- as explained in the report on remuneration published in accordance with article 123-ter TUF, there are no agreements between the Company and its Directors providing for compensation in the event of resignation or dismissal without just cause or if their employment should cease as a result of a public takeover bid;
- the information required under article 123-*bis*, paragraph 1, letter I), TUF concerning the regulations applicable to appointment and replacement of Directors and amendments to the Company's Articles of Association, if they differ from the supplementary applicable legislative and regulatory provisions, are described in the section of the Report on the Board of Directors.

3. Compliance

The Board resolved to adopt the Code on 8 November 2006, and resolved on 12 March 2012 to apply the changes approved in December 2011 as described in section 18 below.

The updated version of the Code is available to the public on the website of Borsa Italiana (www.borsaitaliana.it).

The Company and its strategic subsidiaries are not subject to non-Italian legislation capable of influencing the Company's corporate governance structure.

4. Board of Directors

4.1. Appointment and replacement

Pursuant to article 15 of the Code, the Board is appointed by the shareholders' meeting from lists submitted by ordinary shareholders. The lists may contain up to 15 candidates, numbered in sequence.

The procedure for the election of Directors is as follows:

- the number of Directors, which in any event shall be no lower than three and no higher than 15, shall be determined as the number of candidates included in the list obtaining the majority of the votes cast;
- all the Directors to be appointed, except one, shall be selected, in sequential order, from the list obtaining the majority of the votes cast;
- the remaining Director shall be selected from the list obtaining the second highest number of votes at the shareholders' meeting that is not in any way connected, either directly or indirectly, with the shareholders who submitted or voted for the list with the highest number of votes.

The Directors are thus appointed via a list voting system that also provides for the election of at least one Board member representing minority shareholders, in compliance with article 147-ter, paragraph 3 of the TUF.

Lists obtaining a number of votes totalling less than half the qualifying percentage will not be taken into account, pursuant to article 15 of the Articles of Association, as permitted by article 147-ter of the TUF.

If only one list has been submitted and this obtains a relative majority of the votes at the shareholders' meeting, the candidates will be appointed as Directors in sequential order up to the total number of candidates listed, which in any event shall be no lower than three and no higher than 15.

If no list has been submitted, the shareholders' meeting shall appoint the Board by legal majority.

If the shareholders' meeting is called to appoint new Directors to replace one or more Directors who have left their posts, the shareholders' meeting shall appoint them by legal majority. The mandate of any Director thus appointed shall expire at the same time as those of the Directors in office at the time of his/her appointment.

If one or more Directors cease to hold office during the Financial Year, they shall be replaced according to legal requirements.

In the event that, for any reason, the number of Directors appointed by the shareholders' meeting falls to less than half, the entire Board shall tender their resignations and a shareholders' meeting shall be urgently convened to appoint the new Board.

Only shareholders with the maximum permitted shareholding for the Company, according to law and such regulations as may be force, are entitled to submit lists.

Pursuant to Consob resolution 18083 of 25 January 2012, issued pursuant to article 144-septies of Consob Regulation 11971 of 14 May 1999 (the 'Issuer Regulation'), the shareholding requirement for the submission of candidate lists for the election of the Directors and Auditors is 1.5% of the share capital.

The submission, deposit and publication of lists are subject to law and/or the regulations in force.

Proposals for Director appointments must be presented in the form of lists, together with a detailed *curriculum vitae* for each candidate, as well as certification that the candidates fulfil the requirements for the post.

To guarantee the minimum number of independent Directors required by law, a declaration of independence requirements, pursuant to article 148 of the TUF and the Code, must also be submitted with each list for at least one candidate on the list, or, if the list contains more than seven candidates, for at least two candidates on the list.

The Articles of Association do not specify independence requirements other than those established for Auditors pursuant to article 148 of the TUF.

The lists submitted and the relative *curricula vitae* are promptly published on the Company's website.

Succession plans

The Board of Directors, having consulted the Remuneration and Appointments Committee, has decided that succession plans for executive directors are not at the moment the most appropriate tool for ensuring prompt replacement of any Directors who should leave office before their term expires.

It is the Company's opinion that such documents are quite likely to become abstract statements of principle, in many cases prepared with the aid of expensive consultants' services, often containing self-evident statements of the requirements of capability, professionalism and integrity, which must in all cases be characteristic of people holding such positions, or complicated and often useless procedures for selection of presumed ideal candidates.

4.2. Composition

The table in Appendix 1 lists the names of the members of the Board in office at 31 December 2011.

The Board was appointed by the ordinary shareholders' meeting of 30 April 2010. It remains in office for the three-year period 2010-2012 and will expire at the shareholders' meeting to approve the financial statements for the year ended 31 December 2012.

Two lists were presented at the shareholders' meeting of 30 April 2010.

Alicros S.p.A., the Company's controlling shareholder, presented the following list of candidates:

1. Eugenio Barcellona
2. Enrico Corradi
3. Luca Garavoglia
4. Thomas Ingelfinger
5. Robert Kunze-Concewitz
6. Paolo Marchesini
7. Marco P. Perelli-Cippo
8. Stefano Saccardi
9. Mario Berto

which obtained 53.61% of the vote, and (ii) a list presented by Cedar Rock Capital Ltd., which holds an interest of about 10.25% in the Company's capital, presented a list with a single candidate:

1. Karen Guerra

which obtained 10.08% of the vote.

Pursuant to Consob resolution 17148 of 27 January 2010, issued in accordance with article 144-*septies* of the Issuer Regulation, the shareholding requirement for the submission of candidate lists for the election of Directors and Auditors was 2% of the share capital.

The above lists were not related.

The list of elected candidates is the same as the list of Directors appended in Table 1, since no changes have occurred since the appointment.

The personal and professional qualifications of the Directors are available in the Investors section of the website www.camparigroup.com as appended to the list elected during the shareholders' meeting.

Directors who at 31 December 2011 were Directors or Auditors of other companies listed on Italian and foreign regulated markets, and/or of financial companies, banks, insurance companies or large companies, are listed below:

- Eugenio Barcellona: Vice-Chairman of the Board of Directors of Consel S.p.A.;
- Enrico Corradi: Sole director of Eredi Savioli S.r.l. and Fincorrad S.r.l.; Chairman of the Board of Directors of Credem Private Equity S.G.R. S.p.A. and Raffaello Jersey GP Ltd.; Vice Chairman of the Board of Directors of Euromobiliare Fiduciaria S.p.A.; member of the Board of Directors of Banca Euromobiliare S.p.A., Credito Emiliano S.p.A. and Credito Emiliano Holding S.p.A.; Chairman of the Board of Statutory Auditors of Comer Industries S.p.A. and Permanent Auditor of Max Mara Fashion Group S.r.l. and Maxima S.r.l.;
- Luca Garavoglia: member of the Board of Directors of FIAT S.p.A.;
- Karen Guerra: member of the Board of Amcor Ltd., Samlerhuset B.V. and Swedish Match AB;
- Thomas Ingelfinger: member of the Board of Beiersdorf S.p.A. and WMF A.G.;
- Robert Kunze-Concewitz: member of the Board of Cabo-Wabo, LLC and Skyy Spirits LLC;
- Paolo Marchesini: member of the Board of DI.CI.E. Holding B.V., Gregson's S.A., O-Dodeca B.V., Redfire Mexico S. de R.L. de C.V., Sella&Mosca S.p.A. and Zedda Piras S.p.A.;
- Stefano Saccardi: Chairman of the Board of Directors of Sella&Mosca Commerciale S.r.l.: *Geschäftsführer* of Campari Deutschland GmbH and member of the Board of Campari Australia Pty Ltd., DI.CI.E. Holding B.V., Redfire Inc., Redfire Mexico S. de R.L. de C.V. and Sella&Mosca S.p.A..

Maximum number of positions held in other companies

The Board has set out general criteria for the maximum number of director and auditor positions in other companies that is compatible with effective performance as a Director of the Company.

The following limits were defined by a Board resolution of 8 May 2007:

- executive Directors may not assume the position of executive Director in other companies listed on regulated markets (whether in Italy or abroad), and/or in financial companies, banks, insurance companies or large companies, other than Davide Campari-Milano S.p.A. and companies directly or indirectly controlled by the same;
- executive Directors may assume the position of non-executive Director in no more than five other companies listed on regulated markets (whether in Italy or abroad) that are financial, banking, insurance companies or large companies, other than Davide Campari-Milano S.p.A. or companies directly or indirectly controlled by the same;
- non-executive Directors (whether independent or not) may assume the position of Director and/or Auditor in no more than ten other financial companies, banks, insurance companies or large companies, of which no more than five may be companies listed on regulated markets (whether in Italy or abroad).

For the purposes of the above, companies belonging to the same group will count as a single unit.

On 30 April 2010, at its first meeting following its renewal, the Board verified that all the Directors complied with these limits.

This check was also carried out when the Report was approved.

4.3. Role of the Board

The Board held five meetings in the course of the Financial Year.

The average duration of the meetings was about 1.5 hours.

Five meetings have been scheduled for Financial Year 2012.

No meetings of the Board were held before the approval of the Report.

Board members were provided, in good time, with the documentation and information they needed to make decisions based on an accurate and full assessment of the matters under discussion.

According to the Code, the Board is responsible for examining and approving:

- the strategic, industrial and financial plans of the Company;
- the strategic, industrial and financial plans of the Group;
- the Company's system of corporate governance;
- the structure of the Group.

The Board assessed as satisfactory the organisational, administrative and general accounting procedures of the Company prepared by the Managing Directors, with a particular focus on the internal audit system and the management of conflicts of interest.

The assessment was made at the meeting to approve the draft annual accounts and the Report in light of the information contained in the accounting documents submitted, and in view of the information provided by the Chairman of the Audit Committee in his own report to the Board.

The Board, following the recommendations made by the Audit Committee, identified strategic subsidiaries, basing its assessment on the net sales generated by each company as a proportion of total consolidated sales and taking into account the amount of capital invested and working capital.

Using the above criterion, the Board, having acknowledged the merger by incorporation of Rare Breed Distilling, LLC and Cabo Wabo, LLC into Skyy Spirits, LLC effective starting on 1 January 2012, and the change of the latter's name to Campari America, LLC, views the following companies as strategic:

- Campari do Brasil Ltda.;
- Campari Deutschland GmbH;

- Campari International S.A.M.;
- Campari America, LLC.

The Board also assessed as satisfactory the organisational, administrative and general accounting procedures of the aforementioned strategic subsidiaries.

This assessment was made at the meeting to approve the draft annual financial statements and this Report, after examination of the accounting documents submitted and in view of the information on these companies provided by the Chairman of the Audit Committee in his own report to the Board.

The Board determined the remuneration of the Managing Directors after examining the proposals made by the Remuneration and Appointments Committee and discussing them with the Board of Statutory Auditors.

The shareholders' meeting of 30 April 2010, in renewing the Board's mandate, resolved to award each Director an annual payment of € 25,000.00 for each financial year before any legally required deductions.

The Board assessed general management performance, paying particular attention to information provided by the delegated bodies and periodically comparing results achieved with results forecast.

In view of the limits of the mandates given to the Managing Directors, however, Company operations of major importance in terms of strategy, finances or assets were examined and approved in advance.

In the case of subsidiaries, as part of ordinary practice and following the adoption of the Code, the Board also examined and approved in advance operations of strategic importance to the Company's activities.

Transactions with subsidiaries of significance in terms of the Company's strategy, finances or assets are defined as the following types of transactions, for which the Board's prior examination and approval is required:

- purchase or sale of stocks, shares or investments to or from parties which are not Group members;
- purchase or sale of brands to parties which are not Group members;
- purchase or sale of real property worth more than € 5,000,000;
- stipulation of contracts with a duration of more than 10 years;
- all transactions which, even if they do not exceed the above parameters, significant for the Company in terms of strategy, finances or assets in view of their subject or particular features.

The Board was responsible for examining and approving in advance transactions by the Company and its subsidiaries in which one or more Directors had an interest, either on their own account or on behalf of third parties, in line with the procedure for transactions with related parties (the Related Party Procedure) approved by the Board on 11 November 2011 and in effect since 1 January 2011 under Consob Resolution 17221 of 12 March 2010 (Regulation for Related Party Transactions).

See section 12 below for a summary of these new procedures.

The Board did not assess the size, composition and operation of the Board itself and of its committees, and did not issued guidelines on what professional profiles would be expedient in its members, preferring to leave this assessment to the shareholders at the time of the Board's renewal.

The Board does not find such assessments particularly useful in terms of concrete application.

It is in fact unlikely that the very parties performing the assessment would come up with a negative opinion as to the functioning of the Board or recommend addition of new professional profiles, as this would imply that the directors in office do not have all the qualifications required for the position.

Similarly, the Board does not wish to appoint a consultant to perform such an assessment, as this would not meet the need for an independent third-party opinion but would result in a significant cost for the company.

The shareholders' meeting did not authorise, generally and on a precautionary basis, exemptions to the non-competition clause contained in article 2390 of the Civil Code, except in the case of all the direct and indirect subsidiaries of the Company and of its associates and affiliates and companies subject to the joint control of the Company.

No agreements were made regarding compensation for non-competition obligations.

4.4. Delegated bodies

Managing Directors

The Board awarded managerial mandates to Robert Kunze-Concewitz, Paolo Marchesini and Stefano Saccardi. The financial limits and nature of these mandates is summarised as follows:

- with sole signature:

- purchasing and selling products, semi-finished goods, raw materials and services pertaining to the corporate purpose, and coordinating all related commercial activity to a maximum limit of € 2,500,000.00 per contract and per financial year;
- signing and cancelling contracts in respect of agents, business procurement, mediation, commission, distribution, brand licensing, administration, tenders, deposits, loans of property, advertising, insurance, freight and transport, sponsoring, insurance and leasing, to a maximum of € 2,500,000.00;
- calling in and collecting loans, sums of money and anything else owed to the Company and issuing the relevant receipts;
- opening, managing and closing current accounts in any currency at any bank or post office in Italy and abroad; issuing and endorsing bank cheques on current accounts in the Company's name in any currency and using sums in these accounts to a maximum of €15,000,000.00 per transaction;
- arranging and using lines of credit, provided that these are not secured with real guarantees, and signing agreements for loans to or from subsidiaries, to a maximum of €30,000,000.00 per loan;
- purchasing and selling shares and bonds, foreign or supranational Italian government securities and other financial products, including structured products, and marketable securities of any kind, to a maximum of € 15,000,000.00 per transaction;
- purchasing and selling property for a total of € 5,000,000.00 in any financial year;
- representing the Company in all its dealings with the administrative and fiscal authorities and with any legal authority.

- with joint signature:

- signing purchasing contracts of the types listed under the first point, for sums of between €2,500,000.00 and €15,000,000.00;
- signing contracts of the types listed under the second point, for sums of between €2,500,000.00 and €10,000,000.00;
- using sums in current accounts in any currency opened with any bank or post office in Italy or abroad of between € 15,000,000.00 and € 50,000,000.00 per transaction;
- arranging and using lines of credit, provided that these are not secured with real guarantees, and signing agreements for loans to and from subsidiaries, for sums of between € 30,000,000.00 and € 150,000,000.00 per loan;
- purchasing and selling shares and bonds, foreign or supranational Italian government securities and other financial products, including structured products, and marketable securities of any kind, up to a maximum of € 30,000,000 per transaction;
- purchasing and selling property for a total of € 20,000,000 in any financial year;
- authorising extraordinary maintenance of corporate property for a total of € 10,000,000.00 in any financial year.

Chairman of the Board

In view of the nature of the duties to be carried out vis-à-vis third parties, the Chairman of the Board has been granted powers to represent the Company at institutional level.

The Board has given the Chairman the power to represent the Company in respect of associations, federations, confederations and consortia formed to protect the interests of the alcoholic and soft drinks industries, and to represent the Company's concerns in dealings with consumers and consumers' associations, local communities, public institutions in Italy, Europe and elsewhere, the public administration and any other associations, including political associations.

The Chairman of the Board does not hold principal responsibility for management of the Company and is not the controlling shareholder.

Executive Committee

The Board has not established an executive committee.

Disclosure to the Board

Pursuant to article 19 of the Articles of Association, the Managing Directors reported on at least a quarterly basis to the Board and the Board of Statutory Auditors on the activities carried out as part of their mandates, on major transactions entered into by the Company or Group companies, and on transactions in which they had a personal interest or an interest on behalf of a third party.

4.5. Other executive Directors

No executive Directors exist apart from the Managing Directors and the Chairman of the Board.

During the Financial Year, the non-executive Directors attended meetings, both formal and informal, to discuss company matters with a view to increasing their knowledge of the Group.

4.6. Independent Directors

The Board:

- at the first meeting following its renewal, the Board verified the existence of the independence requirements stipulated in the Code for Directors that were declared independent when the candidate lists were submitted, notifying the market of the outcome of this assessment via a press release, pursuant to article 3 of the Code;
- also assessed whether each of these Directors fulfilled the criteria for independence established in the Code when the Report was approved;
- in carrying out these assessments, applied all the criteria set out in the Code and in the TUF relating to the independence of Directors.

The Board of Statutory Auditors verified that the criteria and assessment procedures adopted by the Board to evaluate the independence of its members were correctly applied, agreeing with the conclusions reached by the Board when it approved the Report.

The independent Directors met on 14 November 2011 to discuss the methods and processes by which the Group implements and integrates its purchases.

4.7. Lead independent director

The Board has not designated an independent Director as lead independent director since the Chairman of the Board does not hold principal responsibility for management of the Company and does not control the Company directly and personally.

5. Handling of company information

The Board, at the suggestion of the Managing Directors, has adopted a 'Procedure for the Handling of Confidential Information'.

This procedure defines internal responsibilities for the handling of confidential information, the rules of conduct for those who become aware of such information and the related procedures for divulging information, including to the press.

The Procedure applies to Directors, Auditors and employees of the Company and other companies belonging to the Group.

Management of confidential data is the responsibility of the Managing Directors of Group companies. The task also falls to the Chief Executive Officer and the General Counsel and Business Development Officer as regards acquisitions and disposals, and to the Chief Financial Officer for financial information.

6. Board Committees

Pursuant to articles 21 and 22 of the Articles of Association and the Code, the Board has established an Audit Committee and a remuneration committee that, for the purposes of better rationalisation, also incorporates the functions of the appointments committee (the 'Remuneration and Appointments Committee').

Both committees are sub-groups of the Board and are responsible for providing advice and making proposals.

No committees other than those set out in the Code have been established.

7. Remuneration and Appointments Committee

The Remuneration and Appointments Committee met five times during the Financial Year.

Four meetings are scheduled for the current Financial Year.

One meeting was held prior to approval of the Report.

The Remuneration and Appointments Committee had three non-executive directors as members during the Financial Year, the majority of whom were independent.

One member of the Committee has knowledge and experience in accounting and financial matters which was considered sufficient by the Board at the time of this person's appointment.

On invitation of the Remuneration and Appointments Committee and in relation to individual topics on the agenda, the meetings of the Remuneration and Appointments Committee were attended by the Chairman of the Board, the General Counsel and Business Development Officer, the Chief Financial Officer and the Human Resources Director.

Functions of the Remuneration and Appointments Committee

With respect to appointments, the Remuneration and Appointments Committee:

- recommends candidates for Director positions to the Board, pursuant to article 2386, paragraph 1 of the Civil Code, when an independent Director is to be replaced;
- proposes candidates for independent Director positions for submission to the shareholders' meeting, taking into account any recommendations from shareholders;
- does not formulate opinions for the Board regarding the size and composition of the Board or the professional profiles that would be appropriate within it, for the reasons stated above.

With respect to remuneration, the Remuneration and Appointments Committee:

- makes proposals to the Board for general policy regarding the remuneration of executive Directors, Directors with specific duties and Directors with strategic responsibilities;
- periodically assesses the adequacy, overall consistency and concrete application of the general policy adopted for remuneration of executive Directors, Directors with specific duties and Directors with strategic responsibilities, on the basis of information provided by the Managing Directors, and formulates general recommendations on the subject for the Board if considered appropriate;
- presents proposals to the Board regarding the remuneration of executive Directors and Directors with specific duties, and regarding performance goals in relation to the variable

component of their remuneration, monitoring application of the Board's decisions and measuring effective achievement of performance goals.

The main activities carried out by the Remuneration and Appointments Committee during the Financial Year, with respect to its individual functions, were as follows:

- examination of appointments and proxies following the merger of the company into Campari Italia S.p.A.;
- analysing the '*STI plan 2011*' short term incentives plan and checking calculation formulas and their goals;
- examination of proposals for variable remuneration of the company's executive Directors;
- examination of proposals for attribution of stock options attributed during the financial year;
- examination of the appointment of the managing director and deputy managing director of the South America Business Unit and attribution of stock options.

Remuneration and Appointments Committee meetings lasted for about one hour and were duly recorded in minutes.

In carrying out its functions, the Remuneration and Appointments Committee had access to the company information and business departments necessary to perform its tasks, and also made use of external consultants, under the terms established by the Board.

A budget of € 50,000.00 was made available to the Committee to carry out its duties during the Financial Year.

Committee members were allocated specific annual compensation of € 12,500 for their committee-related activities.

No Directors took part in meetings of the Remuneration and Appointments Committee at which proposals for their remuneration were formulated for the Board.

8. Remuneration of Directors

For complete information on Directors' remuneration, refer to the Remuneration Report approved by the Board in response to the Remuneration and Appointments Committee's proposal on 12 March 2012.

The Report will, in accordance with art. 123-*ter* TUF, be put before the 27 April 2012 shareholders' meeting for approval, and is available on the website www.camparigroup.com, in the '*investors*' section.

Remuneration policy for executive Directors, Directors with specific duties and Directors with strategic responsibilities is defined by the Board in response to the proposals of the Remuneration and Appointments Committee, after consulting the Board of Auditors.

Specifically:

- a) with the exception of the Chairman of the Board, for whom remuneration is fixed in view of the particular nature of the position, the other executive Directors have a fixed component and a variable component balanced to ensure that they are equal if all the targets are met; this balance appears consistent with the Company's strategic goals and the nature of its business.
- b) the ceiling on the variable component is achievement of 120% of the target;
- c) conversely, the fixed component ensures adequate, certain basic remuneration for the work performed which is sufficient to pay the executive Directors even if the variable component is not paid due to failure to reach targets;
- d) the performance goals for the variable component are predetermined and may easily be identified on the basis of the figures appearing in the Company's consolidated financial statements; they are based on indicators of profitability and generation of cash which are perfectly consistent with the creation of long-term shareholder value;
- e) the variable component is paid in full upon achievement of targets, which are measured on the basis of the annual financial results; the function of the variable component of pay is to provide a short-term annual incentive, while the long-term incentive ensuring the fidelity of executive Directors is awarding of stock options; for this reason, it was not considered necessary to defer a significant part of the variable remuneration component;

- f) no particular indemnities are paid other than those which may be due under the law in the event of resignation from the post of director; similarly, there is no particular indemnity for failure to renew the appointment.

Share-based remuneration plans

Executive Directors have Company stock option plans issued periodically under the same conditions as other beneficiaries.

Non-executive Directors do not have stock option plans.

Specifically:

- a) the plans have a vesting period of at least five years;
- b) they entitle the director to purchase Company shares at the end of the vesting period at a price equal to the average price for the thirty days prior to awarding of the stock option; it is therefore economically advisable to exercise the stock option only if the Company's shares have a higher price at the time the option is exercised than at the time it was awarded, thereby creating value for shareholders;
- c) Directors are not obliged to maintain a portion of the shares purchased with stock options until the end of their term in office, as we believe that the existing incentives plan with repeated stock options and a vesting period of at least five years will generate a high degree of fidelity and participation of executive Directors in the Company's mid- to long-term performance.

Remuneration of executive Directors

Refer to the above.

9. Audit Committee

The Audit Committee held six meetings during the Financial Year, lasting 1.5 hours on average.

Six meetings are scheduled for the current Financial Year, including one held before approval of the Report.

The Audit Committee comprises three exclusively non-executive Directors, the majority of whom are independent.

Most members of the Audit Committee have appropriate and extensive experience in accounting and finance, deemed as such by the Board when the Committee was set up.

Functions of the Audit Committee

The Audit Committee is required to:

- assist the Board in fulfilling the internal auditing tasks assigned to it pursuant to the Code;
- assess, in conjunction with the manager responsible for preparing the company's accounting statements and the external auditors, whether the accounting principles are being correctly and uniformly applied in the preparation of the consolidated financial statements;
- express opinions, at the request of the relevant executive Director, on specific aspects relating to identification of the main business risks, as well as the planning, implementation and management of the internal audit system;
- examine the work programme prepared by the head of internal auditing as well as periodic reports provided by him/her;
- assess the work programme provided for the external auditors and the results contained in the report and in any letter of recommendation;
- monitor the efficiency of the external auditing process;
- report to the Board at least twice a year, when the annual accounts and half-yearly report are approved, on activities carried out and on the adequacy of the internal audit system;

- identify significant persons pursuant to article 14 of the TUF, as stipulated by the Internal Dealing Procedure;
- under the Related Parties Procedure, the Audit Committee may express a non-binding opinion on the Company's interest in conducting minor transactions and the advisability and substantial correctness of the conditions under which they are conducted.

During the Financial Year, the Audit Committee:

- assessed and expressed opinions on corporate risks brought to its attention by the head of internal auditing as part of the auditing activities completed by the latter;
- examined the work plan for the Financial Year drawn up by the head of internal auditing, integrating and sharing its objectives;
- held a meeting with the auditing company to verify the auditing work carried out up to that date, ensuring that there was a continual exchange of information between the head of internal auditing, the auditing company and the Board of Statutory Auditors;
- reported to the Board on the work carried out in the first and second half of the Financial Year and gave its own opinion on the adequacy of the internal audit system.

The entire board of Statutory Auditors usually attended meetings of the Audit Committee.

Meetings of the Audit Committee were duly recorded in minutes.

In carrying out its functions, the Audit Committee has the power to access the information and business departments necessary to perform its tasks and to use the services of external consultants, under the conditions established by the Board.

A budget of € 100,000.00 was made available to the Audit Committee during the Financial Year to enable it to carry out its duties.

10. Internal audit system

On 11 September 2007, the Board established guidelines for the internal audit system, so that the main risks faced by the Company and its subsidiaries could be correctly identified and appropriately measured, managed and monitored. It also established criteria for the compatibility of these risks with effective and proper management of the Company.

The key elements of the internal audit system described in the above guidelines can be summarised as follows:

The Board intends to make the Company's internal audit system an integral part of the operations and culture of the Group. To this end it is establishing information, communication, training, remuneration and disciplinary processes aimed at promoting effective risk management and discouraging conduct that goes against the stated principles of these processes.

Pursuant to article 21 of the Articles of Association and in light of the provisions set out in the Code, the main tasks of the Company's internal audit system are as follows:

- enhancing the efficiency of Company operations, by facilitating an appropriate response to operational, financial, legal and other risks that may impede the achievement of business objectives;
- ensuring that the system of internal and external reporting is effective;
- contributing to compliance with standards and regulations, and internal procedures;
- protecting Company property from improper or fraudulent use, or loss.

The following criteria have also been established to identify risks to be submitted to the Board for consideration:

- the nature of the risk, with particular reference to risks of a financial nature, risks relating to compliance with accounting standards and risks that may have a material effect on the reputation of the Company and the Group;
- a high probability that the risk will occur;
- the limited capacity of the Company and Group to reduce the effect of the risk on operations;
- the significance of the risk.

As part of normal practice, when it meets to approve the draft annual accounts and the Report, the Board, having heard the report of the Chairman of the Audit Committee on the

activities carried out by the Committee during the previous Financial Year, assesses the effective operation of the Audit Committee and gives an opinion on its adequacy and efficiency.

For the Financial Year under review, the Board, pursuant to the procedure summarised above, ascertained that the internal audit system had functioned effectively, that it was adequate for the size of the Company and that it had efficiently identified, measured, monitored and managed the main business risks.

10.1. Executive Director responsible for the internal audit system

The Board appointed Paolo Marchesini (Chief Financial Officer) as the executive Director responsible for overseeing the operation of the internal audit system.

In this capacity he performed the following tasks;

- identified the main business risks (strategic, operational, financial and compliance-related), taking into account the nature of the activities carried out by the Company and its subsidiaries, and periodically presented these to the Board for review;
- implemented the guidelines established by the Board for planning, establishing and managing the internal audit system, and monitored its general adequacy, effectiveness and efficiency on an ongoing basis;
- adapted the system to changes in operating conditions, regulations and legislation;
- proposed the appointment and remuneration of the head of internal auditing to the Board.

10.2. Head of internal auditing

On 30 April 2010, the Board, at the proposal of the executive Director responsible for supervising the operation of the internal audit system and having heard the opinion of the Audit Committee, confirmed Antonio Zucchetti's appointment as head of internal auditing, determining his remuneration in line with company policy and assigning him the task of verifying that the internal audit system is always adequate, fully operational and functional.

The head of internal auditing does not have any operating responsibilities or report to any managers working in operational areas, including administration and finance.

The head of internal auditing:

- had direct access to all information needed to carry out his duties;
- reported on his own work to the Audit Committee and to the Board of Statutory Auditors;
- also reported on his own work to the executive Director responsible for overseeing the operation of the internal audit system.

The head of internal auditing was allocated a budget of € 372,000.00 to carry out his duties during the Financial Year.

The main activities carried out by the head of internal auditing during the Financial Year were as follows:

- analysing the payroll services provided to Group companies;
- auditing management of the line of credit with Campari Austria GmbH;
- auditing the sales departments of Campari do Brasil Ltda, Campari Deutschland GmbH and Campari Schweiz A.G;
- auditing the general adequacy of internal auditing and management of the principal risks in Campari Australia Pty Ltd. and CJSC Odessa Sparkling Wine Company;
- auditing the purchasing, production and warehouse departments of Rare Breed Distilling LLC;
- auditing the price support and tactical spending strategies of Skyy Spirits LLC;
- auditing the internal auditing system of the joint-venture International Marques V.o.f.;
- auditing significant risks in supply chain processes in Campari Argentina S.A.

The results of all the activities summarised above were reported to the Audit Committee at the meetings held during the Financial Year.

The Company has set up an internal audit department.
The head of internal auditing is responsible for this department.
The internal audit department has not been outsourced, either as a whole or for any operating segment.

10.3. Organisational model under Legislative Decree 231 of 8 June 2001

On 11 November 2008, the Board approved the Model that came into force on 1 January 2009.

The Model is designed to prevent all crimes described in the above decree, with a particular focus on offences against the public administration, corporate and financial offences and offences committed in breach of regulations on health and safety at work.

With effect from 1 January 2009, the boards of directors of the Italian subsidiaries adopted the Model approved by the Company and were placed within the remit of a single Group Supervisory Body.

In this way the Company planned to strengthen its own oversight of internal organisation and control, raising awareness among employees of transparent behaviour in order to adequately reduce the risk of committing these offences.

The Model was drawn up in accordance with the guidelines for construction of organisational, management and control models issued by Confindustria. Rather than the *ex novo* creation of an organisational system, it formalises pre-existing oversight, procedures and controls that are part of the broader and more organic internal audit system already adopted by the Company in line with applicable regulations.

After the Board was renewed, the Company appointed Marco P. Perelli-Cippo (as Chairman) and Enrico Corradi and Thomas Ingelfinger as members of the Supervisory Body, after verifying that they met the established pre-requisites of autonomy and independence, professionalism and full-time availability, and decided that the body tasked with overseeing the operation and compliance of the Model should comprise the same members as the Audit Committee, who are already responsible for auditing the main business processes.

In 2011 the Supervisory Body came up with a plan for examination primarily of verification of company processes aimed at preventing offences relating to use of stolen goods, money laundering and use of money, goods or other assets of unlawful origin and completed its analysis of company processes for preventing offences pertaining to infringement of copyright and of software licences, which it had begun in 2010.

During the year the Supervisory Body promoted updating of the Model by proposing to the Board of Directors the changes that became necessary as a result of Legislative Decree no. 121 of 7 July 2011 regarding protection of the environment.

The Company's Board of Directors approved the changes on 14 November 2011.

The Model is available in the Investors section of the website at www.camparigroup.com.

10.4. Auditing company

PricewaterhouseCoopers S.p.A., which has its registered office at Via Monte Rosa 91, Milan, was engaged to audit the Company's accounts by the shareholders' meeting of 30 April 2010.

The engagement was made for the financial years 2010-2018.

10.5. Manager responsible for preparing the company's accounting statements

On 30 April 2010 the Board appointed Paolo Marchesini as the manager responsible for preparing the accounting statements.

Paolo Marchesini is a Managing Director of the Company and its Chief Financial Officer.

Pursuant to article 21 of the Articles of Association, the Board, having heard the opinion of the Board of Statutory Auditors and the Audit Committee, may appoint one or more senior managers to prepare the accounting statements and carry out the related functions required by law. Any employee with several years' administrative or financial experience in large companies may be appointed to this post.

The manager responsible for preparing the accounting statements, in his capacity as Chief Financial Officer, heads the Company's administrative structure tasked with providing all the accounting documents.

In view of the above and of the powers conferred on Managing Directors, the manager responsible for preparing the accounting statements:

- has direct access to all information necessary to produce accounting data without authorisation;
- has a dedicated budget;
- takes part in internal accounting-related processes;
- plays a role in creating and approving all company procedures that have a direct effect on the balance sheet, profit and loss account and cash flow position, making particular use of IT systems;
- plays a role in defining and implementing administrative and accounting procedures for the preparation of accounting statements, making use of the internal auditing structure and monitoring its effective application;
- uses information provided by the internal auditing department to carry out specific checks.

10.6. Main features of existing risk management and internal control systems relating to the financial reporting process pursuant to article 123-bis, paragraph 2. b) of the TUF.

The Group's internal control system for financial reporting consists of all the rules adopted by individual business units, in order to achieve – via a suitable process for identifying the main risks connected to the preparation and diffusion of financial disclosure – the goals of veracity and accuracy of financial disclosure.

The internal audit system aims to provide a reasonable certainty that the accounting information disclosed – including consolidated information – provides a true and fair picture of operations.

This enables the release of legal certifications and declarations regarding correspondence between the accounting results, books and entries and the companies' communications to the market, including in relation to interim information, and ensures that the administrative and accounting procedures in the period to which the accounting statements refer (annual accounts and half-year report) are adequately and effectively applied and that the statements are prepared in compliance with the applicable international accounting standards.

The risk management and control system for financial information is an integral part of the Groups' internal audit system.

The Company has completed processes to align its own financial information control system with international best practice, to ensure the reliability, accuracy and timeliness of financial information.

Specifically, to guarantee a steady and efficient flow of financial and operational information between the Group's subsidiaries, the Group has a shared information system with verified and standardised access, expanded via operational guidelines that are currently being formalised.

Consolidated reporting is thus provided by a Group 'chart of accounts', by specific instructions issued by the Company to subsidiaries to produce accounting information for the purposes of consolidation, updated at least annually, and by a process for closing the financial statements, which sets out deadlines and methods for annual and interim closures.

The Company, via the administrative department overseeing the consolidation process, is responsible for implementation and disclosure of the above documentation to Group companies.

As mentioned in the previous section, the Board has appointed a manager responsible for drawing up the accounting statements, in charge of providing adequate administrative and accounting procedures for preparing the accounting information disclosed to the market and overseeing compliance with these procedures in practice.

The Company's approach to assessing, monitoring and continually updating the internal control system for financial information focuses on areas of greater risk and/or importance and those where there is a significant risk of error (including error due to fraud), in the components of the annual accounts and the appended disclosure documents.

Consequently, it identifies the main controls to adopt in order to mitigate the risks determined, thus ensuring that the internal audit system is efficient in design and effective in operation.

The audit process implements monitoring activities focused on the areas of greatest risk and/or importance and on significant risk of error, in order to strengthen the existing control system or to correct specific failings in this system.

Implementation of coordinated action is continuously monitored by Internal Audit, which reports to the manager responsible for preparing the accounting statements, the Board of Statutory Auditors and the Audit Committee.

Internal Audit also determines whether documents supporting the conclusions reached should be collected and the methods to be used to achieve this, also for the purposes of verification by the Company itself.

To check the validity of the audits, the internal auditor analyses the results of the activities performed and identifies companies or processes most vulnerable to the risks identified, also for the purpose of planning future audits at the local level.

This analysis is specifically reported pursuant to the reporting process created for all actions taken by Internal Audit.

11. Directors' interests and related party transactions

As stated above, the Company has Related Parties Procedures under Consob resolution 17221 of 12 March 2010 ('Related Parties Regulation') and specific standards in the Group's Code of Ethics aimed at preventing or dealing with transactions in which there is a situation of conflict of interest or personal interests on the part of Directors.

The Related Parties Procedures, which went into effect on 1 January 2011, were approved in view of the recommendation of a committee (the 'OPC Committee') appointed by the Board composed of the Company's independent Directors as required by art. 4 of the Related Parties Regulation.

Related Parties Procedures define the criteria for identification of transactions with related parties and the methods for their approval by the Board or by the Shareholders' Meeting in strict compliance with Consob's recommendations.

They specifically identify criteria for identification of the transactions of greatest importance, making express reference to the thresholds in the Related Parties Regulations.

These operations, if they are not reserved for the Shareholders' Meeting, are approved by the Board of Directors with the OPC Committee's approval regarding the Company's interest in conducting the transaction and the advisability and substantial correctness of the conditions under which it is transacted.

The OPC Committee must be provided with exhaustive information on the transaction and be kept up to date with information on the progress of negotiations and the preliminary phases of the operation.

If the OPC Committee does not recommend the operation, the Board may decide to approve it anyway, with the authorisation of the Shareholders' Meeting.

Minor transactions, defined as transactions with related parties other than significant transactions and with a low value, are approved by the body concerned, taking into account the non-binding opinion of a committee of three non-executive directors, the majority of which must be independent, which may correspond to the Audit Committee.

The following transactions are not subject to application of the Related Party Procedures:

- transactions of low value, worth no more than € 100,000.00.
- payment plans based on financial instruments approved by the Shareholders' Meeting;
- resolutions regarding remuneration of Directors with specific tasks other than those identified in point 1 of article 13 of the Related Parties Regulations, and executives with strategic responsibilities, on the condition that:
 - i) a remuneration policy has been adopted;
 - ii) the Remuneration and Appointments Committee has been involved in definition of remuneration policy;
 - iii) a report describing the remuneration policy has been submitted to the approval or consultation of the Shareholders' Meeting;
 - iv) the assigned remuneration is consistent with this policy.
- ordinary transactions concluded under conditions equivalent to those in effect on the market, or standard conditions;
- transactions with or among subsidiaries, also jointly, and transactions with associated companies if no other Parties related to the Company have a significant interest in the subsidiaries or associates participating in the transaction.

The person in charge of the company's corporate administrative offices prepares a list of related parties, keeps it up to date by acquiring the necessary information from the parties involved, and distributes it internally.

The Board has not adopted operative solutions facilitating identification of situations in which a Director has an interest of his own or on behalf of a third party considered sufficient for identification of such situations as those defined in the Related Parties Procedure.

12. Appointment of the Board of Statutory Auditors

As set out in article 27 of the Articles of Association, the Board of Statutory Auditors is appointed on the basis of lists submitted by shareholders, on which the candidates are numbered sequentially.

The list contains two sections: one for candidates for Permanent Auditor positions and the other for candidates for Deputy Auditor positions.

Minority shareholders may elect one Permanent Auditor and one Deputy Auditor.

Only shareholders that, individually or with other shareholders, hold the maximum percentage of the share capital of the Company permissible under law and regulations that may be in force or, failing this, hold at least 5% of the voting capital, may submit candidate lists.

Pursuant to Consob resolution 18083 of 25 January 2012, issued in accordance with article 144-*septies* of the Issuer Regulation, the shareholding requirement for the submission of candidate lists for the election of the Company's management bodies is 1.5% of the share capital.

To demonstrate that the minimum shareholding requirement for the submission of lists has been met, shareholders shall provide, together with their candidate lists, a copy of a statement issued by their financial intermediary evidencing their ownership of the shares according to the terms and procedures set out in the applicable regulations.

Individual shareholders and shareholders belonging to the same group may not, either directly or indirectly through a nominee or fiduciary company, submit more than one list of candidates or vote for different lists.

Each candidate may appear on one list only, on penalty of ineligibility.

The procedure for the election of Auditors is as follows:

1. two Permanent Auditors and two Deputy Auditors are selected from the list obtaining the greatest number of votes at the shareholders' meeting, according to the sequential order in which they appear in the respective sections of the list;
2. the remaining Permanent Auditor and the other Deputy Auditor are selected from the list obtaining the second highest number of votes at the shareholders' meeting, according to the sequential order in which they appear in the respective sections of the list.

If there is a tie between lists obtaining the highest number of votes:

a) two Permanent Auditors and two Deputy Auditors are selected from the list submitted by the shareholders holding the largest stake at the time the lists are submitted or, in the second instance, from the list presented by the largest number of shareholders or, in the third instance, from the list whose candidate that is listed first is the oldest;

b) the remaining Permanent Auditor, who shall be the Chairman of the Board of Statutory Auditors, and the other Deputy Auditor are selected from the next list based on the criteria set out in point a) above.

If there is a tie between lists obtaining the second highest number of votes (a tie between minority lists), a Permanent Auditor, who shall be the Chairman of the Board of Statutory Auditors, and a Deputy Auditor are drawn from the list identified according to the criteria set out in point a) above.

When an auditor leaves his/her post, the replacement auditor will be, subject to availability, the first Deputy Auditor on the same list as the departing auditor, as long as he/she meets the requirements stipulated for the post.

The Articles of Association do not provide for the selection of more Deputy Auditors from the minority list to replace the minority component than the minimum prescribed by the Consob regulation.

The submission, deposit and publication of lists are subject to the law and/or regulations in force.

The lists must be deposited at the Company's registered office no later than 25 days before the date of the shareholders' meeting, pursuant to article 144-*sexies* of the Issuer Regulation, together with the information expressly requested by the same article.

The lists and the relative *curricula vitae* are published in good time on the Company's website.

13. Auditors

The Board of Statutory Auditors appointed by the shareholders' meeting of 30 April 2010 for the three-year period 2010-2012 will expire at the shareholders' meeting to approve the financial statements for the year ending 31 December 2012.

In accordance with Consob Resolution 17148 of 27 January 2010, issued pursuant to article 144-*septies* of the Issuer Regulation, the minimum percentage shareholding for submission of candidate lists for the election of the Company's management bodies was 2% of the share capital.

At the ordinary shareholders' meeting of 30 April 2010, two lists were presented:

- Alicros S.p.A., the Company's controlling shareholder, presented the following list of candidates:

First section (candidates for Permanent Auditor positions):

1. Enrico Maria Colombo;
2. Carlo Lazzarini;
3. Alessandro Masala.

Second section (candidates for Deputy Auditor positions):

1. Giovanni Bandera;
2. Emilio Ettore Gnech;
3. Giampaolo Porcu

obtaining 57.27% of the vote.

- Cedar Rock Capital Ltd., which holds about 10.25% of the Company's capital, presented the following single-candidate list:

First section (candidates for Permanent Auditor positions):

1. Pellegrino Libroia;

Second section (candidates for Deputy Auditor positions):

1. Graziano Gallo.

obtaining 10.08% of the vote.

The above lists were unrelated.

Pursuant to article 148, paragraph 2-*bis* of the TUF, the shareholders' meeting appointed Pellegrino Libroia, the Auditor taken from the minority list, as Chairman of the Board of Statutory Auditors.

The list of candidates elected is the same as the list of Auditors appended in Table 2, since no changes have occurred since the appointment.

Nine meetings of the Board of Statutory Auditors were held in the Financial Year, lasting 1.5 hours on average.

A meeting was held before approval of the Report.

Seven meetings are scheduled for the current Financial Year.

The proposals to the shareholders' meeting for the appointment of the Auditors currently in office were accompanied by a detailed *curriculum vitae* for each candidate.

The *curricula vitae* of all the Auditors are provided in the Investors section of the website at www.camparigroup.com/investors as appended to the list elected at the aforementioned shareholders' meeting.

The Board of Statutory Auditors:

- assessed the independence of its members after their appointment;
- assessed during the course of the Financial Year whether the independence requirements continued to apply to its own members;
- in carrying out these assessments, applied all the criteria set out in the Code relating to the independence of Directors.

In compliance with the Code, the Company requires any Auditor who, on his/her own behalf or on behalf of a third party, has an interest a particular Company transaction, to promptly provide comprehensive information on the nature, terms, origin and scale of the interest to the other Auditors and the Chairman of the Board.

The Board of Statutory Auditors oversaw the independence of the auditing company, verifying that the relevant legal requirements were met, as well as the nature and extent of the various auditing services carried out for the Company and its subsidiaries by the auditing company and the entities in its network.

In performing its duties, the Board of Statutory Auditors coordinates and collaborates with Internal Audit and the Audit Committee.

This coordination is achieved via the Audit Committee's continual attendance of meetings of the Board of Statutory Auditors, the head of Internal Audit's frequent attendance of meetings of the Board of Statutory Auditors and continual information exchanges between the members of the Board of Statutory Auditors and the head of Internal Audit.

14. Relations with shareholders and investors

The Company has communicated regularly with investors, shareholders and the global market since its listing, aiming to provide complete, accurate and timely information on its operations, while complying with the relevant confidentiality requirements for certain types of information.

Information is provided to the Company's investors, the market and the media on its periodic results and significant events and transactions via press releases and via meetings and conference calls with institutional investors, financial analysts and the press, attended by representatives of senior management.

Information is also promptly provided to the public via publication on the Company's website, which is a key means of diffusing corporate information to the public.

The Company has set up a dedicated area on its website, easy to find and access, where it provides Company information of importance to its shareholders, so that they are fully aware of their rights and how to exercise them.

This dedicated section (www.camparigroup.com, Investors section) contains business and financial information (including annual, half-yearly and quarterly reports, press releases, analyst presentations and the Company's stock market performance), as well as data and

documents of interest to shareholders, including information and documents relating to the shareholders' meeting, the composition of management bodies, corporate governance information and procedures relating to disclosure requirements in the area of internal dealing, related party transactions and the Model.

The website also provides the market with a financial calendar with details on the main financial events for the current year.

During the Financial Year the site was also updated with new content and applications, including an interactive version of the Company's financial statements and information tools such as the interactive graph, which shows the performance of Campari stock over time and enables users to compare it with various other indices (e.g. peer performance) and to calculate returns.

The Investor Relations department, headed by Chiara Garavini, is responsible for managing relations with shareholders and investors and has been operational since the Company's listing.

Information of interest to shareholders and investors is available on the website and may also be requested by e-mail at the following address: investor.relations@campari.com.

15. Shareholders' meetings

Shareholders' meetings are called by the Board using the procedures and terms prescribed by law and the applicable regulations.

Eligibility to attend and vote at shareholders' meetings is certified via communication to the Company within the appropriate deadlines and according to the methods set out by law and applicable regulations.

Shareholders may appoint a representative for the shareholders' meeting according to the procedures set out in the applicable legislation.

Pursuant to article 135-*undicies* of the TUF, the Company shall identify, for each shareholders' meeting, a party on whom shareholders may confer a proxy, with voting instructions for the agenda items, no later than the end of the second open market day preceding the date set for the shareholders' meeting.

The notice calling the shareholders' meeting will name the party designated by the company for conferral of the proxy.

The proxy may be sent to the Company electronically, using one of the methods set out in the applicable regulations.

Eligibility to attend and vote at the shareholders' meeting is certified via communication to the Company by the financial intermediary, on the basis of its own accounting records, on behalf of the party holding the voting right.

Pursuant to article 83-*sexies* of the TUF, the communication is made by the financial intermediary on the basis of its records at the end of the accounting day on the seventh open market day preceding the date set for the shareholders' meeting, in its first or second call, with no provision that the shares remain unavailable until the shareholders' meeting has taken place.

Communications must be received by the Company by the end of the third open market day preceding the date set for the shareholders' meeting.

Eligibility to attend and vote will be validated by communications received by the Company after the above deadline, as long as they are received by the start of meeting proceedings in the single call.

The main powers of the shareholders' meeting and the rights of shareholders and the methods of exercising these rights are regulated by the applicable laws and regulations.

The Articles of Association do not make provision for postal voting.

Meeting proceedings are governed by the shareholders' meeting regulation (hereinafter the 'Regulation').

The Regulation governs ordinary and extraordinary shareholders' meetings, as well as special shareholders' meetings. It sets out rules concerning meeting attendance, verification

of proof of identity with particular reference to proxies, the powers of the Chairman with respect to declaring a quorum, opening the meeting, directing discussion, voting and vote counting.

Article 3 of the Regulation stipulates that verification of the identity of those wishing to take part in or attend the meeting is carried out by staff employed by the Company, from at least one hour prior to the start of the meeting, as stated in the notice of meeting.

Those attending as representatives of one or more shareholders with voting rights must provide proof of identity as well as the written proxy.

On arrival, each shareholder is given a full set of documents relevant to participation in the meeting.

Pursuant to article 7 of the Regulation, every shareholder has the right to take the floor on any of the agenda items, and to make observations and formulate proposals.

Requests to speak can be made up until the point when the Chairman declares discussion of the matter closed.

Speakers must be clear and concise, keep strictly to the matter in hand and finish speaking within the time deemed sufficient by the Chairman.

The Chairman or (at his invitation) whoever is assisting him, answers the questions put by the speakers immediately or when all the speakers have been heard.

A single answer may be given to several speakers in respect of the same subject matter.

All participants entitled to take part in the vote may declare the reason for his or her vote, taking only the time that is strictly necessary.

When casting a vote, participants must clearly raise a hand or follow the instructions of the Chairman at the time of each vote. Equipment may also be provided to facilitate the vote counting process.

The Chairman may set a time limit in which votes are to be cast.

If the vote is not unanimous, the Chairman, depending on the individual circumstances, may invite those abstaining and voting against the proposed resolution, if they do not outnumber those voting in favour, or alternatively, those in favour, if they are outnumbered by those against, to declare or to make known their intentions.

When voting is complete, the Chairman announces the results and declares that the resolutions obtaining a majority of votes in favour, in accordance with the law, the Articles of Association and the Regulation, have been approved.

A summary version of the Regulation is available in the Investors section of the website at www.camparigroup.com.

Participants wishing to leave the shareholders' meeting before the end, and in any event, before a vote, must inform the staff responsible so that the total number of votes available at the meeting can be recalculated.

The Board reports to the shareholders' meeting on the activities carried out and planned by the Company, and seeks to ensure that shareholders have sufficient information on the areas covered to allow them to make informed decisions.

The 12 March 2012 Board meeting resolved to propose a number of changes to the Regulation to the next shareholders' meeting, essentially in order to adapt the provisions contained in it to the 27 January 2010 Legislative Decree implementing Community Directive 2007/36/CE regarding the exercise of certain shareholders' rights and to subsequent Consob resolutions adapting the Issuers' Regulation to the new provisions.

Within the deadline for publication of the notice of meeting, the Company also places the electronic mailbox investor.relations@campari.com on its website, as well as documents to be examined and approved by the shareholders' meeting and the proxy form for those shareholders wishing to use it.

There were no significant changes in the market capitalisation of the Company's shares or its ownership structure during the financial year.

16. Other corporate governance practices

The corporate governance practices adopted by the Company are set out in law, the applicable regulations and the Code.

As described above, the Company has adopted a Model pursuant to Legislative Decree 231 of 8 June 2001.

17. Changes since the end of the Financial Year under review

No changes have been made to the corporate governance structure since the end of the Financial Year.

However, as noted above, the 12 March 2012 Directors' meeting proposed updating the Shareholders' Meeting Regulation to adapt it to the new provisions of the laws and regulations regarding shareholders' rights.

The Board also resolved to adopt the changes to the Code made in December 2011 by applying the new provisions starting on that date in accordance with the transitional system outlined in it.

In the year 2012 the Company will therefore adapt the functioning of its corporate governance to the new rules, specifically the activities of the internal committees and the functioning of the Board.

Table 1: Structure of the Board and the committees

Board											Audit Committee		Remuneration and Appointments Committee	
Position	Name	In office since	In office until	List	Executive	Non-executive	Independent pursuant to Code	Independent pursuant to the TUF	% attendance of meetings	Other positions		% attendance of meetings		% attendance of meetings
Chairman	Luca Garavoglia	19 September 1994	Approval of 2012 annual accounts	M	X				100	1				
Chief Executive Officer	Robert Kunze-Concewitz	23 July 2007	Approval of 2012 annual accounts	M	X				100	1 ²				
Managing Director	Paolo Marchesini	10 May 2004	Approval of 2012 annual accounts	M	X				100	3 ²				
Managing Director	Stefano Saccardi	31 March 1999	Approval of 2012 annual accounts	M	X				100	5 ²				
Director	Eugenio Barcellona	24 April 2007	Approval of 2012 annual accounts	M		X			100	2			X	100
Director	Enrico Corradi	24 April 2007	Approval of 2012 annual accounts	M		X	X	X	100	11	X	100	X	100
Director	Karen Guerra	30 April 2010	Approval of 2012 annual accounts	m		X	X	X	100	3				
Director	Thomas Ingelfinger	30 April 2010	Approval of 2012 annual accounts	M		X	X	X	100	2	X	80	X	100
Director	Marco P. Perelli-Cippo	24 March 1994	Approval of 2012 annual accounts	M		X			100	-	X	100		
Quorum required for submission of lists at last appointment: 2% of the share capital.														
Number of meetings held during the Financial Year:				Board: 5			Audit Committee: 6				Remuneration and Appointments Committee: 5			

¹ M = elected from the majority list; m = elected from the minority list.

² Positions exclusively in Group companies.

Table 2: Structure of the Board of Statutory Auditors

Position	Name	In office since	In office until	List ¹	Independent pursuant to Code	% attendance of meetings	Other positions
Chairman of the Board of Statutory Auditors	Pellegrino Libroia	30 April 2010	Approval of 2012 annual accounts	m	X	100%	1
Permanent Auditor	Enrico Maria Colombo	30 April 2010	Approval of 2012 annual accounts	M	X	100%	11
Permanent Auditor	Carlo Lazzarini	30 April 2010	Approval of 2012 annual accounts	M	X	78%	43
Deputy Auditor	Giovanni Bandera	30 April 2010	Approval of 2012 annual accounts	M		-	23
Deputy Auditor	Ettore Emilio Gnech	30 April 2010	Approval of 2012 annual accounts	M		-	18
Deputy Auditor	Graziano Gallo	30 April 2010	Approval of 2012 annual accounts	m		-	0
<p><i>Quorum</i> required for submission of lists at last appointment: 2% of the share capital.</p>							
<p>Number of meetings held during the Financial Year: 9</p>							

¹ M = elected from the majority list; m = elected from the minority list.