



Report on Corporate Governance
and Corporate Ownership

pursuant to Article 123-*bis* of the
Consolidated Law on Finance

REPORT ON
CORPORATE GOVERNANCE
AND CORPORATE
OWNERSHIP

Pursuant to Article 123-*bis* of the Consolidated Law on Finance (the “TUF”)
(traditional management and control model)

Issuer: Moleskine S.p.A.

Website: www.moleskine.com

Report reference year: 2015

Report approval date: March 1, 2016



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GLOSSARY

Code:	the Corporate Governance Code for listed companies approved by the Corporate Governance Committee in July 2014 and endorsed by Borsa Italiana S.p.A., ABI, ANIA, Assogestioni, Assonime, and Confindustria, which is available at the website www.borsaitaliana.it/comitato-corporate-governance.it .
Civil Code:	the Italian Civil Code.
Board of Directors:	the Issuer's Board of Directors.
Issuer or Company:	the Issuer of listed shares to which this Report refers.
Year:	the year to which this Report refers, i.e. the year from January 1, 2015, to December 31, 2015.
Group or Moleskine Group:	the Group controlled by the Issuer.
Stock Exchange Regulatory Instructions	the regulatory instructions of markets organized and managed by Borsa Italiana S.p.A., in effect at the Report date.
MTA:	the electronic equity market organized and managed by Borsa Italiana S.p.A.
Stock Exchange Regulations:	regulations for markets organized and managed by Borsa Italiana S.p.A., in effect at the Report date.
Consob Issuers' Regulations:	regulations issued by Consob under Resolution no. 11971 of 1999 (as subsequently amended) in relation to issuers.
Consob Market Regulations:	regulations issued by Consob under Resolution no. 16191 of 2007 (as subsequently amended) in relation to markets.
Consob Related Party Regulations:	regulations issued by Consob under Resolution no. 17221 of March 12, 2010 (as subsequently amended) regarding related party transactions.
Report:	the Corporate Governance and Corporate Ownership Report that the Issuer is required to prepare pursuant to Article 123- <i>bis</i> of the Consolidated Law on Finance (the "TUF").
Remuneration Report:	the remuneration report prepared pursuant to Article 123- <i>ter</i> of the TUF and Article 84- <i>quater</i> of the Consob Issuers' Regulations, available in accordance with the law at the Company's registered office, at Borsa Italiana and on the Issuer's website, at the address www.moleskine.com , in the <i>Investor Relations/Corporate Governance/Shareholders Meetings</i> section.
Articles of Association:	Moleskine's Articles of Association adopted by the Extraordinary Shareholders' Meeting of September 6, 2012, effective from the opening day of trading of the Company's shares on the MTA (April 3, 2013) and amended by the Extraordinary Shareholders' Meeting of November 25, 2013.
Consolidated Law on Finance/ TUF:	Italian Legislative Decree 58 of February 24, 1998.

1. ISSUER'S PROFILE

Established in 2010, the Issuer, with registered office in Milan, is currently a joint-stock company whose brand was created in the mid-1990s thanks to the insight of a small Milanese publisher (Modo&Modo S.p.A.), convinced of the business opportunities in creating a brand steeped in intangible cultural values, whose products convey those values.

The legendary and iconic notebook – used by important artists and thinkers over the past two centuries – was brought back to life in 1995 by Modo&Modo S.p.A. which restarted production, registering the Moleskine brand in Italy and the EU.

The products and services developed, distributed and sold by the Issuer are organized into three lines:

- i) Paper products, such as notebooks, diaries, home office products and gifts;
- ii) WTR collections, i.e. tools for writing, travelling & reading, such as pens, pencils, bags, eyewear and book lights;
- iii) hybrid products designed to bridge the gap between the analog and digital worlds, including the line of notebooks designed in collaboration with Evernote and Adobe, in addition to digital services, such as templates and apps for smartphones and tablets.

The Issuer's ordinary shares were admitted for trading on the MTA, STAR segment beginning on April 3, 2013 (the "**Listing Date**").

The Issuer is organized based on the traditional management and control model set forth in Articles 2380-*bis et. seq.* of the Italian Civil Code, which envisages a Shareholders' Meeting, a Board of Directors and a Board of Statutory Auditors.

2. INFORMATION ON CORPORATE OWNERSHIP (PURSUANT TO ARTICLE 123-BIS, PARAGRAPH 1, TUF) AS OF DECEMBER 31, 2015

A) SHARE CAPITAL STRUCTURE (ARTICLE 123-BIS, PARAGRAPH 1, LETTER A), TUF)

The Issuer's share capital, fully subscribed and paid-in, is equivalent to Euro 2,121,802.05, divided into 212,180,205 shares, with no nominal value per share. Each share has voting rights, is indivisible and is issued by means of dematerialized securities.

Categories that constitute share capital:

	No. of shares	% in respect of share capital	Listed	Rights and obligations
Ordinary shares (no nominal value)	212,180,205	100	MTA/ STAR segment	Each share has the right to one vote. The shareholders' rights and obligations are those envisaged in Articles 2346 et. seq. of the Civil Code.

The Issuer's Shareholders' Meeting held on November 25, 2013 approved the 2013-2017 Stock Option Plan for executive Directors of the Company or its subsidiaries, or those who have an open-ended employment contract with the Company or its subsidiaries, which provides for the assignment to beneficiaries of a maximum number of 6,360,000 options granting the right to subscribe to an equivalent number of newly issued ordinary shares resulting from the paid share capital increase, excluding the option right, pursuant to Article 2441, paragraphs 5 and 6 of the Civil Code, resolved by the Extraordinary Shareholders' Meeting of November 25, 2013 (the "**Paid Share Capital Increase**").

As of December 31, 2015, a total of 5,159,185 option rights associated with the Stock Option Plan were assigned, unchanged at the date of this report.

The essential elements of the incentive plan are described in the separate and consolidated financial statements for the year ended December 31, 2015 and in the disclosure documents published by the Issuer pursuant to Article 84-bis of the Consob Issuers' Regulations, as well as in the Remuneration Report prepared in accordance with Article 123-ter of the TUF and Article 84-quarter of Consob Issuers' Regulations. The documents are available on the Issuer's website, www.moleskine.com, in the *Investor Relations/Corporate Governance* section.

B) RESTRICTIONS ON SHARE TRANSFERS (ARTICLE 123-BIS, PARAGRAPH 1, LETTER B), TUF)

There are no restrictions on share transfers.

C) SIGNIFICANT EQUITY INVESTMENTS IN SHARE CAPITAL (ARTICLE 123-BIS, PARAGRAPH 1, LETTER C), TUF)

The Issuer qualifies as a SME, in accordance with Article 1, paragraph 1, letter w-quarter.1) of the TUF given that it meets the requirements specified therein. Therefore, the threshold for disclosing significant equity investments as defined by Article 120 of the TUF is 5% of the share capital with voting rights (see Article 120, paragraph 2 of the TUF). Given the recent introduction of this legislation and the fact that, as of the date of this Report, the equity investments shown on the Consob website have not been updated to reflect this new threshold, shown below is the information on equity interests in the Company based on the threshold of 2%.

At the date of this Report, the shareholders who, either directly or indirectly, hold equity interests of greater than 2% in the Issuer's share capital, according to communications received in accordance with Article 120 of the TUF, are as follows:

Declarant	Direct shareholder	% of ordinary capital	% of voting capital
Syntegra Capital Investors Ltd	Appunti S.à r.l	34.715	34.715
Index Ventures Growth Associate Limited	Pentavest S.à r.l.	6.308	6.308
JP Morgan Asset Management Holdings Inc.	JP Morgan Asset Management (UK) Limited	5.095	5.095
Allianz SE	Allianz Iard SA	5.149	5.149
Indumenta Pueri SL	Indumenta Pueri SL	5.003	5.003
BIP Investment Partners SA	BIP Investment Partners SA	2.442	2.442

As at the Report date, the Issuer holds 244,725 treasury shares.

D) SECURITIES THAT GRANT SPECIAL RIGHTS
(ARTICLE 123-BIS, PARAGRAPH 1, LETTER D), TUF)

No securities have been issued that grant special rights of control, nor do the Articles of Association establish any shares with greater voting rights in accordance with Article 127-*quinquies* of the TUF.

E) EMPLOYEE SHAREHOLDINGS: MECHANISM FOR EXERCISING VOTING RIGHTS
(ARTICLE 123-BIS, PARAGRAPH 1, LETTER C), TUF)

There is no shareholding system for employees.

F) RESTRICTIONS ON VOTING RIGHTS
(ARTICLE 123-BIS, PARAGRAPH 1, LETTER F), TUF)

There are no restrictions on voting rights.

G) SHAREHOLDER AGREEMENTS
(ARTICLE 123-BIS, PARAGRAPH 1, LETTER G), TUF)

As regards the existence of relevant shareholder agreements in accordance with Article 122 of the TUF, the Issuer is aware of the following agreements concerning shares in the Issuer and parent companies.

Shareholder agreement between Appunti S.à r.l. and Pentavest S.à r.l. regarding shares in Moleskine S.p.A.

On November 29, 2012, a shareholder agreement was signed between Appunti S.à r.l. (“**Appunti**”) and Pentavest S.à r.l. (“**Pentavest**”) with the primary objective of (i) appointment of members of the Company’s Board of Directors, (ii) scope of responsibility of the Shareholders’ Meeting and the Board of Directors of the Company in relation to which Appunti and Pentavest are required to consult each other in good faith, (iii) rights and obligations of co-sales by Appunti and Pentavest, (iv) the proscription for Appunti and Pentavest to purchase, directly or indirectly, an amount of the Company’s shares such as to result in the obligation to launch a take-over bid pursuant to Article 109 of the TUF, and (v) the methods for dividing between Appunti and Pentavest the number of Company shares sold as part of MTA listing.

The agreement covers 86,996,455 Moleskine ordinary shares, representing 41.0012% of the share capital. This agreement was subject to all of the prescribed publication requirements.

The shareholder agreement will have a duration of 3 years beginning on April 3, 2014, and is understood to be automatically renewed for an additional 36 months, unless cancelled by one of the parties through a letter sent to the other party at least 6 months prior to the expiration.

On October 2, 2015, Pentavest gave notice of termination of the shareholder agreement. Therefore, it will terminate and be of no further effect as from April 3, 2016.

For more information on the agreement, please see the documents published in accordance with the law and the information available at the website www.consob.it and on the Issuer’s website, www.moleskine.com, in the *Investor Relations/Corporate Governance/Shareholders* section.

Shareholder agreement between Syntegra Investments III S.à.r.l., the “Manager Shareholders” and “Other Shareholders” regarding shares of Appunti S.à.r.l.

On December 20, 2007, Syntegra Investments III S.à.r.l. (then known as SGCE Investments III S.à.r.l., (“**Syntegra**”) signed 4 shareholder agreements in relation to Appunti and Moleskine with: (a) Francesco Franceschi; (b) Domenico Cavaliere; (c) Arrigo Berni and (d) Fabio Rosciglione, Roberto Di Puma, Alessandro Calderara and Maria Ceriani Sebregondi. On November 28, 2012, Syntegra, as one party, and (i) Arrigo Berni, (ii) Roberto Di Puma, (iii) Fabio Rosciglione, (iv) Maria Ceriani Sebregondi (collectively, the “**Manager Shareholders**”) as well as (v) Francesco Franceschi, (vi) Alessandro Calderara and (vii) Domenico Cavaliere (collectively, the “**Other Shareholders**”), as the other party, signed a supplementary shareholder agreement (the “**Appunti Agreement**”) that did not supersede the agreements in effect between the two parties. Alessandro Calderara and Domenico Cavaliere have sold their shares to Appunti S.à.r.l. and are therefore no longer included among the Other Shareholders.

The shareholder agreements and the Appunti Agreement involve 47,893 ordinary A shares, 11,554 ordinary B shares and 100 preference shares of Appunti, representing 100% of the Appunti share capital. This agreement was subject to all of the prescribed publication requirements.

The provisions of the shareholder agreements and the Appunti Agreement mainly concern: (i) restrictions on transfers of Appunti shares and rights and obligations of pre-emption, co-sales and draw-along of said shares; (ii) agreements inherent in the governance of Appunti and Moleskine and (iii) agreements on the division of property rights of the Manager Shareholders with reference to Appunti’s equity investments in Moleskine and lock-up agreements.

An agreement was signed on December 23, 2015, whereby each party to each agreement, within their respective remit, decided to terminate the shareholder agreements by mutual consent, with effect from December 23, 2015. Therefore, the shareholder agreements and Appunti agreement, from December 23, 2015, will be terminated and of no further effect from that date.

For more information on the agreement, please see the documents published in accordance with the law and the information available at the website www.consob.it and on the Issuer’s website, www.moleskine.com, in the *Investor Relations/Corporate Governance/Shareholders* section.

Lock-up agreement between the “Global Offer Coordinators” and the “Lock-up Manager Shareholders”

On March 15, 2013, Mediobanca – Banca di Credito Finanziario S.p.A., Goldman Sachs International and UBS Limited (Mediobanca, GS and UBS, collectively, the “**Global Offer Coordinators**”), in name and on behalf of a specific placement and guarantee consortium consisting of national and international banks and financial institutions, as well as in name and on behalf of a specific placement and guarantee consortium consisting of banks and investment brokers, as one party, and Arrigo Berni, Roberto Di Puma, Fabio Rosciglione and Maria Ceriani Sebregondi (Berni, Di Puma, Rosciglione and Sebregondi, collectively, the “**Lock-Up Manager Shareholders**”), as the other party, signed a lock-up agreement (“**Lock-Up Agreement**”) containing, among other items, certain restrictions on transfers of equity investments held by Moleskine Manager Shareholders. This agreement was subject to all of the prescribed publication requirements.

The Lock-up Agreement was terminated on April 3, 2015.

For more information on the agreement, including information on the methods of identifying the shares subject to said agreement, refer to the documents published in accordance with the law and the information available at the website www.consob.it and on the Issuer’s website, www.moleskine.com, in the *Investor Relations/Corporate Governance/Shareholders* section.

H) CHANGE OF CONTROL CLAUSES (ARTICLE 123-BIS, PARAGRAPH 1, LETTER H), TUF) AND ARTICLES OF ASSOCIATION PROVISIONS CONCERNING TAKE-OVER BIDS (ARTICLES 104, PARAGRAPH 1-TER AND 104- BIS, PARAGRAPH 1, TUF)

The Issuer has not signed any significant agreements that are modified or extinguished in the event of a change of control in the contracting company.

As regards take-over bids, the Articles of Association provisions do not depart from the passivity rule envisaged in Article 104, paragraphs 1 and 2 of the TUF, nor do they provide for the application of neutralization rules envisaged in Article 104-bis, paragraphs 2 and 3 of the TUF.

For information on the change-of-control clauses included in the 2013-2017 Stock Option Plan, see the informational document prepared and published in accordance with Article 114-bis of the TUF and Article 84-bis of the Consob Issuers' Regulations, which is available on the Company's web site, www.moleskine.com, in the *Investor Relations/Corporate Governance* section.

I) AMENDMENTS TO ARTICLES OF ASSOCIATION (ARTICLE 123-BIS, PARAGRAPH 1, LETTER L), TUF)

Articles of Association amendments are disciplined by *pro tempore* governing regulations.

In addition to exercising powers that are attributed to them by law, in accordance with Article 19 of the Articles of Association, the Board of Directors is responsible for resolving on: (i) mergers and spin-offs, in the cases provided for by law; (ii) opening or closing of secondary offices; (iii) the reduction of share capital in the event of the withdrawal of one or more shareholders; (iv) the updating of the Articles of Association to meet regulatory provisions; and (v) transfer of the registered office within Italy. The assignment of these responsibilities to the Board of Directors does not preclude concurrent responsibilities of the Shareholders' Meeting on the same matters.

L) POWERS TO INCREASE SHARE CAPITAL AND AUTHORIZATIONS TO PURCHASE TREASURY SHARES (ARTICLE 123-BIS, PARAGRAPH 1, LETTER M), TUF)

Powers to increase share capital

The Issuer's Directors were granted the power to increase share capital to service the Stock Grant Plan for 5 years beginning November 25, 2013, for a maximum amount of Euro 6,800.00 (to be recognized entirely in share capital), through the issue of a maximum of 680,000 new Moleskine ordinary shares with no nominal value, having the same characteristics as those outstanding, with regular entitlement, by assignment of a corresponding maximum amount of profits and/or profit reserves resulting from the most recent financial statements, approved in accordance with Article 2349 of the Civil Code under the terms and conditions and according to the methods envisaged in said Stock Grant Plan. This power to increase share capital was exercised by the Company's Board of Directors on April 15, 2014, when they approved a free-of-charge increase in share capital, in accordance with Articles 2443 and 2349 of the Civil Code, for a nominal value of Euro 1,802.05 by issuing 180,205 new ordinary shares with no nominal value per share and with the same characteristics as those in circulation, standard rights, to be allocated to eligible employees in accordance with the provisions of the Stock Grant Plan. Following the granting of these stocks the Stock Grant Plan was completed.

On November 25, 2013, the Issuer's Extraordinary Shareholders' Meeting also resolved to increase share capital against payment and in tranches, no later than December 31, 2020, for a maximum of Euro 63,600.00 to be recognized entirely in share capital, through the issue of a maximum of 6,360,000 new Moleskine ordinary shares with no nominal value, having the same characteristics as those outstanding, with regular entitlement, excluding option rights, pursuant to Article 2441, paragraphs 5 and 6 of the Civil Code, to be reserved in subscription for beneficiaries of the 2013-2017 Stock Option Plan approved by the Shareholders' Meeting of November 25, 2013, at an issue price corresponding to the average weighted official closing price of Moleskine ordinary shares on the MTA in the 30 (thirty) trading days prior to the option assignment.

Authorizations to purchase treasury shares

On April 15, 2015, the Shareholders' Meeting approved the authorization for the purchase and disposal of treasury shares to provide the Company with a strategic investment opportunity to be used for the purposes permitted by applicable laws, including the purposes set out in the "market practices" permitted by CONSOB, pursuant to Article 180, paragraph 1, let. c), of the TUF by resolution no. 16839 of March 19, 2009 and in Regulation (EC) no. 2273/2003 of December 22, 2013, and therefore, also for share incentive plans.

To that end, pursuant to and by effect of Article 2357 of the Civil Code, the Shareholders' Meeting authorized the purchase, on one or more occasions, of the treasury shares in the Company, for a period not greater than 18 months from said meeting date – and therefore until October 15, 2016 – up to a maximum which must not exceed the maximum limit established by pro tempore applicable legislation, and at a purchase price not exceeding the higher of the price of the last independent transaction and the current independent bid price in the trading venues where the purchase will be made. Notwithstanding the foregoing, the price paid may not exceed a price per unit of more than 15% below or more than 15% above the arithmetic average of official Moleskine share prices over the ten days preceding each purchase transaction.

On July 2, 2015 the Company – following the authorization to purchase and dispose of treasury shares approved by the Shareholders' Meeting of April 15, 2015 – launched a program to support the liquidity of its treasury shares pursuant to the provisions set out in practice n. 1 set forth in CONSOB resolution no. 16839 of March 19, 2009. For information on the program in progress, please see the press releases available on the Issuer's website at www.moleskine.com, in the *Investor Relations* section.

The Directors have not been granted powers or proxies to issue participatory financial instruments.

M) MANAGEMENT AND COORDINATION (ARTICLE 2497 ET SEQ. OF THE CIVIL CODE)

As at the Report date, the Issuer, though 34.715% owned by Appunti (which is in turn a subsidiary of Syntegra Capital Investors Ltd.), – is not subject to management and coordination by Appunti, inasmuch as: (i) the Issuer operates in complete independence with regards to conducting its relationships with customers and suppliers and without any interference from parties external to the Issuer; (ii) Appunti does not exercise any centralized treasury department for the Issuer; (iii) the key decisions regarding managing the Issuer's business and that of its subsidiaries are taken by the Issuer's internal bodies; (iv) the Board of Directors is responsible for, among other things, reviewing and approving the strategic, business and financial plans and budgets of the Issuer and Moleskine Group, reviewing and approving the Moleskine Group organizational structure, and assessing the adequacy of the organizational, administrative and accounting structure of the Issuer and Group.

Furthermore, the Issuer is not subject to management and coordination based on stipulated contracts (see Article 2497-septies of the Civil Code).

In reference to the additional information regarding Article 123-*bis* of the TUF, refer to the following sections of the Report, as indicated below:

- for information on the appointment and replacement of Directors (Article 123-*bis*, paragraph 1, letter l), first part, TUF), refer to section 4.1;
- with regard to adoption of a code of conduct for corporate governance promoted by stock exchange management companies or by trade associations (Article 123-*bis*, paragraph 2, letter a), TUF), refer to section 3;
- for information on Directors' compensation in the event of resignation, dismissal without just cause or termination of the employment relationship following a take-over bid (Article 123-*bis*, paragraph 1, letter i), TUF), refer to section 9;
- for information on the key characteristics of the internal control and risk management system (Article 123-*bis*, paragraph 2, letter b), TUF), refer to section 11;
- with regard to information on the operational mechanisms of the Shareholders' Meeting, on its main powers, on shareholders' rights and the methods by which they may be exercised (Article 123-*bis*, paragraph 2, letter c), TUF) refer to section 16;
- for information on the composition and functioning of the administrative and control bodies and their committees (Article 123-*bis*, paragraph 2, letter d), TUF), refer to sections 4, 6, 7, 8, 10, 13 and 14.

3. COMPLIANCE

The Issuer has adopted the Code by essentially adapting the corporate governance principles contained herein. The Code is available to the public on the Borsa Italiana website www.borsaitaliana.it. Following the recommendations added to the Corporate Governance Code for listed companies amended in July 2015, during 2016, the Issuer will conform substantially to the new provisions, in accordance with the transitional measures provided for by the code. Neither the Issuer nor its subsidiaries are subject to non-Italian legislation that may influence the corporate governance structure of the Issuer.

4. BOARD OF DIRECTORS

4.1. APPOINTMENT AND REPLACEMENT

(AS PER ARTICLE 123-BIS, PARAGRAPH 1, LETTER L), TUF)

The Company is administered by a Board consisting of a minimum of 5 (five) and a maximum of 11 (eleven) members. Prior to appointment, the Shareholders' Meeting determines the number of Board members within said limits. During the course of the Board's mandate, the Shareholders' Meeting may change the number of Board members, within the aforementioned limits, and providing for the related appointments. The term of Directors elected in this manner will expire with the members already in office.

Directors are appointed for a period of 3 (three) years, or the period, in any event not more than 3 (three) years, established upon appointment. Directors are eligible for reelection.

Pursuant to Article 13.3 Articles of Association, Directors are appointed by the Ordinary Shareholders' Meeting, in compliance with effective legal regulations pertaining to gender balance, based on lists presented by shareholders, in accordance with the laws and regulations in effect, and containing no more than eleven (11) candidates, each meeting the requirements provided for by legal and regulatory provisions in effect at that time. The candidates must be listed by progressive numbering.

Each list must specify which candidates meet the independence requirements established by the provisions of law and regulations in force at the time. The independent candidates in each list must be indicated with the first progressive numbers or they must be listed with alternate numbers (e.g., listed under number 1/3/5, etc. or 2/4/6, etc. in the list) from the non-independent candidates. The lists must be submitted at the registered office and published in compliance with governing regulations.

Each shareholder may submit or participate in the submission of only one list and each candidate may appear on only one list or otherwise be disqualified. Only shareholders who, alone or with other shareholders, own at least 2.5% (two point five percent) of the share capital, or the ownership percentage of share capital established by legal and regulatory provisions in effect at that time, have the right to submit lists.

Note that with Resolution no. 19499 of January 28, 2016, CONSOB set the ownership percentage of share capital required to submit lists of candidates at 4.5% (four point five percent).

Together with each list, within the period established by the legal and regulatory provisions in effect at that time, shareholders must submit declarations in which each individual candidate accepts his/her candidacy and states, under his/her responsibility, that there are no causes for ineligibility or incompatibility, and that he/she meets the requirements for the respective office provided for by governing regulations. With said declarations, a curriculum vitae will be submitted for each candidate detailing his/her personal and professional attributes, indicating, where necessary, the manner in which the candidate meets the independence requirements in accordance with governing legal and regulatory provisions, as well as any corporate governance code of conduct that may have been adopted by the Company.

During the first renewal of the Board after the Company's ordinary shares were admitted to trading on the MTA (i.e. the renewal for 2016) – pursuant to the combined provisions of Article 147-ter, paragraph 1-ter, of the TUF and Article 2 of Law no. 120/2011, as well as taking account of CONSOB Communication DIE no. 0061499 of July 18, 2013 – lists containing a number of candidates equal to or greater than 3 must be composed of candidates belonging to both genders, so that a percentage of at least one fifth (rounded up) of the candidates belongs to the least represented gender.

Each shareholder entitled to vote may vote for only 1 (one) list.

1 (one) Director must be appointed from the minority lists.

- a) At the end of voting, the candidates from the 2 (two) lists obtaining the most votes are elected as follows: a number of Directors equal to the total number to be elected less 1 (one), are selected from the list that obtained the majority of the votes expressed, in the progressive order in which the candidates are listed;
- b) the remaining Director is selected from the list that contained the second greatest number of votes (minority list), who is not connected in any way, even indirectly, with those who submitted or voted for the list that obtained the greatest number of votes.

In the event of a tie in the voting, a new vote is taken by the entire Shareholders' Meeting, in which the candidates who obtain a simple majority of votes are elected.

If at the end of voting, an insufficient number of Directors meeting the independence requirements established by governing legal and regulatory provisions has been elected, the candidate who does not meet said requirements and is the last in the progressive ordering of the list that obtained the greatest number of votes is excluded and is replaced by the subsequent candidate who meets the independence requirements from the same list as the excluded candidate. If necessary, this procedure is repeated until the appropriate number of independent Directors is chosen.

Furthermore, if the candidates elected in the manner described above result in a Board of Directors that does not meet the gender balance requirements *pro tempore* in effect, the candidate from the more represented gender elected last from the progressive ordering of the list that obtained the greatest number of votes will be replaced by the first, unelected candidate from the less represented gender from the same list, according to the progressive ordering. The replacement procedure will continue until the composition of the Board of Directors meets the requirements *pro tempore* in effect for gender balance. Finally, if said procedure does not ensure said result, the Shareholders' Meeting shall resolve on the replacement by a relative majority, upon presentation of candidacy of individuals from the less represented gender.

If only one list is submitted, the Directors will be selected from the submitted list, provided the list is approved by a simple majority of votes and if the number of Directors elected in this manner does not correspond to the number of members determined by the Shareholders' Meeting, or if no lists are submitted, or if the submitted list does not allow for the appointment of independent Directors who meet the governing legal and regulatory provisions, the Shareholders' Meeting shall resolve the matter with the legal majorities, without prejudice to compliance with gender balance requirements *pro tempore* in effect.

If, during the year, one or more Director positions is vacant, the Company shall proceed in accordance with Article 2386 of the Civil Code. If one or more of the former Directors is from a list that also contained unelected candidates, the replacement procedure shall consist of appointing, in accordance with the progressive numbering, individuals from the list to which the former Director belonged and who are still eligible and available to accept the role. In any event, the Board replaces former Directors by ensuring:

- i) the necessary number of Directors who meet the independence requirements established by governing legislation and
- ii) compliance with gender balance requirements *pro tempore* in effect.

If there is no longer a majority of Directors appointed by the Shareholders' Meeting, the entire Board is dissolved and the Shareholders' Meeting must be convened immediately by the remaining Directors to reconstitute said Board.

The list voting procedure is applied only in the event of appointment of the entire Board.

The Board, to date, has assessed the issue concerning the plan for the succession of executive directors and, given the size and current organizational structure of the Issuer, and has decided that a plan need not be adopted. The Board will assess the situation again in a timely manner prior to the end of their current term in order to assess whether or not to adopt a plan for the succession of executive directors and will take all steps necessary at that time.

4.2. COMPOSITION

(AS PER ARTICLE 123-BIS, PARAGRAPH 2, LETTER D), TUF)

The Board in office as at the Report date consists of 8 (eight) members, of which 2 (two) are independent, unanimously appointed by the Ordinary Shareholders' Meeting held on November 28, 2012 and supplemented by the Ordinary Shareholders' Meeting held on March 7, 2013. The Board took office on the Listing Date (April 3, 2013). Following the resignation of a Director on March 11 2015, the shareholders at their meeting held on April 15, 2015 confirmed the proposal made by the Board of Directors to appoint a new director who was co-opted on March 11, 2015.

Note that the Board in office at the Report date was appointed in the context of the Company's listing and conditioned on said listing, without using the listing voting procedure on the proposal of the Shareholder Appunti. Only one Director was appointed having been designated by the Shareholder Pentavest, in accordance with the shareholder agreement stipulated between Appunti and Pentavest (see par. 2, letter g), of this Report).

The Board thus constituted will remain in office until the date of the Shareholders' Meeting convened to approve the financial statements for the year ended December 31, 2015.

For more information on the Board members, refer to the Issuer's website www.moleskine.com, under the *Investor Relations/Corporate Governance* section, which includes the Directors' CVs describing their professional characteristics.

BOARD OF DIRECTORS

Office	Members	Year of birth	Date of first appointment	In office since	In office until	List	Exec.	Non-exec.	Indep. as per Code	Indep. as per TUF	Number of other offices	(*)
Chairman	Marco Ariello	1966	04/03/2013	04/03/2013	approval of 12/31/2015 financial statements	N/A		X			3	9/9
Chief Executive Officer (•) (∅)	Arrigo Berni	1956	03/04/2013	03/04/2013	approval of 12/31/2015 financial statements	N/A	X				-	9/9
Director	Fabio Brunelli	1963	03/04/2013	03/04/2013	approval of 12/31/2015 financial statements	N/A		X	X	X	1	8/9
Director	Daniela Della Rosa	1968	03/04/2013	03/04/2013	approval of 12/31/2015 financial statements	N/A		X	X	X	3	8/9
Director	Claudia Parzani	1971	03/04/2013	03/04/2013	11/03/2015	N/A		X			2	2/3
Director	Daniele Raynaud	1959	03/04/2013	03/04/2013	approval of 12/31/2015 financial statements	N/A		X			2	9/9
Director	Philippe Sevin	1948	03/04/2013	03/04/2013	approval of 12/31/2015 financial statements	N/A		X			5	6/9
Director	Giuseppe Zocco	1965	03/04/2013	03/04/2013	approval of 12/31/2015 financial statements	N/A		X			5	7/9
Director	Orna Ben Naftali	1951	03/11/2015	03/11/2015	approval of 12/31/2015 financial statements	N/A		X			-	5/6
No. of meetings held during the year: 9												
Specify the quorum required for the presentation of minority lists for the election of one or more members (as per Article 147-ter TUF): 4,5%												

KEY

Office: indicates Chairman, Vice Chairman, Chief Executive Officer, etc.

Date of first appointment: indicates the date on which the director was appointed to the Issuer's Board of Directors for the first time.

List: indicates if the Director was elected from the list that received the majority of votes (M) or from a minority list (m).

Exec.: indicates if the Director is qualified as executive.

Non-exec.: indicates if the Director is qualified as non-executive.

Indep. as per Code: indicates if the Director is qualified as independent according to the criteria established in the Code.

Indep. as per TUF: indicates if the Director meets the independence requirements established in Article 148, paragraph 3, TUF (Article 144-decies of the Consob Issuers' Regulations).

Number of other offices: indicates the total number of offices held in companies listed in regulated markets (including foreign), in financial, banking or insurance companies, or in large companies.

N/A: indicates not applicable.

(•) Indicates the director responsible for the systems of internal controls and risk management.

(∅) Indicates the individual with primary responsibility for the operations of the Issuer (i.e. the Chief Executive Officer or CEO).

(*) Indicates the attendance of the directors in the meetings of the Board of Directors out of the total number of meetings that could have been attended (tot.: 9).

During the year, following the resignation of a Director on March 11 2015, the shareholders at their meeting held on April 15, 2015 confirmed the proposal made by the Board of Directors to appoint a new director who was co-opted on March 11, 2015. There were no changes in the composition of the Board after the reporting period.

The table below presents information on participation in Board meetings held during the year.

Name	Control and Risk Committee		Remuneration Committee	
	(*)	(**)	(*)	(**)
Marco Ariello	6/6	M	4/4	M
Fabio Brunelli	6/6	C	4/4	M
Daniela Della Rosa	6/6	M	4/4	C

KEY

(*) Indicates the Director's attendance at committee meetings as a ratio to the number of meetings that could have been attended.

(**) Indicates the Director's role within the Committee: "C": Chairman; "M": member.

For more information on internal Board committees and their meetings, refer to sections 8 and 10 of this Report.

Maximum number of offices held in other companies

The Board has decided not to define general criteria on the maximum number of management and control offices in other companies that could be considered compatible with the effective performance of the role of Director of the Issuer, given that the Board has chosen to give each Director responsibility for assessing the compatibility of director and statutory auditor offices in other listed companies (including foreign), in financial, banking or insurance companies or in large companies, with the diligent performance of the duties assumed as Director of the Issuer. This assessment is done each year in conjunction with their disclosure of offices held. In the event of any incompatibilities, each Director is to be proactive in presenting such situations to the Board, which will then assess each situation as it arises.

During the meeting held March 1, 2016, after assessing the offices that its Members hold in other companies, the Board determined that its composition is consistent with legal and regulatory provisions and is compatible with effectively carrying out the duties required of the Issuer's directors.

The following table presents the offices held by Directors of the Issuer in other listed companies (including foreign), in financial, banking or insurance companies or in large companies during the year:

Name and Surname	Company	Management and control offices held
Marco Ariello	Syntegra Capital Ltd	Shareholder/ Director
	Syntegra Capital Advisors Ltd	Director
	Syntegra Capital Investors Ltd	Director
Arrigo Berni	/	/
Philippe Sevin	R Port SA	Director
	Finarta Ltd	Director
	Syntegra Capital Investors Ltd	Director
	Syntegra Investments I Sàrl	Director
Daniele Raynaud	Syntegra Investments III Sàrl	Director
	Palazzoli S.p.A.	Director
	Glenalta Food SpA	Director
Giuseppe Zocco	Adconion Media Group Limited	Director
	Ashworth and Parker Limited	Director
	Ozon Holdings Limited	Director
	Privalia Venta Directa SA	Director
	The Cambridge Satchel Company Limited	Director
Fabio Brunelli	Clessidra SGR	Statutory Auditor
Daniela Della Rosa	Consap S.p.A.	Director
	ProFamily S.p.A.	Director
	Petroltecnica S.p.A.	Director
Claudia Parzani	Allianz S.p.A.	Director
	Borsa Italiana S.p.A.	Director
Orna Ben Naftali	/	/

Induction Program

Reports to the Board, through their content and frequency, allow Directors to obtain an adequate understanding of the sector in which the Issuer operates and business dynamics and changes, as well as of the related legislative framework and rules of self-regulation. In particular, during meetings of the Board held during the year within the Company's head office, the Directors received constant updates on each specific industry in which the Issuer operates, so as to better understand the dynamics underlying the Company's business and the related developments for the year.

4.3. ROLE OF THE BOARD OF DIRECTORS

(AS PER ARTICLE 123-BIS, PARAGRAPH 2, LETTER D), TUF)

Pursuant to Article 15 of the Articles of Association, the Board is convened by the Chairman, or the individual replacing him/her pursuant to the Articles of Association, by means of a letter sent, including by fax or e-mail, to each Director and Statutory Auditor at least 3 days prior to the date set for the meeting, or, in urgent cases, at least 24 hours prior to the meeting date.

Pursuant to Article 15 of the Articles of Association, the Board meeting is held at the registered office or in another location indicated in the notice of call, at any time the Chairman – or in the event of his/her absence

or impediment, the Vice Chairman – deems it necessary or appropriate, or when a written request is made by at least 2 Directors, to resolve on a specific topic (to be indicated in said request) that the Directors consider particularly relevant and related to management. The Board may also be convened by the Statutory Auditors and, specifically pursuant to Article 25, paragraph 5 of the Articles of Association, by the Board of Statutory Auditors or by at least one member of the Board of Statutory Auditors by means of communication to the Chairman of the Board.

Board meetings are presided over by the Chairman or, in his/her absence or impediment, by the Vice Chairman, if appointed. If the latter has not been appointed, the meeting is presided over by the Director nominated by the meeting attendees.

Directors may participate in Board meetings remotely by using telecommunications tools, on the condition that, among other things, all participants can be identified and are able to follow and participate in the discussion in real time and exchange documentation, as necessary. In this case, the Board meeting is considered to be held at the location of the individual presiding over the meeting and the Secretary, to allow the drafting and signing of the related minutes.

Pursuant to Article 17 of the Articles of Association, a majority of the Directors in office is required to be in attendance in order for the resolutions to be valid. Resolutions are taken by the majority of votes of the participants. In the event of a tie, the vote of the individual presiding over the meeting casts the deciding vote.

During the year, 9 Board meetings were held on the following dates: January 9, 2015; February 5, 2015; March 11, 2015; April 20, 2015; May 6, 2015; July 8, 2015; August 4, 2015; November 5, 2015; and December 15, 2015.

The average duration of the Board meetings was 3 (two) hours, during which the minutes were duly recorded.

For the current year (2016), at least 5 meetings are scheduled to be held. In addition to the meetings of February 19, 2016, (approval of the preliminary 2015 net revenue data) and March 11, 2016 (approval of the draft financial statements as of December 31, 2015), the calendar of the main 2016 corporate events (previously communicated to the market and Borsa Italiana S.p.A. on December 17, 2015, according to regulatory provisions), includes 3 additional meetings on the following dates:

- May 10, 2016, for the approval of the interim report as of March 31, 2016;
- August 4, 2016, for the approval of the interim report as of June 30, 2016;
- November 8, 2016, for the approval of the interim report as of September 30, 2016.

The calendar is available, in Italian and English, on the Issuer's website, www.moleskine.com, in the *Investor Relations/Financial Calendar* section.

Pursuant to Article 23 of the Articles of Association, the Chairman of the Board ensures that adequate information concerning the business on the agenda is provided to all Directors. This information has always been provided during the year in a manner suitable to allowing the Directors to knowledgeably express their opinions on the issues to be reviewed, while providing them, in a timely manner, with the drafts of documents to be approved, with the sole exception of specific and urgent cases or for specific confidentiality purposes. In particular, for meetings to approve periodic financial reports, the related material is normally sent to Directors at least 48 hours prior to the Board meeting.

Additionally, the Chairman of the Board allotted the necessary time to the issues on the agenda so that all Directors could comment, thereby ensuring constructive debates during Board meetings.

The Issuer's executives participated in Board meetings in order to provide the appropriate in-depth analysis of the issues on the agenda.

The Board plays a central role in the business organization, whose departments report to the Board, and is responsible for strategic and organizational direction, as well as reviewing the existence of the necessary controls for monitoring the performance of the Issuer and the Group companies.

Pursuant to Article 19, paragraphs 1 and 2, of the Articles of Association, the Directors are exclusively responsible for managing the business and carry out all transactions necessary to achieve the business purpose. In addition to exercising the powers that are attributed to it by law, the Board is responsible for resolving on:

- a) mergers and spin-offs, in the cases provided by law;
- b) opening or closing of secondary offices;
- c) indicating which of the Directors represents the Company;
- d) reduction of share capital in the event of the withdrawal of one or more shareholders;
- e) updating the Articles of Association to meet regulatory provisions;
- f) transfer of the registered office within Italy.

The Board is also responsible for reviewing and approving strategic, business and financial plans of the Issuer and Group, periodically monitoring their implementation. Additionally, the Board defines the Issuer's corporate governance system and the structure of Moleskine Group. On March 1, 2016, the Board approved the 2016-2018 Strategic Plan, as reported in a press release on that same date.

In compliance with regulatory and Code provisions, the Board reviews and approves, in advance, transactions of the Issuer and its subsidiaries, when those transactions have a significant strategic, economic or financial impact on the Issuer, with particular attention to situations in which one or more of the Directors have an interest on their own, or a third party's behalf.

The Board has not defined general criteria for identifying transactions that have a significant strategic, economic or financial impact on the Issuer, given that such transactions are the responsibility of the Board of Directors collectively, except in cases that fall within the scope of the powers granted to the Chief Executive Officer. As a result, with the exception of the powers expressly granted to the Chief Executive Officer as detailed in section 4.4 below, the Issuer's Board discusses and passes resolutions on most of the significant transactions, thereby ensuring the constant monitoring of operations and playing an active role in the major decisions of the Company.

With regard to managing conflicts of interest and related party transactions of the Issuer and Moleskine Group, refer to section 14 below.

Pursuant to Article 2381 of the Civil Code, and the implementation criterion 1.C.1., letter c) of the Code, during the year the Board periodically assessed the adequacy of the general organizational, administrative and accounting structure of the Issuer and its subsidiaries with strategic importance, with particular reference to the internal control and risk management system, according to the related procedures adopted by the Issuer. As part of these activities, the Board was supported, as necessary, by the Control and Risk Committee, the Manager of Internal Audit, the Executive Officer in charge of the financial reports, as well as the procedures and audits conducted pursuant to Law no. 262/2005.

During the year, the Board assessed the general business performance on a quarterly basis, taking into consideration information received from the Chief Executive Officer, as well as periodically comparing the results achieved against forecasts.

On March 1, 2016, the Board conducted its annual assessment in accordance with application parameter 1.C.1(g) of the Code and has determined that its size, composition, committees, and functioning are suited to the operational and organizational needs of the Company, and this also takes account of the professional, managerial and general qualifications and experience of its members and the fact that 7 (seven) of its 8 (eight) members are Non-Executive Directors who are able – both in number and in degree of authority – to significantly influence the decisions of the Board, while contributing their own specific skills. Of these non-executive directors, 2 are independent, which also ensures an appropriate composition of the Board's committees. This assessment process was carried out in February 2015 for the financial year and involved issuing a questionnaire to all members. This self-assessment questionnaire was organized into sections (i.e. size, composition and functioning of the Board; size, composition and functioning of the Board's committees; communication between the Board and senior management; corporate governance and risk management), and space was available for comments and suggestions. Once all Directors had completed the questionnaire, the Board discussed the results at its meeting of March 1, 2016. The Issuer's Board did not feel it was necessary to turn to an external consultant in order to evaluate its functioning.

The Shareholders' Meeting has not authorized waivers to the non-competition clauses envisaged by Article 2390 of the Civil Code.

4.4. AUTHORIZED BODIES

Executive Directors

Pursuant to Article 20.1 of the Articles of Association, the Board, within the limits of Article 2381 of the Civil Code – may delegate responsibilities to an Executive Committee and/or one or more of its members, determining the content, limits and any methods for exercising the delegation. Additionally, the Board, on the proposal of the Chairman and with the agreement of the authorized bodies, confers powers to carry out individual actions or categories of actions to other Board members.

Pursuant to Article 21 of the Articles of Association, legal representation and corporate signature is carried out by the Chairman, as well as the Chief Executive Officer to the extent of his/her responsibilities.

Article 20.2 of the Articles of Association envisages that the powers of the authorized bodies to confer, as part of the assignments received, powers to carry out individual actions or categories of actions to employees of the Company and third parties, with the right to sub-delegate.

The Chief Executive Officer, Arrigo Berni, is the individual with primary responsibility over the Issuer's operations (and, as such, is also known as the "Chief Executive Officer"). It should also be noted that there is no interlocking directorate as envisaged by parameter 2.C.5 of the Code.

The Board, in its meeting held April 3, 2013, appointed Arrigo Berni as Chief Executive Officer (i.e. Managing Director), granting him certain powers which were updated as follows by the Board meeting held on July 8, 2015:

- a) all powers for the ordinary management of the Company on all issues covered in the budget and business plan and including forecasts, and that are not, by law or Articles of Association in effect at the time of the appointment, reserved expressly for the Board of Directors or Shareholders' Meeting;
- b) stipulate contracts and agreements to carry out publishing activities of any kind and on any type of support, exercise printing and distribution and perform any activities in the field of general communications, with the use of any means or support appropriate for publishing the same, in any manner, with the maximum value limit for each contract or agreement of Euro 250,000.00;
- c) stipulate contracts and agreements for developing, producing, promoting and selling, either wholesale or retail, import or export, assuming representation both in Italy and abroad of general gift items, bookshop and stationery shop items, toys, handcrafted items, accessories for clothing and furnishings, with the maximum value limit for each contract or agreement of Euro 500,000.00;
- d) purchase, including through leasing, sell, rent and exchange moveable assets and goods that are part of the business purpose, by stipulating, resolving and annulling the related contracts, agreeing on prices, payment methods and all conditions, with the maximum value limit for each contract or agreement of Euro 250,000.00, as well as give the Company's products or goods free of charge;
- e) negotiate and sign distribution contracts in Italy and abroad related to the Company's characteristic activities with the maximum value limit for each contract or agreement of Euro 500,000.00;
- f) stipulate contracts related to property leases, including financial leases, insurance, advertising, representation, agency, commissions, supply, and tender and any other type of contract, including with public administrations, with the maximum value limit for each contract or agreement of Euro 250,000.00;
- g) coordinate the various business functions by overseeing the Company's management, verifying that key personnel have implemented the guidelines and specific strategic directives outlined by him/herself or by the Board;
- h) hire and dismiss personnel, excluding the Company's executives and key personnel, setting their duties, compensation and fees;
- i) stipulate contracts to purchase services, including professional consultancy, and licenses for the use of business software, with the maximum value limit for each contract or agreement of Euro 100,000.00;
- j) purchase, including through leasing, sell, rent and exchange vehicles, hardware and software, including all of the inherent transactions, and signing in the Company's name all necessary deeds, applications, and declarations; allow the subscription and cancellation of liens, exonerating the competent Conservator of the Public Automobile Register of all liability, with the maximum value limit for each contract or agreement of Euro 100,000.00;
- k) issue bank checks, prepare and conduct transactions on the Company's current accounts with any banking or credit institutions including overdrafts, up to a maximum amount of Euro 250,000.00 per transaction. These amount limits do not apply to:
 - salary and wage payments, including tax and welfare expenses and the related contributions;
 - tax payments and contributions owed to the Company;
 - interbank funds transfer;
 - repayments of financial liabilities, including the related interest, inherent in loan facility contracts;
- l) open and close current accounts and deposit accounts at any banking or credit institution, open safe deposit boxes within the limits set for bank loan transactions outstanding with the Company;
- m) make deposits into the Company's current accounts with any banking or credit institution, with no amount limit;

- n) request short- and long-term loans as well as negotiate all loan terms and conditions that banks and credit institutions may grant the Company;
- o) represent the Company, with no amount limits, before:
 - municipal and regional entities and the postal service;
 - social security institutions for obligatory insurance;
 - regional, provincial and municipal employment offices, complying with all of the requested formalities, signing statements, signing and submitting petitions, appeals and memorandums, with the power to settle and conciliate; and
 - the Italian Tax Authority offices, the Italian Foreign Exchange Office, customs and ministries, including signing statements and petitions;
- p) represent the Company before any judicial or administrative authority in any office or jurisdiction level, as well as arbitrations, appointing attorneys and proxies to disputes, providing them with the appropriate powers, for disputes with values up to Euro 250,000.00;
- q) affix his/her signature and thereby act as legal representative before the Companies Register and Chamber of Commerce, with full signature and with no amount limits;
- r) appoint representatives and/or proxies, including Company employees, to carry out, in the name and on behalf of the Company, one or more transactions or a category of transactions or assignments, using the corporate signature, and initiate judicial proceedings to recover receivables accrued by the Company, all within the limits of power granted above;
- s) keep and sign Company correspondence on the transactions inherent in ordinary administration;
- t) issue security deposits and/or guarantees from the Company associated with the proper execution of contracts or commitments in general and advances on contracts;
- u) grant loans to investee companies up to an amount of Euro 250,000.00;
- v) collect any amounts for whatever purpose and with no value limits, from private individuals, companies or public entities, including initiating judicial proceedings to recover receivables accrued by the Company, and issue the related receipts.

Furthermore, the powers conferred to the Chief Executive Officer grant him/her the right to sub-delegate to special proxies part of the conferred powers under points a) through v). In the event said powers are sub-delegated, the Chief Executive Officer must duly coordinate and monitor, in the most appropriate manner, the activities carried out by proxies.

Pursuant to Article 19.3 of the Articles of Association, the authorized bodies must report in a timely manner to the Board of Directors and the Board of Statutory Auditors, at least quarterly and, in any event, for Board of Directors meetings, on activities performed, the general business performance and outlook, as well as on significant economic and financial transactions, or that are significant for their size and characteristics, carried out by the Company and subsidiaries. Specifically, transactions in which the authorized bodies have an interest, on their own, or a third party's behalf, or that are influenced by a party that exercises management and coordination, where existing, should be reported.

Chairman

Pursuant to Article 14 of the Articles of Association, unless provided for by the Shareholders' Meeting, the Board of Directors elects a Chairman from its members. It may elect a Vice Chairman who replaces the Chairman in the event of his/her absence or impediment. On the proposal of the Chairman, the Board appoints a Secretary, who need not be a member of the Company.

In compliance with the Articles of Association, the Chairman has the following powers: presiding over Shareholders' Meetings (Article 11), convening Board meetings (Articles 15 and 16), legal representation of the

Company before third parties and corporate signatory powers (Article 21) and verifying that the Board's resolutions have been implemented (Article 23).

In particular, pursuant to Article 23 of the Articles of Association, the Chairman of the Board ensures that adequate information regarding the items of business on the agenda is provided to all Directors. In addition, the Chairman of the Board ensures that sufficient time is provided for all Directors to contribute to the discussion of the items on the agenda, thereby ensuring that the discussions of the Board are constructive.

In the event of the absence or impediment of the Chairman, the Vice Chairman assumes the legal representation and corporate signature, if appointed.

In compliance with the Articles of Association, with the resolution of April 3, 2013, the Board appointed Marco Ariello as Chairman of the Board of Directors, granting him the following powers:

- a) convene Board meetings and ensure that the members are provided the necessary documentation and information on the issues submitted for their review and approval, reasonably in advance of the meeting date (with the exception of cases of necessity or urgency);
- b) coordinate the Board's activities and preside over the meetings;
- c) verify that the resolutions made by the Board are implemented;
- d) coordinate the Company's financial communication activities;
- e) receive proposals formulated by the Chief Executive Officer and agree with him/her on the issues to be presented to the Board related to strategy, objectives, policies and macro-organizational decisions of the Moleskine Group companies.

The Chairman of the Board of Directors is not the individual with the primary management responsibility for the Issuer (chief executive officer), nor is he/she the controlling shareholder, nor has he/she been delegated management powers. The Chairman does not have a specific role in developing the business strategy.

The Issuer has not appointed a Vice Chairman.

Executive Committee

The Board has not set up an internal Executive Committee.

Reporting to the Board and Board of Statutory Auditors

During the year, the Chief Executive Officer reported appropriately and in a timely manner, every quarter, to the Board of Directors and to the Board of Statutory Auditors on the activities performed in carrying out the conferred powers, so that the Directors' can express an informed opinion on the issues submitted for their review.

4.5. OTHER EXECUTIVE DIRECTORS

The Issuer does not have any other Executive Directors, other than the Chief Executive Officer (CEO).

4.6. INDEPENDENT DIRECTORS

Pursuant to the combined provisions of Articles 147-ter, paragraph 4 and 148, paragraph 3 of the TUF, and in accordance with the mandates in Article 2.2.3, paragraph 3, letter l) of the Stock Exchange Regulations and Article IA.2.10.6 of the Stock Exchange Regulatory Instructions for companies listed on the MTA STAR segment, as well as in compliance with Article 3 of the Code, there are 2 (two) Independent Directors on the Board, Fabio Brunelli and Daniela Della Rosa, as at the Report date.

These Independent Directors:

- (i) do not control the Issuer, directly or indirectly, including through subsidiaries, trust companies or through a third party, nor are they able to exercise significant influence over the Issuer;
- (ii) do not participate, directly or indirectly, in any shareholder agreements through which one or more parties may exercise control or significant influence on the Issuer;
- (iii) they are not, nor were they in the last 3 years, high-level representatives (intended as Chairman, legal representative, Chairman of the Board of Directors, an Executive Director or an executive with strategic responsibilities) of the Company, of one of its strategically important subsidiaries, of a company subject to joint control with the Issuer, or a company or entity that, including jointly with others through a shareholder agreement, controls the Issuer or is able to exercise significant influence over it;
- (iv) do not have, or did not have in the previous year, directly or indirectly, (for example, through subsidiaries or as high-level representatives, in the sense indicated in point (iii) above, or as partner in a professional firm or consultancy), a significant commercial, financial or professional relationship or do not have, or did not have in the last 3 years, an employment relationship: (a) with the Issuer, with one of its subsidiaries, or with any of the high-level representatives, in the sense indicated in point (iii) above; (b) with an individual who, including jointly with others through a shareholder agreement, controls the Issuer, or, in the case of companies or entities, with high-level representatives, in the sense indicated in point (iii) above;
- (v) without prejudice to point (iv) above, do not have employment or contractor relationships, or other relationships of a financial or professional nature that would compromise their independence: (a) with the Issuer, with one of its subsidiaries or parent companies or companies subject to joint control; (b) with Directors of the Issuer; (c) with individuals that are spouses or relatives up to the fourth degree of the Directors of the companies listed above in point (a);
- (vi) do not receive, nor did they receive in the last 3 years, from the Issuer or one of its subsidiaries or parent companies, significant compensation in addition to the “fixed” fee paid to Non-Executive Directors of the Company, including participation in incentive plans linked to business performance, including share-based;
- (vii) were not Directors of the Issuer for more than 9 of the last 12 years;
- (viii) do not hold the office of Executive Director in another company in which an Executive Director of the Issuer holds an office as Director;
- (ix) are not shareholders or Directors of a company or entity belonging to the network of the company assigned the accounting audit of the Issuer;
- (x) have no close relatives to which one of the preceding points apply and, in any event, are not spouses or close relatives up to the fourth degree of Directors of the Issuer, or directors, spouses or close relatives up to the fourth degree, its subsidiaries, its parent companies and those subject to joint control.

The Board assesses the existence and continual compliance with the requirements above, based on information that the interested parties are required to provide, under their responsibility, or from information available to the Board.

On January 19, 2015, and, more recently, on March 1, 2016, the Board conducted its annual verification of the requirements of independence of its independent directors in accordance with parameter 3.C.4 of the Code and with Article 148, paragraph 3, letters b) and c) of the TUF. During this meeting, the independent directors undertook to maintain their independence throughout their terms in office and, in any event, to notify the Board of Directors in a timely manner in the event of any situations that could compromise their independence. It should also be noted that, in accordance with Article 13, paragraph 3, of the Issuer’s Articles of Association, appointed Directors must notify the Board of Directors immediately in the event of failing to meet the requirements of independence.

The Board of Statutory Auditors verified that proper application of the criteria and of the audit procedures adopted by the Board to assess the independence of its members and the results of these controls will be made available in the Report of the Board of Statutory Auditors to the Shareholders' Meeting in accordance with Article 153 of the TUF.

During the year, the Independent Directors met 6 (six) times on the occasion of Control and Risk Committee meetings, specifically, February 2, 2015, March 11, 2015, May 6, 2015, August 4, 2015, November 5, 2015 and December 21, 2015. The issues discussed were primarily those discussed by the Control and Risk Committee (see subsequent section 10 of the Report).

4.7. LEAD INDEPENDENT DIRECTOR

The Board did not designate a Lead Independent Director, as the preconditions envisaged by the Code were not met.

5. HANDLING OF CORPORATE INFORMATION

5.1. PROCEDURE FOR THE INTERNAL MANAGEMENT AND DISCLOSURE OF INSIDE INFORMATION

In order to monitor access and distribution of inside information prior to its disclosure to the public, to ensure compliance with confidentiality requirements envisaged by legal and regulatory provisions, as well as to control internal management and disclosure of said information, the Board adopted, in its meeting of September 19, 2012, the *“Procedure for the internal management and disclosure of inside information”*, effective from the date the Company submitted the request for admission to trading on the MTA of the Company’s ordinary shares. This procedure received final approval by the Board at its meeting held on April 3, 2013, and last updated by the Board at its meeting held on August 4, 2015.

In accordance with this procedure, the Issuer’s Chief Executive Officer and Investor Relator must ensure the correct management of disclosures to the market of inside information and must oversee compliance with said Procedure.

The management of inside information related to the Issuer’s subsidiaries is the responsibility of the Chief Executive Officers of said companies, who must promptly send the Issuer’s Chief Executive Officer all information that, based on their evaluation, may be considered inside information in accordance with the Procedure.

The evaluation of the inside (privileged) nature of information and, hence, the necessity to communicate it to the market, is carried out by the Chief Executive Officer, who is supported by the Managers of the business functions from which the information originates or the “Significant Events” (as defined in the Procedure), as well as the support of the Chief Executive Officers of Moleskine Group companies, if the information or significant events pertain to Moleskine Group companies.

In the event information is determined to be privileged or the applicable regulation obliges disclosure, the Investor Relator prepares the press release that is sent to the Chief Executive Officer and managers of the business functions for review. If the Chief Executive Officer deems it appropriate or necessary, the Board is asked to review the draft of the press release.

The press release is published through the SDIR-NIS system, organized and managed by Borsa Italiana.

In addition, the Investor Relator ensures that the press release is published by the opening of the market on the day subsequent to its publication on the Issuer’s website www.moleskine.com, in the Investor Relations/ Press Releases section, and that the information remains available for at least 5 (five) years.

For further information on the Procedure, refer to the Issuer’s website www.moleskine.com, in the *Investor Relations/Documents* section, where the Procedure is available.

5.2. LIST OF PERSONS HAVING ACCESS TO INSIDE INFORMATION

With specific reference to the requirement for listed issuers, for their subsidiaries and for individuals that act in their name or on their behalf, to establish and maintain a list of persons that have access to inside information as per Article 115-*bis* of the TUF and Articles 152-*bis et. seq.* of the Consob Issuers' Regulations, the Company has drawn up a list of persons who, in the exercise of their employment, profession or duties, have access to information. Regulations on the creation and management of the list of persons having access to inside information are provided in the "Procedure for the internal management and disclosure of inside information". This list and the related procedures were set up and adopted by the Board at its meeting held on September 19, 2012, effective from the Listing Date. This procedure received final approval by the Board at its meeting held on April 3, 2013, and was last updated by the Board at its meeting held on August 4, 2015.

For further information on the Procedure, refer to the Issuer's website www.moleskine.com, in the *Investor Relations/Documents* section, where the Procedure is available.

5.3. INTERNAL DEALING

With regard to disclosure requirements resulting from the new Internal Dealing regulations of Article 114, paragraph 7 of the TUF and Articles 152-*sexies*, 152-*septies* and 152-*octies* of the Consob Issuers' Regulations, the Board resolved to adopt the "Internal Dealing Procedure" on September 19, 2012, effective from the Listing Date. This procedure received final approval by the Board in its meeting of April 3, 2013.

The procedure aims to ensure maximum transparency and consistency in market disclosures, by regulating the disclosure requirements and the limits inherent in the purchase, sale, subscription and exchange of Moleskine shares of associated financial instruments (the "Internal Dealing Transactions"), carried out by the so-called "Relevant Parties" in accordance with Article 114, paragraph 7 of the TUF and Article art. 152-*sexies*, letter c) of the Consob Issuers' Regulations.

In compliance with the provisions of Article 2.2.3, paragraph 3, letter p) of the Stock Exchange Regulations – applicable to companies listing shares on the MTA, STAR segment – this procedure envisages (in Article 6) the ban for "Relevant Parties" to carry out Internal Dealing Transactions, directly or through closely associated persons, during the black-out periods. These periods are defined as 30 (thirty) days or 15 (fifteen) days prior, and the day following, disclosure to the public of the Board's approval of the (i) draft financial statements and the half-year financial statements or (ii) or the interim financial reports, respectively.

For further information on the Procedure, refer to the Issuer's website www.moleskine.com, in the *Investor Relations/Documents* section, where the Procedure is available.

Details of the transactions carried out that fall under the procedure are published on the Company's website, www.moleskine.com, in the *Investor Relations/Corporate Governance/Internal Dealing* section. Note that during the year, there were no Internal Dealing Transactions.

6. INTERNAL BOARD COMMITTEES (AS PER ARTICLE 123-BIS, PARAGRAPH 2, LETTER D), TUF)

The Remuneration Committee and the Control and Risk Committee were set up within the Board.

Pursuant to the Company's "*Procedure for Related Party Transactions*", the Control and Risk Committee also performs the role of Related Party Transaction Committee (see section 12 of the Report below).

7. APPOINTMENTS COMMITTEE

The Board did not find it to be necessary – at present time – to establish an Appointments Committee as recommended by Article 5.P.1 of the Code, deeming it to be unnecessary given the size of the Issuer and the number of members of the Board. In particular, the ownership structure of the Issuer ensures the presentation of candidates for appointment to the Board. Any further assessment on the need to establish an Appointments Committee is left to the Board to be appointed in 2016.

8. REMUNERATION COMMITTEE

Pursuant to Article 2.2.3, paragraph 3, letter n) of the Stock Exchange Regulations, applicable to companies whose shares trade on the MTA, STAR segment, as well as in compliance with the provisions of Article 6 of the Code, the Company's Board established an internal Remuneration Committee.

The Remuneration Committee was established with the Board's resolution of September 19, 2012, effective from the Listing Date.

As of the Report date, the Remuneration Committee consists of 3 non-executive members, of which 2 are independent, specifically: Daniela Della Rosa (Independent Director) in the role of Chairman, Fabio Brunelli (Independent Director) and Marco Ariello (Non-Executive Director).

Director Daniela Della Rosa has knowledge and experience in compensation policies and the Directors Fabio Brunelli and Marco Ariello have financial and accounting experience, deemed appropriate by the Board.

As required by the combined provisions of Article 2.2.3, paragraph 3, letter n) of the Stock Exchange Regulations, applicable to companies whose shares trade on the MTA, STAR segment, and by the implementation criterion 6.C.6 of the Code, no Director can take part in Remuneration Committee meetings in which his/her compensation is being discussed.

The Remuneration Committee's role, composition and functioning are governed by a specific regulation approved by the Board in its meeting of November 25, 2013.

The work of the Remuneration Committee is coordinated by a Chairman chosen from its independent members. Specifically, the Chairman plans and coordinates the Committee's activities, presides and directs the meetings and signs the Committee's reports and opinions to be submitted to the Board.

The Remuneration Committee has the right to receive all necessary information and support from business functions in order to carry out its responsibilities. The Committee may also use an external consultant to obtain information on market practices regarding compensation policies, ensuring in advance that the consultant is not subject to any conditions that would compromise his/her independent judgment.

Remuneration Committee functions

The Remuneration Committee plays an advisory and proposal role, with the task of formulating proposals to the Board defining remuneration policies for Directors and Executives with strategic responsibilities.

Specifically, as required by the combined provision of Article 2.2.3 paragraph 3, letter n) of the Stock Exchange Regulations, applicable to companies whose shares trade on the MTA, STAR segment, and the implementation criterion 6.C.5 of the Code, the Committee has the following responsibilities:

- periodically evaluate the adequacy, overall consistency, and effective application of the remuneration policy for Directors and Executives with strategic responsibilities, for the latter, using the information provided by the Chief Executive Officer; formulate related Board proposals;
- submit proposals and express opinions to the Board on the remuneration of Executive Directors and other Directors who perform particular roles, as well as setting performance objectives related to the variable component of said remuneration; monitor the application of the decisions taken by the Board, specifically, verifying the performance objectives were effectively achieved.

The Remuneration Committee is also in charge of tasks relating to the management of any incentive plans approved by the competent bodies of the Company.

During the year, the Remuneration Committee met 4 (four) times, on February 5, 2015, March 6, 2015, July 8, 2015, and October 30, 2015, during which the minutes were duly recorded.

The average duration of the meetings, duly recorded, was 1.5 hours.

In 2016, 2 (two) meetings have already been held, on February 4, 2016, and February 18, 2016, and February 24, 2016, and the Committee will continue to meet as necessary.

During the year, the Remuneration Committee's activities were primarily focused on defining and discussing the options to assign to the beneficiaries of the 2013-2017 Stock Option Plan and on the criteria and determination of the objectives of the short-term variable component of the executive Director and executives with strategic responsibilities.

The Committee also verified that the remuneration for the relative individuals for the year was entirely consistent with the duties taken on, the responsibilities of the roles carried out as well as the professional qualifications of the relative individuals. In doing so, the Committee took into due consideration the Company's size and the global growth prospects for Moleskine Group.

The Chairman of the Board of Statutory Auditors, or another Statutory Auditor designated by the Chairman of the Board of Statutory Auditors attended all Committee meetings, who was invited as the nature of the issues to be discussed were also relevant to the control body.

Financial resources have not been allocated to the Remuneration Committee in that, to carry out its duties, it makes use of the Company's resources and the business structure.

9. REMUNERATION OF DIRECTORS

General remuneration policies

On October 9, 2013, and most recently on March 11, 2015, on the proposal of the Remuneration Committee, the Board approved the remuneration policy for Directors and Executives with strategic responsibilities in accordance with principle 6.P.4 of the Code.

The Company may provide for contractual arrangements in order to permit the company to reclaim, in whole or in part, the variable components of remuneration that were awarded (or to hold deferred payments), as defined on the basis of data which subsequently proved to be manifestly misstated in accordance with criterion 6.C.1., letter f) of the Corporate Governance Code, last approved in July 2014 (so-called claw-back).

For more information, refer to Section I of the Remuneration Report published by the Issuer pursuant to Article 123-ter of the TUF and available on the Company's website, www.moleskine.com, in the *Investor Relations/Corporate Governance/Shareholders Meetings* section.

Share-based remuneration plans

As at the Report date, there is a compensation plan based on the assignment of options to subscribe Moleskine shares (*2013-2017 Stock Option Plan*), as approved by the Shareholders' Meeting on November 25, 2013.

For more information on these plans, refer to Section I of the Remuneration Report published by the Issuer pursuant to Article 123-ter of the TUF and available on the Company's website, www.moleskine.com, in the *Investor Relations/Corporate Governance/Shareholders Meetings* section. Additionally, refer to the disclosure documents, prepared and published in accordance with Article 114-bis of the TUF and Article 84-bis of the Consob Issuers' Regulations, all of which are available on the Company's website, www.moleskine.com, in the *Investor Relations/Corporate Governance* section.

Executive Directors' remuneration

Refer to Section I of the Remuneration Report published by the Issuer pursuant to Article 123-ter of the TUF and available on the Company's website, www.moleskine.com, in the *Investor Relations/Corporate Governance/Shareholders Meetings* section.

Remuneration for Executives with strategic responsibilities

Refer to Section I of the Remuneration Report published by the Issuer pursuant to Article 123-ter of the TUF and available on the Company's website, www.moleskine.com, in the *Investor Relations/Corporate Governance/Shareholders Meetings* section.

Incentive mechanisms for the Internal Audit Manager and the Chief Financial Officer

Incentive mechanisms for the Internal Audit Manager and the Chief Financial Officer are consistent with their assigned duties.

Non-Executive Directors' Remuneration

Refer to Section I of the Remuneration Report published by the Issuer pursuant to Article 123-ter of the TUF and available on the Company's website, www.moleskine.com, in the *Investor Relations/Corporate Governance/Shareholders Meetings* section.

Note that, as required by the combined provisions of Article 2.2.3 paragraph 3, letter n) of the Stock Exchange Regulations, applicable to companies whose shares trade on the MTA, STAR segment, and the implementation criterion 6.C.4 of the Code, the Non-Executive Directors do not receive variable compensation and do not have share-based remuneration plans.

Directors' compensation in the event of resignation, dismissal or termination of the employment relationship following a take-over bid (as per Article 123-bis, paragraph 1, letter i), TUF)

With the exception of the note below, there were no agreements stipulated between the Issuer and the Chairman or Chief Executive Officer, respectively, which provide compensation in the event of resignation or dismissal without just cause or if the employment relationship terminates following a take-over bid.

As resolved by the Board of Directors on April 3, 2013, a forfeit will be paid to the Chief Executive Officer, all-inclusive and in full settlement of any and all other claims, equivalent to 18 months' salary, before taxes, withholdings and social security contributions, in the event of dismissal from the office of Director, with or without just cause.

Refer to Section I of the Remuneration Report published by the Issuer pursuant to Article 123-ter of the TUF and available on the Company's website, www.moleskine.com, in the *Investor Relations/Corporate Governance/Shareholders Meetings* section.

For the effects of the termination of the employment relationship (among others) on the 2013–2017 *Stock Option Plan*, refer to the disclosure documents published by the Issuer pursuant to Article 84-bis of the *Consob Issuers' Regulations*. The documents are available on the Company's website, www.moleskine.com, in the *Investor Relations/Corporate Governance/Shareholders Meetings* section.

For information on compensation paid during the year to members of the administration and control bodies and to Executives with strategic responsibilities in the Company, refer to Section II of the Remuneration Report published by the Issuer pursuant to Article 123-ter of the TUF and available on the Company's website, www.moleskine.com, in the *Investor Relations/Corporate Governance/Shareholders Meetings* section.

10. CONTROL AND RISK COMMITTEE

In accordance with the combined provision in Article 2.2.3, paragraph 3, letter o) of the Stock Exchange Regulations, applicable to companies trading shares on the MTA, STAR segment, and principle 7.P.4 of the Code, the Company's Board established an internal Control and Risk Committee.

The Control and Risk Committee was established with the Board's resolution of September 19, 2012, effective from the Listing Date.

As of the Report date, the Control and Risk Committee consists of 3 non-executive members, of which 2 are independent, specifically: Fabio Brunelli (Independent Director) in the role of Chairman, Daniela Della Rosa (Independent Director) and Marco Ariello (Non-Executive Director).

Marco Ariello and Fabio Brunelli have financial and accounting knowledge and experience, deemed appropriate by the Board.

The Control and Risk Committee's role, composition and functioning are governed by a specific regulation approved by the Board in its meeting of November 25, 2013.

The work of the Control and Risk Committee is coordinated by a Chairman chosen from its independent members. Specifically, the Chairman plans and coordinates the Committee's activities, presides and directs the meetings and signs the Committee's reports and opinions to be submitted to the Board.

The Chairman of the Board of Statutory Auditors or another Statutory Auditor designated by the Chairman participates in the Control and Risk Committee meetings. Other Statutory Auditors may also attend. At the Chairman's invitation, other individuals, who are not members but whose contribution to the Committee the Chairman deems useful, may participate in the meetings in relation to individual agenda items.

The Committee has the right to receive all necessary information and support from business functions in order to carry out its responsibilities and may use external consultants, within the terms established by the Board. The Company makes adequate financial resources available to the Committee to fulfill their duties, approved by the Board of Directors.

Control and Risk Committee functions

The Control and Risk Committee plays an advisory and proposal role, according to the Code's provisions, and is responsible for supporting the evaluations and decisions of the Board related to the internal control and risk management system, through appropriate assessments, as well as the approval of periodical financial statements. Specifically, as required by the combined provision of Article 2.2.3 paragraph 3, letter o) of the Stock Exchange Regulations, applicable to companies whose shares trade on the MTA, STAR segment, and the implementation criterion 7.C.2 of the Code, the Committee assists the Board to:

- i) evaluate, together with the Executive Officer in charge of the financial reports and after having received information from the Independent Auditors and the Board of Statutory Auditors, the correct use of the adopted accounting standards and their consistency in preparing the consolidated financial statements;
- ii) express opinions on specific aspects inherent in identifying the primary business risks;
- iii) review the periodic reports regarding the evaluation of the internal control and risk management system, and in particular those prepared by Internal Audit;
- iv) monitor the independence, adequacy, effectiveness and efficiency of the internal audit function;

- v) may request that Internal Audit perform audits on specific operating areas, concurrently notifying the Chairman of the Board of Statutory Auditors;
- vi) report to the Board on activities performed and on the adequacy of the internal control and risk management system, at least every six months, at the time of the approval of the annual and half-year financial statements.

The Committee prepares opinions for the Board to support:

- a) definition by the Board of guidelines for the internal control and risk management system, so that the main risks of the Company and its subsidiaries are correctly identified, as well as adequately measured, managed and monitored, also determining the degree of compatibility of these risks with business management consistent with the identified strategic objectives;
- b) periodic evaluation by the Board, at least annually, of the adequacy of the internal control and risk management system with respect to the business's characteristics and the risk profile assumed, as well as its effectiveness;
- c) approval, at least annually, of the work plan prepared by the Manager of Internal Audit, having received information from the Board of Statutory Auditors and the Director responsible for the internal control and risk management system;
- d) description, by the Board, of the key characteristics of the internal control and risk management system, offering its assessment on its adequacy, as part of the preparation of the Corporate Governance Report;
- e) evaluation by the Board of the findings of the Independent Auditors in any comment letters and in the report on the fundamental issues that emerged during the audit, after having received input from the Board of Statutory Auditors;
- f) appointment and removal, by the Board, of the Manager of Internal Audit; adequacy of the resources allocated to the Manager of Internal Audit with respect to the performance of their responsibilities; definition, by the Board, of the remuneration of the Manager of Internal Audit consistent with Company policies.

During the year, the Control and Risk Committee met 6 (six) times, specifically on February 2, 2015, March 11, 2015, May 6, 2015, August 4, 2015, November 5, 2015, and December 21, 2015, during which the minutes were duly recorded.

The average duration of the Committee meetings was 1 (one) hour.

For the current year, at least four Control and Risk Committee meetings are scheduled. In addition to the meetings held on February 4, 2015, and February 26, 2016, the Committee will meet at least quarterly during the year.

During the year, the Control and Risk Committee continuously audited the internal control and risk management system and the progress of the Internal Audit work plan, with particular reference to: (i) the status of 2015 audit plan activities, (ii) compliance audits carried out in accordance with Law no. 262/2005; (iii) status of risk analysis activities; and (iv) compliance audits pursuant to Legislative Decree 231/2001.

During its meetings the Control and Risk Committee also discussed the most appropriate audit initiatives to achieve progressive improvement in the internal control and risk management system so as ensure maximum efficiency and security.

The Control and Risk Committee meetings are for the most part held at the same time as the Issuer's Board of Statutory Auditors meetings and with the attendance of the members of the said Board, the Executive Officer in charge of the financial reports and the Manager of Internal Audit and, occasionally, with the participation of a representative from the Independent Auditors and the Supervisory Body. The simultaneous presence of individuals responsible for oversight and control allows open discussion and sharing of information on the issues involved in identifying business risks. These individuals are invited by the Committee to attend the meetings.

The Control and Risk Committee has the right to receive all necessary information and support from business functions in order to carry out its responsibilities and may use external consultants, within the terms established by the Board.

During the year, no financial resources were allocated to the Control and Risk Committee in that, to carry out its duties, it makes use of the Company's resources and the business structure.

11. INTERNAL CONTROLS AND RISKS MANAGEMENT SYSTEM

The internal control and risk management system is the collection of rules, procedures and organizational structures that aim to identify, measure, manage and monitor the key business risks, taking into consideration the characteristics of the activities performed by the Company and Moleskine Group, in order to ensure a proper, correct and consistent functioning of the business consistent with objectives.

The internal control and risk management system is subject to periodic reviews and audits, in consideration of changes in operations and in the reference context, as well as existing best practices, both nationally and internationally.

The Board has defined guidelines for Moleskine's internal control and risk management system as described in the document "*Guidelines for the Internal Control and Risk Management System of Moleskine S.p.A*" (the "**Guidelines for the internal control and risk management system**") approved by said Board, with the favorable opinion of the Control and Risk Committee, in its meeting of May 7, 2013.

The Board performs the role of steering and evaluating the adequacy of the internal control and risk management system. For this purpose, and as provided for in the Guidelines for the internal control and risk management system, the Board:

- a) identifies a Director responsible for establishing and maintaining an effective internal control and risk management system, as well as a Control and Risk Committee (see section 10 above and section 11.1 below for more information);
- b) defines and updates the Guidelines for the internal control and risk management system, with the input of the Control and Risk Committee, so that the main risks of the Issuer and its subsidiaries are correctly identified, as well as adequately measured, managed and monitored, also determining the degree of compatibility of these risks with business management consistent with the identified strategic objectives;
- c) periodically, and at least annually, approves the risk management strategies and policies for the Issuer and Moleskine Group based on the analyses of the Director responsible for the internal control and risk management system and with the input of the Control and Risk Committee, which, for this purpose, reports to the Board on the status of the internal control system, including in relation to factors that may involve risks for the Company and Moleskine Group;
- d) periodically, and at least annually, reviews the adequacy of the internal control and risk management system with respect to the nature of the business and the risk profile assumed, as well as on its effectiveness, with input from the Control and Risk Committee;
- e) approves, at least annually, the work plan prepared by the Manager of Internal Audit, with the input of the Control and Risk Committee, the Board of Statutory Auditors and the Director responsible for the internal control and risk management system;
- f) describes the key characteristics of the internal control and risk management system, offering its assessment on its adequacy, as part of the preparation of the Corporate Governance Report, and with the input of the Control and Risk Committee;
- g) evaluates the findings of the Independent Auditors in any comment letters and in the report on the fundamental issues that emerged during the audit, after having received input from the Board of Statutory Auditors;
- h) on the proposal of the Director responsible for the internal control and risk management system, with the favorable opinion of the Control and Risk Committee and with the input of the Board of Statutory Auditors:

- appoints and removes the Manager of Internal Audit;
- ensures that said Manager has the adequate resources available to carry out his/her responsibilities;
- defines the remuneration of the Manager, consistent with the Company's policies;
- appoints and removes the members of the Issuer's Supervisory Body, established and functioning in accordance with Legislative Decree no. 231/2001;
- adopts the Organizational, Management and Control Model, prepared in accordance with Legislative Decree no. 231/2001 and approves all of the updates for regulatory provisions as necessary.

In the event of gaps or anomalies, the Board immediately adopts the most appropriate measures.

To carry out its functions, the Board is supported by the Director responsible for the internal control and risk management system, with the duties outlined above, as well as a Control and Risk Committee (see section 10 above and section 11.1 below for more information).

To manage internal controls and business risks the Issuer has developed:

- the Model as per Legislative Decree no. 262/2005 in reference to responsibilities attributed to the Executive Officer in charge of the financial reports and the audit activities on the adequacy and effective functioning of the administrative-control procedures and the procedures for preparing financial disclosures;
- the Organizational, Management and Control Model in reference to prevention of crimes as per Legislative Decree no. 231/2001;
- the Code of Ethics that defines all of the Issuers' values;
- objectives defined and formalized at the Group level as part of the performance management process and roles and responsibilities formalized in job descriptions;
- business procedures to govern the key processes..

Primary characteristics of the current internal control and risk management systems in relation to the financial reporting process

Introduction

An integral part of Moleskine's internal control and risk management system consists of the system for the financial reporting process (administrative and control processes to prepare the separate and consolidated financial statements and other reports and communications of an economic and/or financial nature, developed in accordance with legal and/or regulatory provisions, as well as monitoring the effective application of said processes). This system is designed to ensure the reliability, accuracy and timeliness of financial reporting.

In defining its internal control and risk management system in relation to the financial reporting process, the Group followed the existing instructions in reference regulation. Specifically:

- the Consolidated Law on Finance;
- Law no. 262/2005 (and subsequent amendments, including the legislative decree to implement the Transparency Directive approved October 30, 2007) related to preparing corporate accounting documents;
- the Consob Issuers' Regulations, specifically in relation to the declaration of the Executive Officer in charge of the financial reports and authorized administrative bodies on the separate and consolidated financial statements and on the interim reports in accordance with Article 154-bis of the Consolidated Law on Finance (TUF) and the implementation provisions in the Transparency Directive 2004/109/EC on standardization of the transparency requirements regarding information on issuers whose shares are admitted for trading in a regulated market and that amends Directive 2001/34/EC;

- the Civil Code, specifically in regard to the extension to the Executive Officers in charge of the financial reports of liability for corporate management (Article 2434 of the Civil Code), the crimes of breach of trust (Article 2635 of the Civil Code), and hindering public and supervisory officials from carrying out their duties (Article 2638 of the Civil Code);
- Legislative Decree no. 231/2001 that, *inter alia*, recalling the aforementioned provisions of the Civil Code and the administrative liability of legal entities for crimes committed by their employees in dealings with the public administration, includes the Executive Officers in charge of the financial reports among the “Top Management”.

Methodological approach

The Internal Control and Risk Management System, which covers the Issuer’s financial reporting process, has a series of components, including:

- the Code of Ethics;
- the organizational chart;
- the powers and proxy system;
- the Organizational and Management Model as per Legislative Decree no. 231/2001 and related procedures;
- the Procedure of Internal Dealing communications;
- standards and procedures for carrying out related-party transactions;
- the procedure for communicating privileged information to the market;
- risk assessment;
- the accounting control system.

Moleskine’s accounting and administrative control system consists of a collection of operating procedures and documentation, including:

- the Group’s accounting manual;
- the closing and consolidation procedures;
- administrative-accounting procedures for the primary operating areas.

Finally, general controls on the information system are defined (Information Technology General Controls), in order to ensure that financial reporting applications are defined and operate in a secure and reliable manner.

The Issuer’s administrative and accounting control model defines a methodological approach for the internal control and risk management system inspired by the principles endorsed in the CoSO Internal Control Framework (known as the “CoSO Report”), issued by the Committee of Sponsoring Organizations of the Tradeway Commission (CoSO). The CoSO Report envisages, in particular, that the internal control system and related process consists of the following phases:

- i) identifying and evaluating financial reporting risks;
- ii) identifying controls for the identified risks;
- iii) assessing controls for the identified risks and managing any related issues.

Identifying and evaluating financial reporting risks

The identification and evaluation of risks associated with preparing financial reporting is carried out through the structured Risk Assessment process. This process identifies the set of objectives that the financial reporting internal control system seeks to achieve in order to ensure a truthful and accurate representation.

Hence, risk evaluation focuses on the financial statement areas that are identified as having the greatest impact on financial reporting if the control objectives were not achieved.

The process for determining the perimeter of relevant entities and processes, in terms of potential impact on financial reporting, aims to identify the relevant financial statement accounts, subsidiaries and administrative-accounting processes, in reference to the Group's consolidated financial statements, based on evaluations using both quantitative and qualitative parameters.

In particular, the parameters are:

- impact on financial statements – quantitative valuation of the percentage weight with respect to the reference category;
- characteristics of the account – assessment of elements such as: volumes of transactions through the account, estimates and valuations required, complexity of accounting standards, and legislation and regulation applicable to the account;
- characteristics of the business process – assessment of elements such as: process complexity, process centralization vs. decentralization, IT system supporting the process, changes or new processes added, interactions with third parties (customers, suppliers, shareholders, credit institutions, etc.);
- risk of fraud – evaluation of the risk of fraud (irregularities and illicit acts characterized by behavior intended to deceive);
- factors with business impacts – evaluation of elements such as: nature of activities performed, access to assets, training provided to personnel, changes in information systems, organizational changes (e.g., managers, key roles) and evaluations conducted by Internal Audit.

Identifying controls for the identified risks

The identification of the controls necessary to mitigate the identified risks of administrative-accounting processes is carried out in consideration of the control objectives associated with financial reporting, as discussed above.

Specifically, the financial statement accounts classified as relevant are associated with the underlying business processes in order to identify controls that can meet the objectives of the financial reporting internal control system. The identified controls are then subjected to an assessment of their adequacy and effective application. For automatic controls, the assessment of adequacy and effective application also involved the IT general controls for applications that support processes deemed relevant.

If, following the identification of the scope of application, sensitive areas are identified that are not governed by the collection of administrative and accounting procedures, all or in part, then existing procedures are added and new procedures are created for the respective operational areas, under the coordination of the Executive Officer in charge of the financial reports.

Assessing controls for the identified risks and managing any related issues

The accounting control system is evaluated periodically, and at least every six months, as part of the preparation of the annual separate and consolidated financial statements and the abbreviated consolidated half-year financial statements.

The assessment on the adequacy and effective application of administrative and accounting procedures and the controls therein is developed through specific testing activities according to existing best practices in the field.

The controls are tested with the involvement of Internal Audit, both to verify the effective performance of the controls envisaged by the administrative and accounting procedures as well as to perform specific controls on companies, processes and accounting entries.

The Executive Officer in charge of the financial reports, with the support of the Manager of Internal Audit, prepares a report in which he/she summarizes the results of the assessment on controls for the previously identified risks based on the tests performed and the statements received by authorized administrative bodies and the directors of the subsidiaries. The report is shared with the Chief Executive Officer and then communicated to the Board of Statutory Auditors, the Control and Risk Committee and the Board of Directors, along with the Internal Audit Report.

On August 4, 2015 and March 1, 2016 the Board gave a positive assessment of the adequacy of the internal control and risk management system with respect to the business characteristics, as well as its effectiveness, availing itself of the periodic reports of the Director responsible for the internal control and risk management system, the Control and Risk Committee, the Manager of Internal Audit, the Supervisory Body and the Board of Statutory Auditors.

11.1. DIRECTOR RESPONSIBLE FOR THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM

The Board appointed Chief Executive Officer Arrigo Berni as the Director responsible for the Company's internal control and risk management system (the "**Appointed Director**").

The Appointed Director has identified the reference model for defining the internal control system as part of the Enterprise Risk Management Framework⁽¹⁾. The Enterprise Risk management Framework defines Enterprise Risk management (ERM) as a process under the responsibility of the administration, management, and other personnel, which covers the entire Company, and has the scope of managing business risks in accordance with the risk propensity, in order to provide sufficient assurance of reaching defined objectives.

The Appointed Director, in compliance with the Guidelines for the internal control and risk management system defined by the Board:

- a) was responsible for identifying the key business risks, in consideration of the nature of the Issuer's business, periodically submitting the results for the Board's review. Specifically, the results were submitted to the Board at the first meeting in 2016;
- b) implemented the Guidelines for the internal control and risk management system, oversaw the planning, realization and management of said system and verified its adequacy and effectiveness;
- c) reviewed, together with the Control and Risk Committee, the annual work plan prepared by the Manager of Internal Audit that was submitted to the Board;
- d) was responsible for adapting the internal control and risk management system to the dynamics of operating conditions and the legislative and regulatory framework;
- e) did not find any issues or criticalities in the internal control and risk management system as a result of performing his activities, or through the audits performed by the Manager of Internal Audit, which should be reported to the Board.

(1) Enterprise Risk Management – Integrated Framework: Executive Summary and Framework, Application Techniques, Committee of Sponsoring Organizations of the Treadway Commission, 2004.

11.2. MANAGER OF INTERNAL AUDIT

The Board appointed Monica Del Grosso on April 3, 2013, as the Issuer's Manager of Internal Audit, responsible for performing Internal Audit activities for the Issuer and Moleskine Group companies.

As established in the Guidelines for the internal control and risk management system, the Manager of Internal Audit is not responsible for any of the Issuer's operations areas and reports hierarchically and functionally to the Board through the Chief Executive Officer.

During the year, the Manager of Internal Audit, in compliance with the Guidelines for the internal control and risk management system defined by the Board:

- a) prepared the three-year audit plan (Audit Plan), which was submitted to the Board in its meeting of March 11, 2015, by the Control and Risk Committee, following the review of said Committee and the Appointed Director;
- b) planned and carried out, in accordance with the Audit Plan, direct and specific Audits in the Issuer and in all other Group companies in order to reveal any gaps in the internal control and risk management system within the various risk areas;
- c) assessed and verified, both on a continual basis and in relation to specific needs and in compliance with international standards, the adequacy, efficacy and effective functioning of the internal control and risk management system;
- d) verified the reliability of information systems, including the accounting system, as part of the Audit Plan;
- e) prepared periodic reports containing appropriate information on activities performed, on the methods used for risk management, and on compliance with the plans defined for their containment, as well as on the adequacy of the internal control and risk management system;
- f) sent reports as per point e) to the Appointed Director, the Chairman of the Board of Statutory Auditors, the Chairman of the Control and Risk Committee, and, where necessary depending on the issues under review, to the Chairman of the Board of Directors and the Supervisory Body.

In particular, during the year, the Manager of Internal Audit performed Audits on the internal control and risk management system, in accordance with the Audit Plan, developing follow-up activities for financial, operational and compliance Audits (with specific reference to Audits performed on compliance with regulatory provisions as per Law no. 262/2005 and Legislative Decree 262/2005 and Legislative Decree 231/2001).

Furthermore, during the year, the results of audits were analyzed, discussed and shared among the Internal Audit departments, the Managers of the relevant processes/functions and Company management, in order to agree and implement preventive/corrective measures, whose realization is constantly monitored for completion. Thus, the Manager of Internal audit has presented on a quarterly basis the audit reports to the Appointed Director, Chairman of the Control and Risk Committee and the Chairman of the Board of Statutory auditors, as well as the Supervisory Body and the Executive Officer in charge of the financial reports, for issues relevant to their areas.

The Manager of Internal Audit had access to all the necessary information to carry out his/her responsibilities.

Approximately Euro 100,000 was made available to the Manager of Internal Audit for the year, associated primarily with activities to update the Organizational, Management and Control Model as per Legislative Decree no. 231/2001 and with operational support in the execution of audits of the actual functioning of the system of internal controls.

During the year, the Manager of Internal Audit did not find any urgent elements that required specific audits and related reporting.

A portion of Internal Audit's activities were outsourced. Specifically, Reconta Ernst & Young S.p.A. provided professional assistance on reporting and testing activities for certain business processes relevant to Legislative Decree no. 231/2001 and Legislative Decree 262/2005.

11.3. ORGANIZATIONAL MODEL AS PER LEGISLATIVE DECREE NO. 231/2001

On September 19, 2012, in accordance with the provisions of Article 2.2.3, paragraph 3, letter k) of the Stock Exchange Regulations applicable to issuers whose shares trade on the MTA, STAR segment, the Issuer adopted an Organizational, Management and Control Model to prevent the types of crimes provided for in Legislative Decree no. 231/2001 and subsequent amendments (the “**Model**”). This Model was designed to ensure regularity and transparency in carrying out business activities, protecting the Company’s position and image, shareholders’ expectations and the work of its employees.

The Model consists of a General Section and Special Sections dedicated to the specifics of applicable crimes envisaged by Legislative Decree no. 231/2001, the Code of Ethics and the disciplinary system. The Model is constantly monitored and periodically updated. In particular, in its meeting of August 4, 2015, the Board resolved to approve updates and additions to the Model to implement new criminal offences introduced by the legislator as part of the application of the governance envisaged in Legislative Decree no. 231/2001.

Pursuant to the provisions of Legislative Decree no. 231/2001, the Issuer appointed a Supervisory Body assigned to oversee the functioning of and compliance with the Model and to be responsible for related updates. The Supervisory Body currently in office was appointed by the Board on November 27, 2012 (effective as of the Listing Date) for the years 2013, 2014 and 2015, and therefore until the end of the three-year term is April 2, 2016. The termination of the appointment due to the term coming to an end will become effective when the Supervisory Board is reinstated. The Supervisory Body is composed of Carlo Bosello (Chairman), Niccolò Bertolini Clerici, and Monica Del Grosso (who is also the Manager of Internal Audit).

The Issuer decided not to assign the functions of the Supervisory Body to the Board of Statutory Auditors, reasoning that it was more effective and efficient for an *ad hoc* body, such as the Supervisory Body, to oversee the Model’s functioning and compliance.

The Company has set up an email account that enables every Moleskine employee, as well as external individuals, to send a message directly to the Supervisory Body in order to report issues. It is also possible to send messages anonymously to the Supervisory Body through regular post. These messages may be read exclusively by the Supervisory Body, thereby making the relationship between the Supervisory Body and the Issuer consistent with said Model.

During the year, the Issuer’s Supervisory Body met 5 (five) times, with 100% attendance by its members.

The Model was sent to all executives, managers and employees of the Issuer and was published as part of an application to which all of the above have access. The General Section of the Model and the Code of Ethics are available on the Issuer’s website, www.moleskine.com, in the *Investor Relations/Corporate Governance* section.

11.4. INDEPENDENT AUDITORS

The legal accounting audit has been assigned to PricewaterhouseCoopers S.p.A.

The assignment was granted, upon proposal of the Board of Statutory Auditors, by the Shareholders’ Meeting of September 6, 2012, and amended by the Shareholders’ Meeting of February 22, 2013 with regard to the term of the assignment considering the timing necessary for the listing of the Company’s shares. The assignment was effective as of the Listing Date and expires on the approval of the financial statements for the year ending December 31, 2021.

11.5. EXECUTIVE OFFICER IN CHARGE OF THE FINANCIAL REPORTS

On the date of this Report and effective from February 15, 2016, the Executive Officer in charge of the financial reports of the Issuer (the “**Appointed Executive Officer**”) is Alessandro Strati, the Issuer’s Chief Financial Officer, appointed by the Board in its meeting of February 4, 2016. The Board of Statutory Auditors expressed its favorable opinion of the appointment of Alessandro Strati as Executive Officer in charge of the financial reports. Until February 12, 2016, the Appointed Executive Officer was Alessandro Strati, Chief Financial Officer of the Issuer previously in office, appointed by the Board on April 3, 2013.

Pursuant to Article 19.4 of the Issuers’ Articles of Association, the Appointed Executive Officer is appointed from those individuals who have significant (i.e. at least 5 years) professional experience in the accounting, economic and financial sector and meet any other requirements established by the Board of Directors and/or by legal provisions or regulations.

As was set forth in the Guidelines for the internal control and risk management system, the Appointed Executive Officer has the primary responsibility of planning, managing and monitoring the processes that involve, in particular, the administrative-accounting information flows, including the automated data processing and accounting reporting systems, in order to render declarations regarding their adequacy and effective application, in the formats provided for by law and related implementation regulation.

Furthermore, the Appointed Executive Officer must identify and assess financial reporting risks, identify and implement the necessary controls to mitigate the possibility that said risks materialize, as well as monitor and review the effectiveness of controls in the context of the internal control and risk management system, in relation to an adequate and functioning financial reporting process. The Appointed Executive Officer has been assured all powers and means necessary to carry out his/her responsibilities.

The Appointed Executive Officer has been assured all powers and means necessary to carry out his/her responsibilities.

Along with the Chief Executive Officer, the Appointed Executive Officer also has the task of providing instructions to the Group’s subsidiaries, so that they adopt the measures, administrative and accounting procedures and any other provisions to ensure the consolidated financial statements are prepared correctly, as well as all measures communicated by the Appointed Executive Officer pursuant to and in accordance with Law no. 262/05, which ensures the utmost reliability of information flows to the Appointed Executive Officer and relative to corporate accounting documents.

For purposes of thoroughness, note that the Manager of Internal Audit, as part of carrying out his/her responsibilities, has the power to independently perform controls on the information systems, including the accounting reporting systems. For more information, refer to the responsibilities of the Manager of Internal Audit in section 11.2 of this Report.

11.6 COORDINATION BETWEEN PARTIES INVOLVED IN THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM

Coordination of the various parties and bodies established by the Issuer and involved in the internal control and risk management system guarantees that information is efficiently shared between the parties. As established in the Guidelines for the internal control and risk management system, said system envisages periodic information flows, and in specific cases of particular relevance, between the various parties re-

responsible for control, monitoring and overseeing processes within the Company, as well as with the Independent Auditor. Specifically:

- periodic meetings of the Control and Risk Committee generally occur at the same time and together with the Board of Statutory Auditors, the Manager of Internal Audit and the Appointed Executive Officer;
- the Appointed Executive Officer reports in a timely manner to the Control and Risk Committee (or to the Board) and to the Board of Statutory Auditors on issues and criticalities that emerged as part of his/ her activities, or that he/she has been made aware of, so that the Committee (or the Board) can take the necessary actions;
- the Manager of Internal Audit maintains periodic communication flows, and when particularly relevant, with all parties that, as part of their various roles, oversee the internal control and risk management system, such as the Board of Directors, the Board of Statutory Auditors the Appointed Executive Officer, the Supervisory Body and the Independent Auditors, each with their respective responsibilities;
- the Manager of Internal Audit participates directly in Supervisory Body meetings as a member of said Body and, regularly, in the audits of the Board of Statutory Auditors;
- the Board of Statutory Auditors maintains periodic communication flows with the Board, the Control and Risk Committee, the Supervisory Body, the Independent Auditors and the Appointed Executive Officer.

12. DIRECTORS' INTERESTS AND RELATED PARTY TRANSACTIONS

The Company defined and adopted a specific procedure for related party transactions, which ensures the Directors complete and comprehensive information on these types of transactions.

Furthermore, in compliance with governing regulation and the Articles of Association (Article 19.3), the authorized bodies report in a timely manner to the Board of Directors and the Board of Statutory Auditors, at least quarterly and, in any event, for Board meetings, on transactions in which they have an interest, on behalf of themselves or third parties.

Procedure for Related Party Transactions

The Company approved the *"Procedure for Related Party Transactions"* during the Board meeting of September 19, 2012, effective as of the Listing Date. The procedure governs the approval and management of transactions with related parties pursuant to Article 4 of Consob Regulation no. 17221 of March 12, 2010, as subsequently amended.

The procedure was submitted for the opinion of the Company's Independent Directors, as provided for by Consob (see Consob Regulation no. DEM /10078683 of September 24, 2010), who expressed their favorable opinion in the Board meeting of April 3, 2013. The Procedure received final approval by the Board in its meeting of April 3, 2013. Pursuant to the Consob notice, during 2016, the Board will assess whether to revise this procedure.

The Issuer defined the Procedure in reference to the provisions of Consob Regulation no. 17221 of March 12, 2010, as subsequently amended, and Consob Regulation no. DEM/10078683 of September 24, 2010.

Moleskine's *"Procedure for Related Party Transactions"* identifies the process to be followed and the principles to abide by to ensure transparency and substantial and procedural correctness for related party transactions carried out by the Issuer, directly or through direct or indirect subsidiaries.

Specifically, the procedure:

- defines related parties and related party transactions and establishes the criteria for identifying related party transactions of greater and lesser importance and transactions involving negligible amounts. The procedure specifies that the Company is qualified as a "Small company" and hence the approval procedure for related party transactions (which are not the responsibility of the Shareholders' Meeting and do not have to be authorized by said body) is the same for related party transactions of greater importance as for those of lesser importance;
- defines the duties of the Related Party Transaction Committee (see below);
- establishes the applicable procedures including in cases of transactions that are the responsibility of the Shareholders' Meeting and urgent transactions that are the responsibility of the Shareholders' Meeting, as well as for related party transactions undertaken by subsidiaries and with regard to framework resolutions;
- defines exceptions that are not subject to said procedure;
- disciplines the disclosure requirements for related party transactions.

The *"Procedure for Related Party Transactions"* is available on the Issuer's website, www.moleskine.com, in the *Investor Relations/Corporate Governance/Documents* section.

Related-Party Transaction Committee

As set forth in Article 8.1 of the *“Procedure for Related-Party Transactions”*, the Issuer identified the Control and Risk Committee as the body responsible for expressing pre-emptive, non-binding opinions on related party transactions. The Committee consists of 3 (three) Directors, of which 1 (one) Non-Executive (Marco Ariello) and 2 (two) Independent (Fabio Brunelli and Daniela Della Rosa).

The Committee resolves through a majority vote of its members. However, if one of the Directors composing the Committee is in any way connected to a specific related party transaction, the functions of the Committee will be assigned to the remaining 2 (two) Directors not associated with the transaction, and in this case the vote must be unanimous.

For more information about the Committee, refer to the Procedure available on the Issuer’s website, www.moleskine.com, in the *Investor Relations/Corporate Governance/Documents* section.

13. APPOINTMENT OF STATUTORY AUDITORS

The appointment and replacement of Statutory Auditors is governed by legal and regulatory provisions *pro tempore* in effect and by Article 24 of the Articles of Association.

Pursuant to Article 24 of the Articles of Association, the shareholders elect the Board of Statutory Auditors, composed of 3 (three) regulator auditors, and determine the related remuneration. The shareholders also elect 2 (two) alternate auditors. The powers, responsibilities, and terms in office of the Statutory Auditors are as established by law. Outgoing auditors may be re-elected.

No one surpassing the limit in the number of offices held, not in possession of the requirements of reputation or professional qualification as established by applicable laws and regulations, or otherwise ineligible for the office in question may be elected to the position of Statutory Auditor, and, if elected, such parties are to be removed from office. In accordance with Article 1, paragraph 2, letters b) and c), of the decree of the Ministry of Justice no. 162 of March 30, 2000, which establishes the requirements of professional qualifications and reputation, matters related to business and tax law, business administration and finance are considered to be strictly related to the Company's area of activities, as are matters and industries related to the Company's area of business.

The Statutory Auditors and Alternate Auditors are appointed by the Shareholders' Meeting in compliance with laws and regulations *pro tempore* in effect regarding gender balance in lists submitted by shareholders, and in which candidates must be listed using progressive numbering and must result in a number not greater than the number of components of the body to be elected.

During the first renewal of the control body after the Company's ordinary shares were admitted to trading on the MTA (i.e. the renewal for 2016) – pursuant to the combined provisions of Article 148, paragraph 1-*bis* of the TUF and Article 2 of Law no. 120/2011, as well as taking account of CONSOB Communication DIE no. 0061499 of July 18, 2013 – lists containing a number of candidates equal to or greater than three must be composed of candidates belonging to both genders, so that a percentage of at least one fifth (rounded up) of the candidates for the office of standing auditor and at least one fifth (rounded up) of the candidates for the office of alternate auditor belong to the least represented gender.

Only shareholders who, alone or with other shareholders, own at least 2.5% of the share capital, or the ownership percentage of share capital established by legal and regulatory provisions in effect at that time, have the right to submit lists. Each shareholder has the right to submit or participate in the submission of only one list and each candidate may appear on only one list, or otherwise be disqualified.

Note that with Resolution no. 19499 of January 28, 2016, Consob set the ownership percentage of share capital required to submit lists of candidates at 4.5%.

The declarations by the candidates accepting the related candidacy and certifying, under their own responsibility, the lack of any causes of ineligibility or incompatibility and the possession of the requirements for office as established by applicable laws, regulations, and Articles of Association are to be filed, together with each list, within the deadlines for presentation established by law. Lists that fail to meet these requirements will not be deemed to have been presented. A curriculum vitae (CV) summarizing the personal and professional characteristics of each candidate and providing a list of the positions held on boards of directors and of statutory auditors are also to be presented along with the aforementioned declarations.

The presentation, submission and publication of lists are subject to governing legal and regulatory provisions.

The lists are divided into two sections: one for candidates for the office of Statutory Auditor and the other for candidates for the office of Alternate Auditor. Each shareholder entitled to vote may vote for only 1 (one) list.

The election of Statutory Auditors proceeds as follows:

- a) from the list that obtained the greatest number of votes in the Shareholders' Meeting, based on the progressive order in which they are listed in the appropriate section of the list, 2 Statutory Auditors and 1 Alternate Auditor are selected;
- b) from the list that contained the second greatest number of votes in the Shareholders' Meeting, and from candidates who are not connected in any way, even indirectly, with those who submitted or voted for the list that obtained the greatest number of votes, based on the progressive order in which they are listed in the appropriate section of the list, the remaining Statutory Auditor, who assumes the role of Chairman, and the remaining Alternate Auditor are selected. In the event in which more than one minority list obtained the same number of votes, the oldest candidates for Statutory Auditor and Alternate Auditor are elected;
- c) if only one list is submitted, the Board of Statutory Auditors is composed entirely from said list, which must be approved by a simple majority vote, without prejudice to any regulations *pro tempore* in effect regarding gender balance.

If the candidates elected in the manner described above result in a Board of Statutory Auditors whose standing members do not meet the gender balance requirements *pro tempore* in effect, the necessary replacements to the office of Statutory Auditor are made from the list that contained the greatest number of votes, according to the progressive numbering in which the candidate are listed.

If the Auditor does not meet the legislative and Articles of Association requirements, he/she is removed from office. A Statutory Auditor is replaced by an Alternate Auditor from the same list and, failing this, if the Statutory Auditor is from the minority list, the next candidate on the same list to which the former Auditor belonged or, if necessary, the first candidate from the minority list that received the second highest number of votes.

Notwithstanding, the Chairmanship remains with the Statutory Auditor from the minority list and the composition of the Board of Statutory Auditors must comply with regulations *pro tempore* in effect regarding gender balance.

When the Shareholders' Meeting must appoint Statutory Auditors and/or Alternate Auditors to complete the Board of Statutory Auditors, the procedure is as follows. If Auditors to be replaced were candidates from the majority list, the appointment is made with a majority vote without regards to the list. If, however, the Auditors to be replaced were candidates from the minority list, the Shareholders' Meeting replaces them with a relative majority vote, choosing from the candidates on the list to which the former Auditors belonged, or the minority list that obtained the second highest number of votes.

If the application of these procedures does not permit, for any reason, the replacement of the Auditors designated by the minority, the Shareholders' Meeting will proceed with a relative majority vote, after shareholders, who alone or with others own a total of shares with voting rights representing at least the aforementioned percentages for list submission, present candidates. However, in certifying the results, votes are not counted from shareholders who possess, according to communications pursuant to governing regulations, including indirectly or together with other shareholders involved in a shareholder agreement that are relevant according to Article 122 of the TUF, the majority of votes in the Shareholders' Meeting, or from shareholders who control, are controlled by or subject to common control by the those having the majority of voting rights.

In any event, the replacement procedures described above must ensure compliance with prevailing legislation on gender balance.

14. COMPOSITION AND FUNCTIONING OF BOARD OF STATUTORY AUDITORS (AS PER 123-BIS, PARAGRAPH 2, LETTER D), TUF)

The Board of Statutory Auditors in office as of the Report date was appointed unanimously, on the proposal of the Shareholder Appunti, by the Ordinary Shareholders' Meeting of November 28, 2012 and effective from the Listing Date.

The Board of Statutory Auditors thus constituted will remain in office for 3 (three) years, until the date of the Shareholders' Meeting convened to approve the financial statements for the year ended December 31, 2015.

Note that the Board of Statutory Auditors in office at the Report date was appointed in the context of the Company's listing and conditioned on said listing, without using the list voting procedure, on the proposal of the Shareholder Appunti S.à r.l. The current Board of Statutory Auditors is composed of:

Office	Members	Year of birth	Date of first appointment	In office since	In office until	List **	Indep. as per Code	BSA Attend ***	Other offices ****
Chairman	Paola Maiorana	1965	04/03/2013	04/03/2013	Approval of 12/31/2015 financial statements	NA	X	7/7	7
Statutory Auditor	Roberto Spada	1963	04/03/2013	04/03/2013	Approval of 12/31/2015 financial statements	NA	X	5/7	103
Statutory Auditor	Rocco Santoro	1972	04/03/2013	04/03/2013	Approval of 12/31/2015 financial statements	NA	X	6/7	10
Alternate Auditor	Sabrina Pugliese	1969	04/03/2013	04/03/2013	Approval of 12/31/2015 financial statements	NA	X	-	6
Alternate Auditor	Cristiano Proserpio	1975	04/03/2013	04/03/2013	Approval of 12/31/2015 financial statements	NA	X	-	45
Number of meetings held during the year: 7									
Specify the quorum required for the presentation of minority lists for the election of one or more members (as per Article 148, TUF): 4,5%									

KEY

List (M/m): indicates if the Auditor was elected from the list voted by a majority (M) or by a minority (m).

Indep. as per Code: indicates if the Auditor is qualified as independent according to the criteria established in the Code.

BSA Attend: indicates the Auditor's attendance at meetings of the Board of Statutory Auditors in terms of the number of meetings attended compared to the number of meetings held during the effective period in office.

Other offices: indicates the number of other offices as director or statutory auditor held by the individual, pursuant to Article 148-bis of the TUF. The complete list of offices held is published by Consob pursuant to Article 144-quinquies decies of the Consob Issuers' Regulations, on its web site, www.sai.consob.it, in the *Corporate Boards/Disclosure* section.

During the year, no Auditors left office and there were no changes in the composition of the Board of Statutory Auditors after the reporting period.

For more information on the Board of Statutory Auditors' members, refer to the Issuer's website www.moleskine.com, under the *Investor Relations/Corporate Governance* section, which includes the Auditors' CVs describing their professional experience.

For information on compensation of any kind paid during the year to members of the Board of Statutory Auditors, refer to Section 2 of the Remuneration Report published by the Issuer pursuant to Article 123-ter of the TUF and available on the Company's website, www.moleskine.com, in the *Investor Relations/Corporate Governance/Shareholders Meetings* section.

During the year, the Board of Statutory Auditors held 7 meetings on the following dates: January 19, 2015; March 11, 2015; March 18, 2015; May 6, 2015; July 29, 2015; August 4, 2015; October 7, 2015; and December 2, 2015.

The average duration of the meetings was 2 hours.

For the current year, The Board of Statutory Auditors will hold at least 4 meetings. In addition to the meetings held on February 4, 2016, and February 26, 2016, and March 1, 2016, the Board plans on meeting on a quarterly basis during the year.

On March 1, 2016, the Board of Statutory Auditors verified that its members continued to meet independence requirements, which had initially been verified upon appointment, based on the criteria envisaged by the Code in reference to independence of Directors.

In carrying out its activities, the Board of Statutory Auditors coordinates with the Control and Risk Committee and Internal Audit. Specifically, the Control and Risk Committee, the Internal Audit Manager and the Executive Officer in charge of the financial reports have diligently participated in meetings of the Board of Statutory Auditors.

The Issuer does not have a specific requirement for a Statutory Auditor to immediately report to other members of the Board of Statutory Auditors and the Chairman regarding the nature, terms, origins and amount of his/ her interests, in the event in which the Statutory Auditor has, on his/her own, or a third party, behalf, an interest in a particular transaction of the Issuer. The Issuer maintains that reporting such an interest is an ethical duty for individuals that are members of a control body.

Reports to the Board of Statutory Auditors, through their content and frequency, allow Statutory Auditors to obtain an adequate understanding of the sector in which the Issuer operates and business dynamics and changes, including for the reference sector.

During the year, in accordance with Article 19.3 of the Articles of Association, the Chief Executive Officer reported adequately and in a timely manner to the Board of Statutory Auditors on activities performed, on the general business performance and outlook, as well as on significant transactions carried out by the Company and subsidiaries, as prescribed by law and Articles of Association, on a quarterly basis.

The Board of Statutory Auditors exercises the powers and responsibilities assigned to it by law and other applicable provisions.

Specifically, pursuant to Legislative Decree no. 39/2010, the Board of Statutory Auditors is assigned the functions of the Control and Risk Committee and the accounting audit with oversight responsibility for (i) the financial reporting process; (ii) effectiveness of the internal control system; (iii) legal audit of annual accounts and consolidated accounts; (iv) independence of the Independent Auditors, in particular regarding rendering non-audit services to the entity subject to the legal audit. Hence, during the year, the Board of Statutory Auditors maintained an ongoing dialogue and continuously coordinated with the Control and Risk Committee.

The Board supervised and constantly monitored all the control activities described above as well the independence of the Independent Auditors through periodic meetings to maintain an ongoing dialogue.

Pursuant to Article 24 of the Articles of Association, the Board of Statutory Auditors can also meet through teleconferences and/or videoconferences, on the condition that all attendees can be identified and that said identification is included in the meeting minutes, and provided that attendees are able to follow the discussion and participate in real time, exchanging documents as necessary. In this case, the Board of Statutory Auditors' meeting will be considered to be held in the location of the person presiding over the meeting.

15. RELATIONSHIPS WITH SHAREHOLDERS

The Company considers it be to in its own interest, as well as being a requirement for the market, to begin immediately from the Listing Date a continuous dialogue, based on reciprocal understanding of roles, with the group of shareholders, as well as with institutional investors, in full compliance with the “*Procedure for the internal management and disclosure of privileged information*” described in section 5 above.

It was decided that this relationship with the shareholder group, as well as with institutional investors, could be facilitated by setting up dedicated business structures, staffed with personnel and appropriate organizational resources.

For this purpose the Investor Relations department was established to develop relationships with the shareholder group and with institutional investors and to carry out any specific responsibilities for managing price-sensitive information and relationships with Consob and Borsa Italiana S.p.A.

As of the Report date, the Manager of Investor Relations is Olga Bologna, appointed by the Board in its meeting of April 3, 2013, in accordance with the provisions of Article 2.2.3, paragraph 3, letter j) of the Stock Exchange Regulations. To contact Investor Relations: ir@moleskine.com.

Disclosure to investors is assured by making the most relevant documents available, continuously and on a timely basis, on the Company’s website, www.moleskine.com, in the *Investor Relations* section, and, where required by applicable law, on the authorized storage mechanism “NIS-STORAGE” available at www.emarketstorage.com.

In particular, the website contains all press releases to the market, the Company’s periodic accounting documents approved by the relevant corporate bodies (annual report and interim reports), as well as documentation distributed for meetings with professional investors, analysts and the financial community, in both Italian and English.

Additionally, the Issuer’s website includes the Articles of Association, the documentation prepared for Shareholders’ Meetings, Internal Dealing communications, the Annual Report on corporate governance, and all other documents whose publication on the website is required by applicable regulations.

Note that in order to facilitate timely updates to the market, the Company has set up an email alert services, in which interested parties can receive the material published on the site in real time.

16. SHAREHOLDERS' MEETING (AS PER ARTICLE 123-BIS, PARAGRAPH 2, LETTER C), TUF)

Pursuant to Article 9 of the Issuer's Articles of Association, the legal standing to participate in Shareholders' Meetings and to exercise the right to vote are governed by applicable regulations.

In particular, legal standing to participate is verified by a convocation by a qualified accounting intermediary in accordance with the law, based on the Company's accounting records relative to the closing of the accounting day on the seventh market trading day prior to the date set for the Shareholders' Meeting, and received by the Company under the terms fixed by law.

The Ordinary Shareholders' Meeting is convened at least once a year to approve the financial statements within 120 (one hundred twenty) days from the year-end closing or 180 (one hundred eighty) days, if the Company must prepare consolidated financial statements or, in any event, when there are specific reasons related to the structure and the business purpose. The Shareholders' Meeting, both Ordinary and Extraordinary, is also convened when the Board of Directors deems it appropriate and in the instances provided for by law. The Shareholders' Meeting should be convened without delay when a request is filed in accordance with the law.

Pursuant to Article 8 of the Articles of Association, both the Ordinary and Extraordinary Shareholders' Meetings are convened in the time periods established in legal and regulatory provisions *pro tempore* in effect, through a public notice on the Company's website, as well in the manner provided for by applicable law and regulations in effect at the time.

The Ordinary and Extraordinary Shareholders' Meetings are held in single call with the majorities established by law.

In accordance with legal provisions, the agenda for the Shareholders' Meeting is set by the individual with the power to convene the meeting according to the law and the Articles of Association or, in the case in which the convocation was requested by shareholders, based on the issues indicated in the request. If the meeting was convened upon shareholders' request in accordance with the law, the agenda is developed in the time period and according to the methods provided in applicable regulations.

Pursuant to Article 127-ter of the TUF, anyone having the right to vote may pose questions on the issues included in the agenda, including prior to the Shareholders' Meeting. Questions received prior to the Shareholders' Meeting will be answered, at the latest, during the Meeting. The Company has the right to provide a single response to questions of the same nature. The notice of call indicates the time limit in which the questions prior to the Meeting must be received by the Company. The deadline cannot be earlier than three days prior to the date of the Shareholders' Meeting in the first or only call, or five days if the notice of call envisages that the Company should provide a response prior to the Meeting for any questions received. In this case, the responses are provided at least two days prior to the Shareholders' Meeting, including through publication in a dedicated section of the Company's website.

Pursuant to Article 11 of the Articles of Association, the Chairman of the Board of Directors presides over the Shareholders' Meeting or, in his/her absence or impediment, the Vice Chairman or the Chief Executive Officer, if appointed and present, and failing that, the Shareholders' Meeting elects its own Chairman.

Pursuant to Article 10 of the Articles of Association, anyone entitled to vote may be delegated by a representative according to the law and in the methods provided for by applicable regulations. The Company must be notified of the delegation, including via email, according to the methods indicated in the notice of call. The

Company has opted not to designate a representative to whom shareholders may confer their delegation with voting instructions on all or some of the proposals on the agenda.

For the Shareholders' Meeting to be validly constituted, both in the Ordinary and Extraordinary session, and for resolutions to be valid, legal and Article of Association provisions are observed.

Given the size and structure of the shareholder group, the Company has decided it is not necessary to propose a specific regulation governing the functioning of Shareholders' Meetings.

During the year, there were no significant variations in the Issuer's market capitalization or in the composition of the shareholding structure.

For more information on shareholders' rights, refer to legal and regulatory provisions *pro tempore* in effect. In addition to the description in the previous sections of the Report, note that the right of withdrawal is exercisable only within the limits and according to binding legal provisions and, in accordance with Article 6.2 of the Articles of Association, is excluded in the case of extension of the Company's duration.

For any aspects of shareholders' rights not addressed in the Report, refer to legal and regulatory provisions *pro tempore* in effect and applicable.

During the year, one ordinary Shareholders' Meeting was held, on April 15, 2015 (attended by 3 Directors and 2 Statutory Auditors). At the Shareholders' Meeting, the Chairman discussed planned and completed activities and assured shareholders appropriate information on the relevant issues, so that they can make informed decisions on the Shareholders' Meeting proposals.

Pursuant to Application Criterion 9.C.4 of the Code, the Board did not deem it necessary to propose Articles of Association amendments to the Shareholders' Meeting in relation to the percentages established to exercise prerogatives aimed at protecting rights of minority shareholders as – in application of Article 144-*quater* of the Consob Issuers' Regulations for submission of lists to appoint members of the Board of Directors and Board of Statutory Auditors – Articles 13 and 24 of the Issuer's Articles of Association require a threshold percentage of 2.5% of share capital with voting rights, or the percentage established by legal and regulatory provisions.

Note that with Resolution no. 19499 of January 28, 2016, Consob set the ownership percentage of share capital required to submit lists of candidates at 4.5%.

17. ADDITIONAL CORPORATE GOVERNANCE PROCEDURES (AS PER ARTICLE 123-BIS, PARAGRAPH 2, LETTER A), TUF)

The Issuer has not adopted additional corporate governance procedures to those envisaged in legislative or regulatory provisions and described in this Report.

18. CHANGES AFTER THE REPORTING PERIOD

There have been no changes to the corporate governance structure described in the specific sections of this Report after the reporting period.

