



**CORPORATE GOVERNANCE AND OWNERSHIP STRUCTURE REPORT**

in accordance with article 124bis of the Consolidated Finance Act, article 89 bis of the Consob Issuers' Regulations and article IA.2.6 of the Stock Exchange Regulation Instructions

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**GLOSSARY**

**Code:** the Self-Governance Code of listed companies approved in July 2014 by the Corporate Governance Committee and promoted by Borsa Italiana S.p.A., ABI, ANIA, Assogestioni, Assonime and Confindustria.

**Civ. Cod /c.c.:** the civil code.

**Board:** the Board of Directors of the Issuer.

**Issuer/Company:** BasicNet S.p.A.

**Year:** the financial year to which the Report refers (2015).

**Consob Issuers Regulation:** the Regulation issued by Consob Resolution No. 11971 of 1999 (as subsequently amended).

**Consob Market Regulation:** the Market Regulations issued by Consob resolution No. 16191 of 2007 (as subsequently amended).

**Consob Related Parties Regulation:** the Regulations issued by Consob Resolution No. 17221 of March 12, 2010 (as subsequently amended) in relation to related parties.

**Report:** the corporate governance and ownership structure report which the company must prepare as per Art. 123-bis CFA.

**Consolidated Finance Act/CFA:** Legislative Decree No. 58 of February 24, 1998 (Consolidated Finance Act).

## CORPORATE GOVERNANCE REPORT

The Corporate Governance and Share Ownership Report, hereafter summarized, is available in its full version on the Group website ([www.basicnet.com](http://www.basicnet.com)) in the section "Corporate Governance BasicNet).

### 1.0 COMPANY PROFILE

BasicNet S.p.A. is managed by a Board of Directors, which has set up the Control and Risks Committee and the Remuneration Committee and oversight is provided by the Board of Statutory Auditors. The powers and duties of these bodies are governed by the Civil Code, by special applicable laws and by the Company By-Laws. These Boards are elected by the Shareholders' Meeting and remain in office for three years.

The financial statements are audited by an audit firm in accordance with the provisions of law.

The Shareholders' Meetings represent all of the Shareholders who resolve, in ordinary and extraordinary session, on the matters required by law and by the Company By-Laws.

The Governance of the Company also includes the Internal Control System, the Ethics Code, as well as the assignment of executive powers and the organizational structure.

### 2.0 DISCLOSURE ON THE OWNERSHIP STRUCTURE AT MARCH 18, 2016 (as per Article 123-bis, paragraph 1, of the CFA)

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

The Share capital, fully subscribed and paid-in, amounts to Euro 31,716,673.04 and is comprised of 60,993,602 ordinary shares with a value of Euro 0.52 each.

At the date of the present Report, the Company holds 4,760,000 treasury shares, equal to 7.80% of the share capital.

The Company has not issued other financial instruments that attribute the right to subscribe to new share issues.

No share-based incentive plans have been introduced which would result in an increase, including through scrip issues, of the share capital.

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

At the date of the present Report, there are no restrictions on the transfer of shares.

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

The list of parties holding, directly or indirectly, more than 5% of the share capital (the significance threshold established by Article 120, paragraph 2 of Legs. Decree No. 58 of 1998 for BasicNet which is classified as a "Small-Medium sized enterprise" as per Article 1, letter w-quater 1) of Legs. Decree No. 58 of 1998), represented by shares with voting rights, according to the shareholders' register, supplemented by the communications received in accordance with Article 120 of Legislative Decree No. 58 of 1998 and other information held by the company, is as follows:

Shareholder	Direct shareholder	% of share capital	% of voting capital
Marco Daniele Boglione	BasicWorld s.r.l.	36.187%	36.187%
Marco Daniele Boglione	Marco Daniele Boglione	0.511%	0.511%
	Total	36.698%	36.698%
BasicNet S.p.A.	BasicNet S.p.A.	7.804%	7.804%
Wellington Management Company LLP	J. Cairds Investors (Bermuda) L.P.	4.890%	4.890%
Wellington Management Company LLP	J. Cairds Partners L.P.	4.680%	4.680%
	Total	9.570%	9.570%
JPMorgan Asset Management Holding Inc.		5.024%	5.024%

- d) Shares which confer special rights (as per Art. 123-bis, par. 1, letter d), CFA)

There are no securities which confer special control rights.

- e) Employee participation rights: method of exercise of voting rights (as per Article 123-bis, paragraph 1, letter e), CFA)

There is no share participation programme for employees.

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

There are no restrictions on voting rights.

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

At the date of the present Report, there are no agreements between Shareholders.

- h) Change of control clause (as per Article 123-bis, paragraph 1, letter h), CFA) and statutory provisions on takeovers (as per Article 104, paragraph 1-ter and 104-bis, paragraph 1).

The contractual conditions of the loans in place at the date of the present Report include typical clauses for such loans, such as the maintenance of some conditions concerning the holding of the majority shareholder of the Company.

#### Statutory provisions in relation to Takeovers

The Extraordinary Shareholders' Meeting of April 29, 2011 approved, among other matters, the change to Article 16 of the Company By-Laws – Powers of the Board of Directors and legal representation – in order to recognise to the Board of Directors the right to undertake, at any moment and without prior authorisation of the Shareholders' Meeting, defensive measures in the case of public offers or exchanges, pursuant to Article 104 of the CFA, as amended by Article 1 of Legislative Decree No. 146 of September 25, 2009. In particular Article 16 includes two paragraphs as follows:

- "the Board of Directors, and any Executive Boards, also have the right to undertake, without a Shareholders' Meeting authorisation, all acts and operations against the objectives of a public share or exchange offer, from the moment in which the communication in which the decision or the obligation arises to promote the offer was made public until the termination or expiry of the offer".

- “the Board of Directors, and any Executive Boards, also has the right to implement decisions, not yet implemented in full or in part and which are not within the scope of the normal activities of the company, undertaken before the communication as described above and whose implementation could negate the achievement of the objectives of the offer”.

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

- Powers to increase the Share Capital

The Board of Directors do not have powers to increase the Share Capital pursuant to Article 2443 of the Civil Code.

- Authorisation of share buy-back plan

The Shareholders' Meeting of April 27, 2015 approved, for a period of twelve months, or until the next Shareholders' AGM to approve the 2015 Annual Accounts, the authorisation to purchase and utilize a maximum number of shares, which taking into account those already held by the Company, does not exceed the limits permitted by law, for a maximum expected financial commitment of Euro 2.5 million. Based on this authorisation the Company, at the date of the Report, had acquired 637,000 shares, equal to 1.04% of the Share Capital. BasicNet today holds a total of 4,760,000 treasury shares (7.80% of the Share Capital), for a total investment of Euro 9.8 million.

l) Direction and co-ordination activities (as per Article 2497 of the Civil Code) CIV. COD /C.C.:

BasicNet S.p.A. is not subject to management and coordination pursuant to Article 2497 and thereafter of the Civil Code and has full authority to implement its general and operating strategies. BasicNet S.p.A. considers that it is not subject to the management and coordination of BasicWorld S.r.l., a company which holds 36.187% of the Share Capital, as there are no rules which permit the limitation of independent decisions of BasicNet S.p.A., either in contractual form or through organisational procedures.

Pursuant to Article 2497-bis of the Civil Code the directly and indirectly held Italian subsidiaries have identified BasicNet S.p.A. as the party which exercises management and coordination of their activities. This activity involves oversight of the general strategic directives and in the definition and amendment of the Internal Governance and Control model, and the sharing of the Ethics Code adopted at Group level. In addition, the Group coordination involves the central management within BasicNet S.p.A. of the treasury, personnel, corporate, control and Information Technology services. These activities permit both economies scale and adequate coordination and operational control.

m) Other information

It is noted that:

- the disclosures required by Article 123-bis, paragraph 1, letter i) (“the agreements between the company and directors – which provide for indemnity in the case of dismissal without just cause or in the case in which the employment services cease after a public offer”) are contained in the remuneration report pursuant to Article 123-ter of the CFA, available on the company's website [www.basicnet.com/contenuti/datifinanziari/assembleeazionisti.asp](http://www.basicnet.com/contenuti/datifinanziari/assembleeazionisti.asp);
- the disclosures required by Article 123-bis, paragraph 1, letter l) of the CFA (“applicable regulations concerning the appointment and replacement of directors, in addition to the amendment of the by-laws if differing from applicable law and regulations) are illustrated in the Board of Directors section (Section 4.1).

### 3. COMPLIANCE (as per Article 123-bis, paragraph 2, letter a), CFA)

The Corporate Governance system adopted by BasicNet S.p.A. incorporates the rules and procedures within the Company's By-Laws and provisions of law, which outlines the system of management and control of the Company and of the Group.

This is mainly based on the principles and recommendations contained in the Self-Governance Code of listed companies issued by Borsa Italiana, available on the website Borsa Italiana (<http://www.borsaitaliana.it/comitato-corporate-governance/homepage/homepage.htm>).

The Annual Report, which is published on the website [www.basicnet.com/contenuti/corporate/corporategovernance.asp](http://www.basicnet.com/contenuti/corporate/corporategovernance.asp) illustrates the Governance structure of the Group, as well as the level of compliance of the corporate governance system with the recommendations of the Self-Governance Code issued by Borsa Italiana S.p.A..

In line with Recommendation EU No. 208/2014 and paragraph IV of the "Guidelines and transitory system" of the Self-Governance Code provides facts and explanations, where any application principles or criteria were unexpected.

BasicNet S.p.A., nor its strategic subsidiaries, are subject to laws in force outside Italy which affect the corporate governance structure.

### 4. BOARD OF DIRECTORS

#### 4.1 APPOINTMENT AND REPLACEMENT (as per Article 123-bis, paragraph 1, letter I), CFA)

The norms applied in the appointment and replacement of the Directors are in line with legislative and regulatory provisions and Article 13 of the Company By-Laws, in relation to which reference should be made to the company's website [www.basicnet.com/contenuti/gruppo/statuto.asp](http://www.basicnet.com/contenuti/gruppo/statuto.asp).

The Company is administered by a Board of Directors, made up of between five and fifteen members, including non-shareholders. The Shareholders' Meeting, before their appointment, establishes the number of members of the Board of Directors and the duration of office in accordance with that permitted by law.

The procedure for appointment as per Article 13 provides:

- for filing, at the registered office of the Company, within the terms required by regulatory provisions, of the slates of candidates with indication of the shareholders presenting the candidates and the overall shareholding held, together with disclosure on the personnel and professional details of the candidates;
- that the minority shareholders that either alone, or together with other shareholders, holding voting rights not lower than that required by current regulations, will be reserved the appointment of one Director. For 2016, as in previous years, this percentage was 4.5% (Consob Resolution No. 19499 of January 28, 2016);
- that the procedure for electing the Directors shall be as follows: i) from the slate which obtained the highest number of votes, based on the progressive order with which they are listed in the slate, all the members necessary are elected to fill the number of Directors established for the Shareholders' Meeting, while ensuring the gender balance provisions are complied with except one; ii) from the slate which obtained at the Shareholders' Meeting the second highest number of votes one member is elected of the Board of Directors as the first candidate on this slate.
- consideration is not taken of the slates which have not obtained at least the number required by the Company By-Laws for the presentation of the slates;
- should two slates receive the same number of votes, a second vote of the entire Shareholders' Meeting is taken to decide between them with the candidate being elected through a simple majority of the votes. In the case of presentation of only one slate, or in the case of no slate presented, the Shareholders' Meeting deliberates in accordance with the statutory majority.



The Board of Directors in office was appointed by the Shareholders' Meeting of April 29, 2013. The only proposal was presented by the shareholder BasicWorld S.r.l., holder of 36.187% of the ordinary shares.

BasicNet is not subject to other regulations, concerning the composition of the Board of Directors, other than those contained in the CFA.

#### Executive directors succession plans

The Board of Directors, in view of the ownership structure and the allocation of duties, decided not to adopt succession plans for any replacement of the Executive Directors. This choice may be reconsidered according to a differing breakdown of powers among the Board of Directors.

#### 4.2. COMPOSITION (as per Article 123-bis, paragraph 2, letter d), CFA)

The mandate of the Board of Directors in office, appointed by the Shareholders' AGM of April 29, 2013, will conclude with the Shareholders' AGM for the approval of the 2015 Annual Accounts, and is comprised of ten members:

The Board of Directors complies with the "gender quota" of one-fifth as per Consob Regulations and Article 13 of the Company By-Laws, implementing the requirements of the regulation in 2011.

At the meeting of October 23, 2015, the Board of Directors, on the proposal of the Chairman, appointed the Director Gianni Crespi as the non-executive Vice Chairman. Following this appointment, the Director Gianni Crespi was declared non-independent as per Article 148, paragraph 3, of the Consolidated Finance Act and Article 3 of the Self-Governance Code for Listed Companies, with which BasicNet complies.

Following this declaration, the Director Paola Bruschi resigned her position in order to allow for the entry to the Board of a new independent director. The Board, after thanking the departing Director Paola Bruschi for the contribution made during her mandate and, in particular for her availability, co-opted in accordance with Article 2386 of the Civil Code, Ms. Renate Hendlmeier, who will remain in office, along with the entire Board of Directors, until the next Shareholders' Meeting for the approval of the 2015 Annual Accounts.

The Director Renate Hendlmeier declared her independence in accordance with Article 148, paragraph 3 of the Consolidated Finance Act and Article 3 of the Self-Governance Code for listed companies, which have been established, on the basis of the declarations received, by the Board of Directors. Ms. Hendlmeier declared ownership of 2,000 BasicNet shares.

The Board finally supplemented the Control and Risks Committee, appointing the Director Renate Hendlmeier as a member and the Director Adriano Marconetto as Chairman, in replacement of the Director Gianni Crespi.

A brief curriculum vitae of the members of the Director in office, with indication of the offices held within the Group or in other listed companies or companies of significant size is listed below.

The curriculum vitae of the Directors in office are also available on the website of the company at [www.basicnet.com/contenuti/gruppo/organisationsocieta.asp](http://www.basicnet.com/contenuti/gruppo/organisationsocieta.asp).

#### *Marco Daniele Boglione – Director (in office since 1984)*

Born in 1956, he is the Group's founder. After experience with Maglificio Calzificio Torinese S.p.A., he has been an entrepreneur since 1985.

He holds the following offices within the Group: Chairman of Basic Trademark S.A., Chairman of Superga Trademark S.A., Executive Director of Fashion S.r.l., Chairman of BasicItalia S.p.A., Chairman of Jesus Jeans S.r.l.;

He is also the Chief Executive Officer of BasicWorld S.r.l.; Director of the Piedmont Foundation for Cancer Search; President of the Piedmont Oncological Foundation; Director of Fondazione Telecom Italia. He is a member of the Management Board of the Industrial Union of Turin and of the Piedmont "Cavalieri del Lavoro" Group. In June 2011, he was appointed a "Cavaliere al Merito del Lavoro" (Italian State Recognition) by the President of the Republic Giorgio Napolitano.

*Daniela Ovazza – Vice Chairman – Member of the Remuneration Committee (in office since 1994)*  
Born in 1956, he graduated in Economics and Commerce in Turin, joining the business world in 1984. She is a Director of TESA S.p.A; Non-Executive Director of C.L.S. S.p.A. and a Director of CGT Truck S.p.A.

*Giovanni Crespi – Vice Chairman (in office since 2007)*  
Born in 1959, he obtained a degree in Political Science. He began his career in the commercial publishing sector. Between 1986 and 1990 he was the assistant to the General Manager of the publishing group Fabbri, Bompiani, Sonzogno and Etas Group S.p.A. and publisher of the Etas brand. From 1990 to 1991 the General Manager of Eurolibri Rusconi Editore S.p.A., from 1991 to 1999 Vice Chairman and General Manager of “The Walt Disney Company Italy S.p.A.”. From 1999 to 2003 he was the Chief Executive Officer and General Manager of the Istituto Geografico De Agostini S.p.A., from 2003 to 2006 the Chairman of Rodale International and since 2008 has been the Chairman and Chief Executive Officer of Rhiag Group S.p.A.. Until the end of 2015, he was an Independent Director of Innovest S.p.A. and a Director of Sirti S.p.A., HIIT S.p.A. and of UnoPiù S.p.A..

He was an Independent Director and Chairman of the Control and Risks Committee of BasicNet S.p.A. until his appointment as Vice Chairman at the Board meeting of October 23, 2015.

Within the Group, he is a Director of BasicItalia S.p.A., with oversight on control and risk management of the Company.

*Franco Spalla – Chief Executive Officer (in office since 2001)*  
Born in 1952, he graduated in Company Management from the University of Turin. Between 1988 and 2001 he was the Chief Executive Officer of Fenera Holding S.p.A. and he is an Independent Director and member of the Control and Risks Committee of Intek Group S.p.A., a company listed on the Milan Stock Exchange.

He holds the following offices within the Group: Chairman of Basic Properties B.V., Chairman of BasicNet Asia Ltd., Chief Executive Officer of Jesus Jeans S.r.l., Chief Executive Officer of AnziBesson Trademark S.r.l., Chief Executive Officer of Fashion S.r.l., Director of BasicItalia S.p.A., Director of Basic Properties America, Inc., Director of Superga Trademark S.A., Director of Basic Trademark S.A., Director of the Italian administrative offices of Superga Trademark S.A. and Basic Trademark S.A.;

*Paolo Cafasso – Director (in office since 1995)*  
Born in 1956, he graduated in Economics and Commerce, and qualified as a certified accountant and auditor. Between 1980 and 1994 he was an auditor with Arthur Andersen & Co., servicing the main clients in the Turin area, particularly in the industrial and commercial sector. Since 1995 he has been an executive of BasicNet S.p.A., as the Group’s Chief Financial Officer. He is the executive in charge of accounting documents.

Within the Group, he is the Chief Executive Officer of Basic Village S.p.A. and a Director of Basic Properties B.V..

*Alessandro Gabetti Davicini – Director – Member of the Control and Risks Committee (in office since 2010)*  
Born in 1965. He has acted as the General Manager of Lactalis Italia S.p.A. and Strategic Development Director of the Galbani Group. Currently he is a Director of Fenera Holding S.p.A., Chief Executive Officer of Fenera Equity Investments S.r.l., Director of Tosetti Value S.r.l., Director of SDM S.r.l., Director of FDAH (Forno d’Asolo Holding) and a Sole Director Pantarei S.r.l..

*Renate Hendlmeier – Director – Member of the Control and Risks Committee (in office since 2015)*  
She was born in Plattling in 1957. She was the CFO of the Basic Group between 1987 and 1999 and thereafter headed and coordinated the Basic Group’s property management activities between 1999 and 2003, while being involved in corporate reorganisation between 2004 and 2006. She currently holds corporate and voluntary positions with an international association based in Turin.

*Adriano Marconetto – Independent Director – Member of the Control and Risks Committee and Remuneration Committee (in office since 2007)*

Born in 1961, he is an entrepreneur focused in the technology start up sector. Between 1995 and 1999 he was the Marketing Director of BasicNet and subsequently the co-founder and Chairman of the Board of Directors of Vitaminic S.p.A., until 2003; between 2005 and 2012 he founded and subsequently acted as the CEO of the company Electro Power System S.p.A. In 2012 he founded and managed the company ProxToMe, Inc. and took on the role of Executive Chairman. In 2015, he founded the company YAR Srl, of which he is CEO. He is involved in various non-profit activities.

*Carlo Pavesio – Director – Chairman of the Remuneration Committee (in office since 1994)*

Born in 1956, graduating in law and achieving a Masters of Laws (LL.M.) in 1980 at the London School of Economics. He completed an “internship” in 1980-1981 with the Economic Commission of the European community legal service in Brussels and was the “Visiting Foreign Lawyer” in 1985-1986.

He is a Senior Partner with the legal firm Pavesio and Associati, previously a partner with Allen & Overy and with Brosio Casati e Associati. His experience is principally centred on legal and non-legal questions and corporate and contractual law for Italian and foreign clients. He is specialised in M&A operations, joint ventures and corporate restructuring, in addition to generational transfer, governance and trusts. He also has experience in arbitration and disputes.

Within the Group, he is a Director of BasicItalia S.p.A..

He is currently the Chairman of the Board of BasicWorld S.r.l., Non-Executive and Independent Director and member of the Supervisory Board of Pininfarina S.p.A., Non-Executive and Independent Director and member of the Group Investment Commission and of the Executive Committee of Reale Mutua Assicurazioni S.p.A., Non-Executive and Independent Director and Chairman of the Remuneration Committee of Fenera Holding S.p.A., Vice Chairman and Director of Farmaceutici Procemsa S.p.A, Director of Tosetti Value SIM S.p.A., Non-Executive and Independent Director of Italiana Assicurazioni S.p.A., Non-Executive and Independent Director of P. Fiduciaria S.r.l. (Pictet Group), Non-Executive and Independent Director of Simon Fiduciaria S.p.A. (Ersel Group), Member of the Supervisory Board of the Piedmont Oncological Foundation; He is a Member of the Board for Relations between Italy and the United States and a Director of Alliance Française in Turin. He is an Honorary Consul of the Republic of Panama. He is Chairman of the Piedmont Arbitration Board.

*Elisabetta Rolando – Director (in office since 2013)*

Born in 1960, working from 1989 to 1992 as an assistant to the President of Football Sports Merchandise (S.p.A.) (now BasicNet S.p.A.), from 1994 to 1997 Director of the company Mad Cap S.r.l., specialized in the production of promotional clothing and accessories and thereafter from 1997 to 1999 commercial manager at Swingster Europe S.p.A., a subsidiary of BasicNet specialised in corporate merchandise, and from 1999 at the BasicNet Group as a senior manager.

Currently within the Group she is the Chairperson of BasicItalia S.p.A. and since 2011 has been the Chief Executive Officer of BasicRetail S.r.l.

Maximum number of offices held in other companies

The Board did not express an opinion on the maximum number of offices of Director or Statutory Auditor held in other listed companies (including abroad), in financial, banking and insurance companies or of a significant size which can be considered compatible with the undertaking of the office of Director, in that they consider that the assessment in relation to commitments deriving from any other offices in the afore-mentioned companies should be the remit of the shareholders on conferment of mandate and the individual members of the Board of Directors in relation to their respective availability. This assessment is carried out periodically on the appointment/renewal of the Board of Directors.

The self-assessment activities of the Board of Directors did not raise any issues in terms of the Directors having the appropriate time to discharge their duties.

## Induction Programme

The Directors, in practice, have the facility to participate in meetings subsequent to their appointment and during their mandate with the Chairman and Management, in order to remain updated on corporate affairs and relevant changes. They also continually have access to financial and operational information from the BasicManagement portal.

### 4.3 ROLE OF THE BOARD OF DIRECTORS (as per Article 123-bis, paragraph 2, letter d), CFA)

The Board is invested with the widest powers deemed appropriate in order to achieve the Company's aims and objectives, with the sole exception of those that are expressly reserved for the Shareholders' Meeting by law. The Board of Directors, among other matters:

- a. reviews and approves the strategic and financial plans of the Company and of the Group, defines the organizational structure of the Companies of the Group and the corporate governance system of BasicNet; The implementation of the plan is usually reviewed at the meetings called for the approval of the interim financial statements;
- b. verifies the mapping of the corporate risks and their control. This activity seeks to evaluate the risk in defining the development potential of the Group; in this regard, during the Board of Directors meetings, detailed disclosure is provided on the activities carried out and upon the major operations executed by BasicNet S.p.A. and the Group companies. The Board examines from time to time significant operations carried out by the Issuer or the subsidiaries, also when such are within the powers conferred to the Chairman or the Chief Executive Officer. The following significant operations are within the remit of the Board of Directors: the acquisition and/or sale of company shares, companies, business units or brands of a value greater than Euro 3 million, the signing of sponsorship contracts with an annual cost of greater than Euro 5 million, debt operations of a value greater than 75% of the consolidated net equity, the granting of any guarantees, obligatory or secured by patronage letters (with the exception of subsidiaries) greater than Euro 2.75 million;
- c. evaluates the adequacy of the organizational, administration and accounting system of the Company and of its subsidiaries with strategic importance, which has been implemented by the Executive Directors with particular reference to the internal control and risk management system. In addition to the companies holding the brands, the strategic companies are BasicItalia S.p.A., which is the Italian licensee of the Group, BasicRetail S.r.l., which manages the Group's retail operations, Basic Village S.p.A., a property company which manages the buildings and BasicNet Asia Ltd., a company which provides services throughout Asia, principally monitoring the sourcing centre activities, and the sub-licencee company Basic Properties America, Inc.. Continuity in the composition of the Board of Directors of the companies of the Group facilitates, in fact, those functions of control, timely disclosure and coordination of instructions to the subsidiaries;
- d. assigns and revokes the delegation of powers to the Executive Directors, establishing the limits and manner of exercising such power and the frequency of reporting, normally not less than three months, through which the Executive Directors must report to the Board on the activities undertaken in relation to the powers conferred, in accordance with Article 13 of the Company By-Laws;
- e. evaluates the general operational performance, taking into account, in particular, the information received from executives, as well as periodically, comparing the results with the budgets;

- f. examines and approves the company and its subsidiaries' operations prior to being carried out, when these operations have a significant strategic, economic, or financial importance for the Company, paying particular attention to the situations in which one or more directors have an interest on their own behalf or on behalf of third parties, and, in general, transactions with related parties;
- g. undertakes, at least once a year, an evaluation on the size, on the composition and on the functioning of the Board and on the Committees, expressing opinions on professional appointees to the Board.

Article 16 of the Company By-Laws attributes to the Board the powers to deliberate on the incorporation and spin-off from the Company, in the cases permitted by law, transfer of the registered office within the national territory and the setting up and closure of secondary offices, appointing legal representation among the Directors, amendments to the By-Laws as permitted by regulations, and the reduction of share capital, in the case of withdrawal of a shareholder. In addition, in accordance with the first paragraph of Article 2410 of the Civil Code, the Board of Directors may approve the issue of bonds.

In 2015 six Board meetings were held, of an average duration of one and a half hours, at which all Board members attended. The "Sales" and "Sourcing" Vice President attends the meetings to provide appropriate evaluations on matters on the Agenda.

In December 2015, the company published its financial calendar which established the days for the five Board meetings for 2016, for the review of the preliminary results, the approval of the 2015 separate and consolidated financial statements and the approval of the interim results. On February 10 the first meeting was held, which reviewed the 2015 preliminary results.

The documentation concerning the matters under discussion is generally sent in advance of the meetings of the Directors and Statutory Auditors. In accordance with the Code, the Board of Directors, considering the operating dynamics of the Company and the Group, identified the period of two days as appropriate for the sending of preliminary meeting material, except in the cases of urgency and for confidentiality of information purposes.

The Control and Risks Committee, in the meeting of December 22, 2015, assessed the functioning of the Board and its Committees and presented the result of this assessment at the Board meeting of March 18, 2016. The Board of Directors, having considered the evaluations of the Control and Risks Committee, assessed the activities undertaken since its mandate, considered the continual presence of all Directors at the meetings, as well as the important contributions to the discussions, also of a professional nature and considered that the size, composition and function of the Board was appropriate to achieving the objectives of BasicNet S.p.A. and of the Group. The clarity and timeliness of the information prepared by the Chairman and the Chief Executive Officer concerning Board meetings, as well as the periodic updating on regulatory provisions and duties of the Directors, enabled the Directors to undertake their duties in a knowledgeable and informed manner. The number of Executive and Non-Executive Directors is also considered appropriate.

In compliance with the Self-Governance Code which recommends to the Board, on its renewal, the expression of opinions to shareholders on the profile of individuals whose presence is considered beneficial for the Board, on this occasion the Board does not consider such a need to exist, given the substantially positive assessment on the functioning of the Board and its Committees from the self-assessment carried out.

The Shareholders' AGM of April 29, 2013, on the appointment of the Board, permitted the Directors elected not to be restricted by a non-competitive clause, as per Article 2390 of the Civil Code, in consideration of the fact that they may cover similar offices in companies which undertake similar activities. The Directors are however requested, both on the acceptance of office and during the period of their office and thereafter, to report timely appointments in competing groups. None were issued.

#### 4.4. EXECUTIVE BOARDS

The Board meeting of April 29, 2013 delegated:

- to the Chairman, Marco Daniele Boglione, all powers for ordinary and extraordinary administration with sole signature, within a limit of Euro 3 million for the acquisition and/or sale of quotas or shares in companies, enterprises, business units or brands, Euro 5 million with reference to the annual cost of sponsorship contracts, 75% of the consolidated net capital of the Company, in relation to financing operations and Euro 2.75 million for the granting of all secured and unsecured guarantees and patronage letters (with the exception of the subsidiary companies);
- to the CEO, Franco Spalla, all powers for ordinary and extraordinary administration with sole signature, within a limit of Euro 2 million for the acquisition and/or sale of quotas or shares in companies, enterprises, business units or brands, Euro 2 million with reference to the annual cost of sponsorship contracts, 75% of the consolidated net capital of the Company, in relation to financing operations and Euro 2 million for the granting of all secured and unsecured guarantees and patronage letters (with the exception of the subsidiary companies).

At the same meeting of April 29, 2013 the Director Paolo Cafasso was conferred, as Group Finance Director, executive powers for the administrative and financial management of the Company.

At the date of the present Report there are no interlocking directorates.

##### Chairman of the Board of Directors

The Board Meeting of April 29, 2013 noted that the accumulation of offices of Chairman and Executive Director of Marco Daniele Boglione was justified within the Corporate Governance practice of business continuity, in that he is the founder of the Group and has always been directly involved in the activities of the Company.

As already illustrated at point 2.C of the present Report, Mr. Marco Daniele Boglione holds 22,383,334 shares, equal to 36.698% of the share capital, of which 22,071,666 shares, equal to 36.187% of the share capital, indirectly through the subsidiary held 90.58%, BasicWorld S.r.l. and, directly, 311,668 shares, equal to 0.511% of the share capital.

##### Executive committee (as per Article 123-bis, paragraph 2, letter d), CFA)

The Board of Directors did not set up an Executive Committee.

##### Reporting to the Board

The Executive Bodies report to the Board concerning the activities carried out during the year, at least quarterly.

#### 4.5. OTHER EXECUTIVE DIRECTORS

In addition to the Chairman Marco Daniele Boglione, the Group's Executive Directors are the Chief Executive Officer, Franco Spalla, the Executive Directors Paolo Cafasso, Group Finance Director, the Chairman of the Board of Directors of the strategic subsidiary BasicItalia S.p.A., Elisabetta Rolando and the Executive Vice Chairman of the subsidiary Basic Properties America, Inc., Maurizio Ameri and the Executive Director of BasicNet Asia Ltd., Alessandro Boglione.

#### 4.6 INDEPENDENT DIRECTORS

The Board of Directors includes two Independent Directors: Renate Hendlmeier, who replaced Gianni Crespi on October 23, 2015, as stated above, and Adriano Marconetto.

The Board of Directors on their respective appointment to office and in the Board meeting of March 18, 2016 assessed the independence of the Directors Renate Hendlmeier and Adriano Marconetto, both in relation to the requirements of Consob regulations and the criteria of the Self-Governance Code.

No specific meetings of the independent Directors are planned, however they may meet independently where considered necessary or beneficial at the margins of the Control and Risks Committee meetings, of which they are both members.

In accordance with the procedures for the transactions with related parties the independent Directors provide, where required, a non-binding opinion on the Board motions.

The criteria and procedures were reviewed by the Board of Statutory Auditors. For the year 2015 the Board of Statutory Auditors communicated the results of these controls in the report of the Board of Statutory Auditors to the Shareholders' AGM.

#### 4.7 LEAD INDEPENDENT DIRECTOR

The Self-Governance Code recommends the appointment of a lead independent director by the Board of Directors where the Chairman controls the Issuer or is the main executive in charge of operations.

The Board of Directors, at the meeting of April 29, 2013, considered that the composition of the Board itself, in addition to the size and the organisational structure of the Company, permit the Chairman to execute his duties with impartiality and balance. At the meeting of March 4, 2016, the Control and Risks Committee, on the review of the corporate governance of the company, confirmed the functioning of the Board of Directors, given that the Chairman is not the only executive in charge of company management, in light of the various level of duties conferred to other Board members. In addition, the directors generally receive a flow of timely information and direct dialogue between the chairman and the independent directors is frequent.

#### 5. HANDLING OF CORPORATE INFORMATION

The Board approved the procedure for the handling of confidential information, subsequently updated with the regulations on Market Abuse. This procedure contains the regulations for the internal management and external communication of confidential documents and information, in addition to the setting up and management, based on a specific IT procedure, of the Register for persons with access to confidential information.

Since April 1, 2006 the Internal Dealing Code of conduct has been applied which governs the procedures for disclosure to the market on operations on BasicNet S.p.A. shares by "Significant Persons" of the Group, as identified by Article 144 and thereafter of the CFA.

The procedure is available on the website:

[www.basicnet.com/contenuti/gruppo/internaldealing.asp](http://www.basicnet.com/contenuti/gruppo/internaldealing.asp).

In 2015, two Internal Dealing communications were published concerning operations carried out on the BasicNet share by the shareholder Wellington Management Group LLP.

#### 6. INTERNAL COMMITTEES TO THE BOARD (as per Article 123-bis, paragraph 2, letter d) CFA)

The Board meeting of April 29, 2013 appointed the Remuneration Committee and the Internal Control and Risk Committee.

The Board did not set up, as illustrated below, an Appointments Committee or other committees.

#### 7. APPOINTMENTS COMMITTEE

In line with evaluations made in the past, the Board of Directors, also in view of the size and shareholding of the Company, did not consider it necessary to set up an Appointments Committee for the nomination of Directors, also given that, in accordance with Article 13 of the Company By-Laws,

the Directors are elected through a slate voting mechanism. In addition, the Board of Directors retain that considerations on the size and composition of the Board of Directors, proposals to nominate candidates as Directors in the event of co-optation and succession planning of Executive Directors, fall within the remit of the entire Board of Directors and as such may be discussed and approved within the Board meetings.

## 8. REMUNERATION COMMITTEE

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

In the Board meeting of April 29, 2013 the Board appointed the Remuneration Committee composed of the Non-Executive Director Carlo Pavesio - Chairman, Daniela Ovazza, and the Non-Executive and Independent Director Adriano Marconetto.

The composition of the Committee does not comply with the Code which requires a majority of independent directors; in view of this and considering also the Related Parties Regulation, the independent Director Gianni Crespi also attends the meetings of the Remuneration Committee, expressing a consultative opinion on the issues on the Agenda.

The Chairman of the Committee, Carlo Pavesio, has knowledge and experience of remuneration policies, having held this position also in other companies.

The Board considers that the Committee adequately undertakes its duties, formulating proposals in line with the objectives and performance of the Group, considering the commitment of the individual Executive Directors. The proposals of the Committee have always been approved by the Board of Statutory Auditors, having consulted the Independent Director Gianni Crespi.

The Committee, at the meeting of October 23, 2015, considering the competences of the Director Gianni Crespi and the co-optation of a new director, in replacement of the resigning Director Paola Bruschi, drew up a proposal for the remuneration of the new Vice Chairman Gianni Crespi and the new Director and member of the Control and Risks Committee. In 2016, two meetings were held, the first of which in February for the proposal of a bonus for top management, in recognition of their contribution and the results achieved; the second of March 18 concerned the allocation of a bonus to executive directors, both of BasicNet S.p.A. and the Chairman of the subsidiary BasicItalia S.p.A., in the amounts individually reported in the column "Bonuses and other incentives" of table 1) of the Remuneration Report, in relation to which reference should be made to [www.basicnet.com/contenuti/datifinanziari/assembleeazionisti.asp](http://www.basicnet.com/contenuti/datifinanziari/assembleeazionisti.asp)

The Directors usually do not attend the Committee meetings in which the proposals are presented to the Board relating to their remuneration.

The workings of the Committee are usually recorded by the Chairman Carlo Pavesio.

The Committee's duties include the presentation to the Board of proposals for the drawing up of a general policy for the remuneration of executive directors and senior executives, evaluating periodically, on the preparation of the annual remuneration report, the adequacy and the overall consistency and concrete application of the general policy adopted for the remuneration of directors and senior executives, referring in this latter regard to the information received from the Chief Executive Officer, monitoring the application of the decisions adopted by the Board itself, verifying in particular, where necessary, the effective achievement of the prefixed objectives.

The Committee has access to the information and departments necessary for the carrying out of its remit. The committee did not utilize external consultants and does not avail of a specific expenses budget for the execution of its duties.

## 9. REMUNERATION OF DIRECTORS

For further information on the present section reference should be made to the significant parts of the Remuneration Report published pursuant to Article 123-ter of the CFA.



On March 18, 2016, on the proposal of the Remuneration Committee, the Board, with the favourable opinion of all the Independent Directors, approved the remuneration policy of BasicNet S.p.A., which is available on the company website, with the Shareholders' Meeting documentation, at [www.basicnet.com/contenuti/datifinanziari/assembleeazionisti.asp](http://www.basicnet.com/contenuti/datifinanziari/assembleeazionisti.asp).

In summary, the Shareholders' Meeting approves the annual remuneration of all Board members. The remuneration of the Directors holding specific offices and for the members of the Internal Committees of the Board is determined by the Board of Directors, pursuant to Article 2389 of the Civil Code, on the proposal of the Remuneration Committee, having consulted the Independent Directors and with the favourable opinion of the Board of Statutory Auditors.

For the Executive Directors, the remuneration policy of the Group does not provide for the fixing of performance objectives on which variable remuneration is based. Usually additional remuneration or bonuses identified by the Board of Directors is granted, on the proposal of the Remuneration Committee, amid strong results ahead of estimates. Given the current general market conditions, this amount is established ex-post. For these reasons, it was decided not to defer the variable part, nor undertake contractual agreements which enable the company to request the repayment, in full or in part, of the variable components of remuneration paid.

The structure of the Group does not include senior managers with strategic responsibility, with the exception of the executive directors of BasicNet or of its subsidiaries, as defined by Attachment 1 of the Consob Related Parties Regulation.

The Board establishes in addition the remuneration of the members of the Committees, of the Supervisory Board, of the Internal Auditor and of the Executive in charge in the preparation of corporate accounting documents; for these latter two positions, no incentive mechanisms are provided for.

No stock option plans have been established for Directors.

Indemnity of the directors in case of dismissal and termination of employment following a public purchase offer (as per Art. 123 bis, para. 1, letter i) of the CFA)

The disclosures required by Article 123-bis, paragraph 1, letter 1) ("the agreements between the company and directors – which provide for indemnity in the case of dismissal without just cause or in the case in which the employment services cease after a public offer") are contained in the remuneration report pursuant to Article 123-ter of the CFA, available on the company's website [www.basicnet.com/contenuti/datifinanziari/assembleeazionisti.asp](http://www.basicnet.com/contenuti/datifinanziari/assembleeazionisti.asp).

#### 10. CONTROL AND RISKS COMMITTEE

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

The present Control and Risk Committee was appointed in the Board meeting of April 29, 2013. The Committee is composed of three Directors, of which two independent: Adriano Marconetto, Independent and Non-Executive Director, Alessandro Gabetti Davicini, Non-Executive Director, Renate Hendlmeier, Independent and Non-Executive Director. On their appointment the Board considered that the members had adequate accounting and financial experience.

In 2015, the Committee met four times and had regular access to the corporate documents requested and principally reviewed:

- the reports prepared by the Internal Auditing and Supervision Board during 2015;
- the updating of the risk self-assessment document;
- the implementation of new procedures;
- the application of new compliance and disclosure regulations;

- the significant information relating to the company performance.

The Committee also met with the independent Audit firm to evaluate the correct application of the accounting principles and their uniformity in the preparation of the consolidated financial statements; Finally, on the conclusion of the process it assessed the results reported by the audit firm.

The Committee meetings, which were all documented in company records, held for a duration of approx. 2 hours, were attended by - in addition to the Committee members - the Finance Director and Group officer responsible for financial reporting, Paolo Cafasso, the Internal Auditing Head, the Vice President Organization Paola Bruschi, and the Chairman of the Board of Statutory Auditors, another statutory auditor and the Chairman of the Supervisory Board.

Duties attributed to the internal control and risks committee

The Committee proposes to the Board of Directors on the appointment, revocation and remuneration of the internal audit manager, as well as on the adequacy of the resources available for these duties. In particular, the Committee supports the Board of Directors as follows:

- evaluates, together with the executive responsible for the preparation of corporate accounting documents following the approval of the auditors and the board of statutory auditors, the correct application of the accounting principles and their uniformity in the preparation of the consolidated financial statements;
- expresses opinions on specific aspects concerning the identification of the principal corporate risks;
- examines the periodic reports, concerning the evaluation of the internal control and management of risks system and prepared by the internal audit department;
- monitors the independence, adequacy, efficacy and efficiency of the internal audit department;
- may request the internal audit department to carry out verifications on specific operational areas, simultaneously communicating such to the Chairman of the Board of Statutory Auditors;
- at least every six months, at the time of the approval of the annual and half-yearly accounts, reports to the board on the work carried out and the adequacy of the internal control system.

The Committee has access to the information and departments for undertaking their duties and may request the Board of Directors the assistance of external consultants.

The meeting of March 18, 2016 confirmed an adequate annual budget available to the Committee for the execution of its duties.

## 11. INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM

The internal control and risk system involves the processes that monitor the efficiency of the company operations, the reliability of the financial reporting, compliance with legislation and regulations and the protection of the company's assets.

The Board of Directors oversees the Internal Control and Risk Management system, defining the guidelines and periodically verifying the adequacy and effective functioning, ensuring that the principal corporate risks are identified and adequately managed.

The Board of Directors verifies that the risks to which BasicNet and its subsidiaries are exposed are correctly identified, managed and monitored in line with the Group's strategic objectives. This activity, carried out with the support of the Director in charge of the Internal Control and Risk Management System and the Control and Risks Committee, seeks to evaluate the risk in defining the development potential of the Group. The Board has not established general numeric parameters to identify the nature and the level of risk compatible with the Group's strategic objectives, but from time to time reviews any significant operations carried out by the Issuer or the subsidiaries, also when such are within the scope of powers conferred to the Chairman or the Chief Executive Officer.

The Ethics Code, the Sourcing Centre Ethics Code and the organizational, management and control Model as per Legislative Decree 231/2001 and subsequent integrations, are an integral part of the internal control and risk management system. The rules of conduct contained in the model, continually evolving, integrate and strengthen the corporate control system through the preparation and continual updating of the related procedures.

The Internal Auditing department verifies the overall adequacy, efficiency and effectiveness of the internal control and risk management system, in particular, considering that some departments are centralized at the Parent Company, it contributes to the verification of the correctness and functioning of the reporting process with the strategic subsidiary companies, as well as the verification of the adequacy of the reporting system to ensure the quality of the reports of the various company departments.

In order to ensure oversight on the Group directives and strategies some Directors of BasicNet S.p.A. are also members of the Board of Directors of the subsidiaries.

In the evaluation of the internal control and risk management system, the Board of Directors meeting of March 18, 2016 evaluated that the Risk and Control Committee and the Board of Statutory Auditors did not report any serious issues and consider that there are no significant weaknesses within the system, especially with reference to operations of potential conflict of interest, while within a continual evolution and search for improvements, the internal control and risk management system appears to meet the needs of the Company and of the Group.

Control and risk management system in relation to the financial reporting process (as per Article 123-bis, paragraph 2, letter b), of the CFA)

#### 1) Introduction

The internal control and risk management system in relation to the financial reporting process (hereafter the System) is the set of overall rules and corporate procedures adopted by the various company departments to permit, through an adequate identification process of the principal risks related to the preparation and dissemination of financial information, the reaching of the corporate objectives of true and fair disclosure.

The System seeks to provide reasonable certainty that the financial reporting – including consolidated reporting - communicated to the public is reliable, fair, true and timely, providing the users with a true and fair representation of the operational facts, permitting the issue of the declarations required by law that they correspond to the documented results, accounting records and underlying accounting entries of the facts and of the communications of the company to the market and also relative interim financial reporting, as well as the adequacy and effective application of the administrative and accounting procedures during the period to which the accounting documents refer (Annual Accounts and Half-Year Report) and in accordance with applicable international accounting standards.

For the completion of the System, a risk assessment was undertaken in order to identify and evaluate the risk areas which could arise such as to compromise the reliability of the financial reporting. The risk assessment also took into account the risk of fraud. The identification and evaluation process was undertaken with reference to the entire Company and at process level. Once the risks were identified an evaluation was undertaken, considering both qualitative and quantitative aspects and the identification of specific controls in order to reduce the risk related to the non-achievement of the objectives of the System to an acceptable level, both at Company and process level.

#### 2) Description of the principal characteristics of the risk management and internal control system in place in relation to financial disclosure.

The System provides for:

- a set of rules and procedures for the preparation of financial statements and monthly reporting and a financial calendar for an efficient exchange of information between the Parent Company and its subsidiaries;

- an identification and assessment process of the major Group companies and of the principal company processes for the preparation of the income statement and balance sheet, through qualitative and quantitative analysis;
- a process of identification and evaluation of the principal risks of errors of the accounting and financial information, based on a control process, implemented on a company web platform with levels of protected access, which flags any errors;
- a process of periodic evaluation of the adequacy and effective application of controls, this latter monitored directly by the Executive responsible for financial reporting. The risk and internal control management system relating to financial reporting is coordinated and managed by the Executive Officer for the preparation of the financial statements, in concert with the Internal Audit department, for the verification of control system operations.

The Executive Officer periodically reports to the Board of Statutory Auditors and the Control and Risks Committee on the adequacy, also in organisational terms, and on the reliability of the administrative-accounting system, on the activities carried out and on the efficacy of the internal control system with regards to financial reporting risks.

#### 11.1 EXECUTIVE IN CHARGE OF THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM

The Executive Director Paolo Cafasso was appointed at the meeting of October 23, 2015, in replacement of Paola Bruschi, to oversee the Control and Risks Committee.

Within this role Paolo Cafasso oversees the functioning of the internal control and risk management system, identifying the principal corporate risks (operational, financial and compliance), implementing the guidelines defined by the Board and supervises the planning, realisation and the management of the internal control and risk management system, constantly verifying the overall adequacy, efficiency and effectiveness, also with reference to the operating conditions and current legislative and regulatory requirements.

#### 11.2 INTERNAL AUDIT DEPARTMENT MANAGER

The responsibility to verify the overall adequacy, efficiency and effectiveness of the internal control and risk management System was assigned to the Internal Auditing department. In particular, considering that some departments are centralized at the Parent Company, this department contributes to the verification of the correctness and functioning of the reporting process with the strategic subsidiary companies, as well as to the verification of the adequacy of the reporting system to ensure the quality of the reports of the various company departments. On appointment, the Board also determined the remuneration for this office, considered in line with the structure of the Group.

The Internal Audit manager, who does not report to any operating department, has access to all information considered necessary to carry out his role. The internal audit manager reports to the Control and Risks Committee, the Board of Statutory Auditors and the executive director responsible for the functioning of the internal control and risk management system, at the Committee meetings.

The control activity is principally concentrated on monitoring the principal profitability indicators of some Group companies, through an online reporting instrument on the company's portal. This report constitutes an important monitoring instrument in real-time of the accounting activities and business performance: the data is available for each Group company and analyzed by individual account item.

The Internal Audit department assesses the adequacy of the IT systems and the reliability of information available in view of the complexity of the operating environment, the size and the territorial reach of the company and verifies the adequacy of the organizational processes adopted by the company for the physical, logistical and organizational security of the IT system. The Internal Audit department also operates in support of other control system actors involved in the issues of compliance and risk management, in order to ensure compliance with law and to monitor the

exposure level and vulnerability of the company to risks. The Internal Auditing department was awarded to an external company which has no corporate ties to the Group. The activities were outsourced as it was considered that the head of the company, who had already undertaken similar work within the Group, had the necessary attributes to undertake such work efficiently within the Group, on an independent and professional basis.

### 11.3 ORGANISATIONAL MODEL pursuant to Legislative Decree 231/2001

The Ethics Code, the Sourcing Centre Ethics Code and the organizational, management and control Model as per Legislative Decree 231/2001 and subsequent supplements, are an integral part of the internal control and risk management system. The rules of conduct contained in the model, continually evolving, integrate and strengthen the corporate control system through the preparation and continual updating of the related procedures.

For the effective dissemination of the Ethics Code and of the organization and control model these were published on the company's website [www.basicnet.com/contenuti/corporate/codiceetico.asp](http://www.basicnet.com/contenuti/corporate/codiceetico.asp) in the area dedicated to Group employee time-keeping. The Ethics Code is presented on a video to all new employees of the Group and to all consultants.

The Board meeting of April 29, 2013 reappointed the members of the Supervisory Board, which was entrusted with the oversight of the Model and its development and reporting to the Board of Directors and Board of Statutory Auditors on a half-yearly basis.

### 11.4 INDEPENDENT AUDIT FIRM

The audit is carried out by an independent audit firm registered in the relevant registrar. The Shareholders' Meeting of April 30, 2008 appointed the audit firm PricewaterhouseCoopers S.p.A.. The appointment concludes with the approval of the 2016 Annual Accounts.

### 11.5 EXECUTIVE RESPONSIBLE FOR THE PREPARATION OF CORPORATE ACCOUNTING DOCUMENTS

The Board meeting of April 29, 2013 appointed, with the favourable opinion of the Board of Statutory Auditors, the Executive Officer responsible for the preparation of the financial statements as the Director Mr. Paolo Cafasso, Group Finance Director. Paolo Cafasso holds many years of experience in the administrative, financial and control areas, as well as the qualifications required by law for the holding of the office of Director.

In the undertaking of his duties Mr. Paolo Cafasso has the power to approve the corporate procedures impacting upon the financial statements, on the consolidated financial statements and on other documents which may be audited, and may participate in the design of the IT systems which impact upon the financial position of the company; he may avail of an adequate organizational structure to undertake his activities, utilizing internal resources available and, where necessary, outsourcing; he may also, where necessary, utilize the financial resources of the company, providing adequate information to the Board of Directors, and he may utilize the Internal Auditing department for the mapping and analysis of processes and the execution of specific controls.

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

The information generated within the internal control system called BasicManagement and risk management shared on the web in a dedicated operating control section. The meetings of the Risk Control Committees, attended usually by the internal control and risk management manager, the Executive Responsible, the Internal Audit Manager, the Supervisory Board and at least one member of the Board of Statutory Auditors, provide an opportunity for the parties involved in the system to meet and coordinate.

## 12. DIRECTORS INTERESTS AND TRANSACTIONS WITH RELATED PARTIES

The Board of Directors, in accordance with Consob Regulation No. 17221 of March 12, 2010 adopted, with the favourable opinion of the Independent Directors, the procedure for transactions with related parties. The procedure was subsequently updated in July 2014, principally to further develop some of the operating terms for the identification of the significance of operations.

The approval of the transactions with related parties is the responsibility of, both in relation to significant transactions, as BasicNet falls within the application of Article 3, paragraph 1, letter f) of the Related Party Regulations, and in relation to minor transactions, to the Board of Directors, or the Executive Board, provided they are not a related party in the transaction, within the limits of their delegated powers, with prior non-binding opinion of the Independent Directors.

If, for a specific related party transaction, one of those Independent Directors is not available (insofar as, for example, being related), the functions are assigned to the other Unrelated Independent Director. In the absence thereof, the functions are carried out either by the Board of Statutory Auditors or by an independent expert appointed by the Board of Directors (Appointed Party).

Should the Independent Directors or the Appointed Party, as defined above, express a dissenting opinion on a transaction falling within the powers attributed to the Executive Bodies, this shall be submitted to the Board of Directors for approval. Where the transaction exceeds the limit of the powers assigned to the Executive Bodies, it shall be submitted to the Board of Directors for approval, and shall be subject to prior and non-binding opinion of the Independent Directors. The resolutions in relation to operations not undertaken at market value or standard value and significant operations in accordance with the parameters defined by Consob Regulation are reserved for approval by the Board of Directors.

Exempted from the procedure, in addition to all the matters expressly indicated by the Related Party Regulation issued by Consob, are insignificant operations (amounts not above Euro 150 thousand), provided they are undertaken at market or standard conditions within the ordinary operations of the business and of the related financial activities; the operations concluded with or between subsidiaries, including joint ventures, by BasicNet, provided in the subsidiary companies there are no counterparties in the operation that have interests, qualified as significant, of other related parties of the Company; the operations with associates provided that the associated company counterparties in the operation do not have interests, qualified as significant, of other related parties of the Company. Significant interest is not considered to exist by the mere sharing of one or more Directors or one or more senior management responsibilities between BasicNet and the companies of the subsidiary.

A procedure was implemented which transmits an alert mail through the "basicprocurement" order system by a related party, identified on the basis of declarations received from related parties (members of the Board of Directors and Board of Statutory Auditors).

As outlined in the chapter concerning remuneration, the Board, with the favourable opinion of the Independent Directors and the Board of Statutory Auditors, in 2015 passed motions on two occasions concerning the remuneration of executive directors. In 2015, no other resolutions were presented to the Board of Directors concerning transactions with related parties.

The procedure is available on the company's website:

[www.basicnet.com/contenuti/corporate/particorrelate.asp](http://www.basicnet.com/contenuti/corporate/particorrelate.asp).

## 13 APPOINTMENT OF STATUTORY AUDITORS

The regulation applicable for the appointment of the members of the Board of Statutory Auditors is in accordance with legislative and regulatory provisions and Article 17 of the Company By-Laws, in relation to which reference should be made to the company's website [www.basicnet.com](http://www.basicnet.com) at [www.basicnet.com/contenuti/gruppo/statuto.asp](http://www.basicnet.com/contenuti/gruppo/statuto.asp).

The Board of Statutory Auditors consists of three standing and two alternate members.

As the minority shareholders, as identified by the legal and regulatory provisions, are reserved the election of a Statutory Auditor and an Alternate Auditor, the procedure at Article 17 of the By-Laws provides that the appointment of the Board of Statutory Auditors takes place on the basis of slates presented by Shareholders, in which the candidates are listed by progressive numbering.

The slate is composed of two sections: one for the candidates for the office of Standing Auditor and the other for candidates for the office of Alternate Auditor. The slates must be drawn up so as to ensure that the resultant Board of Statutory Auditors complies with the applicable gender balance regulations in force.

Only shareholders which individually or together with other Shareholders hold shares with voting rights representing the share capital percentage required by the Company, which will be indicated in the call notice of the Shareholders' Meeting for the approval of the Board of Statutory Auditors, may present slate.

Together with the filing of slates the Shareholders must present or deliver to the registered office of the company documentation declaring the ownership of the number of shares with voting rights necessary for the presentation of the slate.

Each shareholder, in addition to shareholders belonging to the same group, in accordance with Article 2359 of the Civil Code and the parties belonging to, also through subsidiaries, a shareholder agreement in accordance with Article 122 of Legislative Decree No. 58 of February 24, 1998, may not present, nor vote upon, nor through nominees of trust companies, more than one slate.

In the case of violation of this rule no consideration is taken on the vote of the shareholder on any list;

Each candidate can be presented only on one slate at the risk of being declared ineligible.

Candidates may not be included on the slates if they already hold a greater number of Statutory Auditor positions than permitted by the regulatory or legal provisions. The outgoing statutory auditors may be re-elected.

In accordance with Article 1, paragraph 3, of the Ministry for Justice Decree No. 162 of March 30, 2000:

the sectors closely related to those in which the company operates are:

- for the research, development, styling, production and sale of products and services, in particular textile products, clothing, footwear, eyewear, leatherwear, sporting equipment and goods, in addition to accessories for these sectors;
- for the management and development of brands.

The areas closely related to the company's sector are:

- industrial, commercial and tax law, in addition to economics and business, accountancy and corporate finance.

The slates accompanied by exhaustive disclosure on the personal and professional characteristics of the candidates, with indication of the presenting shareholders and the overall share capital percentage held, in addition to the declaration of shareholders other than those who hold, also jointly, a controlling or relative majority holding, declaring the absence of connecting relationships as per the applicable regulations, with these latter, must be filed at the registered office of the company by the deadline established by applicable legislative and regulatory provisions.

Together with each slate, within the regulatory and legally established timeframe, a declaration in which the individual candidates accept their candidature, must be filed at the company's registered office, stating under their own responsibility, the inexistence of reasons for ineligibility and incompatibility, as well as the existence of the requisites for the respective assignments, in addition to those required for directorships held in other companies.

Slates presented that do not comply with all of the above formalities are considered as not presented.

The procedure for electing Statutory Auditors are as follows:

- a. from the slate which obtained the highest number of votes in the shareholders' meeting, based on the progressive order on the slate, 2 standing members and 1 alternate member are elected;
- b. from the slate which obtained the second highest number of votes at the shareholders' meeting, the remaining standing members and the other alternate member are elected, based on the progressive order on the slate.

The Chairman of the Board of Statutory Auditors is the first candidate indicated on the slate that obtained the second highest number of votes.

In the case of parity of votes between slates, the candidates from the slate having a higher equity investment are elected or, subordinately, with the greater number of shareholders.

In the case of presentation of only one slate, all candidates will be taken from that slate, with the Chairman the first listed on the slate.

Where it is not possible to proceed with the appointment according to the above system, the Shareholders' Meeting deliberates by statutory majority.

Where his/her legal requisites no longer exist, the statutory auditor must leave office.

In the case of the replacement of a statutory auditor, including the Chairman, where possible the Alternate Auditor belonging to the same slate as the discontinuing auditor joins the board and in the case of the replacement a Statutory auditor elected from the minority slate, the first candidate on the minority slate receiving the second highest number of votes joins the board in their place. In the cases in which a replacement results in non-compliance with the legally established gender balance criteria, the Board of Statutory Auditors shall be supplemented.

For the supplementation of the Board of Statutory Auditors:

- for the supplementation of the Statutory Auditors from the majority slate the appointment is made through a relative majority of the share capital represented at the Shareholders' Meeting, choosing from among the candidates indicated on the majority slate, ensuring that the composition of the Board of Statutory Auditors complies with the legally-required gender balance provisions;
- for the supplementation of the Statutory Auditors from the minority slate, including the Chairman of the Board of Statutory Auditors, the appointment is made through a relative majority of the share capital represented at the Shareholders' Meeting, choosing from among the candidates indicated on the minority slate, ensuring that the composition of the Board of Statutory Auditors complies with the legally-required gender balance provisions;
- for the simultaneous supplementation of the Statutory Auditors, elected both from the majority slate and minority slate, including the Chairman of the Board of Statutory Auditors, the appointment is made through a relative majority of the share capital represented at the Shareholders' Meeting, choosing from among the candidates indicated both on the majority slate and on the minority slate, of a number of Statutory Auditors equal to the number of which whose mandate concludes from the same slate, ensuring that the composition of the Board of Statutory Auditors complies with the legally-required gender balance provisions.

Where it is not possible to proceed in accordance with the previous paragraph, the Shareholders' Meeting to supplement the Board of Statutory Auditors votes according to a relative majority of the share capital represented at the Shareholders' Meeting, while ensuring that the right to representation of the minority has been complied with, in addition to the regulatory required gender balance provisions.



14. COMPOSITION AND OPERATION OF THE BOARD OF STATUTORY AUDITORS (as per Article 123-bis, paragraph 2, letter d) CFA)

The members of the Board of Statutory Auditors were appointed by the Shareholders' Meeting of April 29, 2013 on the basis of a single slate, filed by the shareholder BasicWorld S.r.l., holder at that date of 36.187% of the Share Capital, as no other slate was received within the time period required by the regulations by a shareholding of at least 2.25% of the voting rights.

The composition of the Board of Statutory Auditors is in line with the "gender quota" required by the new Consob regulation.

Each member of the Board of Statutory Auditors possess the good standing and professional requirements in accordance with law and the Company By-Laws. The Board of Statutory Auditors verified the independence of their members based on the criteria of the new Self-Governance Code, confirming the independence of the members in accordance with the above-mentioned code, although the Statutory Auditors are in office for over nine years.

The documentation filed for the purposes of the appointment, including the updated curriculum vitae of the statutory auditors, is available on the website [www.basicnet.com/contenuti/gruppo/organisocialisocieta.asp](http://www.basicnet.com/contenuti/gruppo/organisocialisocieta.asp).

A brief curriculum vitae of the members of the Board of Statutory Auditors in office, with indication of the offices held within the Group or in other listed companies or companies of significant size is listed below.

*Massimo Boidi - Chairman of the Board of Statutory Auditors (in office since 1989)*

Born in 1955. Since 1981 he has acted as a Certified Accountant and since 1988 an auditor. He was a Professor at the Faculty of Economics of the Turin University for "Legal, fiscal and regulatory issues" for the level 1 Masters in Private Banking for the year 2010-2011. Since 1980, he has collaborated also with the Economic Law Institute, also at the Economics Faculty, where he continues to act as the resident expert on Commercial Law. He is a member of the Turin-Ivrea and Pinerolo Certified Accountant Association for the four-year period 2013-2016 and the co-manager of the "231 Working Group" at the Turin-Ivrea-Pinerolo Certified Accountant Association.

He is a Director overseeing the "Corporate Controls" area of the Turin-Ivrea-Pinerolo Certified Accountant Association and since April 2013 Chairman of the Board of Directors of "Synergia Consulting Group S.r.l.", a professional alliance of 14 of the most cited Italian commercial research centres, located throughout Italy.

Since March 2015 he has been the Chairman of the Research Group for control reforms in the corporate law field at the Italian Accounting Organization.

His professional activities principally include tax and corporate consultancy, both domestically and internationally, acting as the Chairman of the Board of Statutory Auditors or as a Statutory Auditor or a member of the Supervisory Board for a number of companies.

Collaborates, in addition, with specialized sector magazines, publishing Articles relating to tax, legal, and corporate liability issues concerning companies the entities.

He has been the speaker in the same sector at a large number of conventions and research conferences.

Within the Group, he is Chairman of the Board of Statutory Auditors of BasicItalia S.p.A. and a Statutory Auditor of BasicVillage S.p.A..

He holds the position of Vice Chairman of Assofiduciaria, Chairman of the Board of Directors of Assoservizi Fiduciari S.r.l. a sole shareholder company, Chairman of the Board of Directors of Torino Fiduciaria Fidor S.r.l., Statutory Auditor of Autoliv Italia S.p.A. with sole shareholder, Chairman of the Board of Statutory Auditors of BasicWorld S.r.l., Chairman of the Board of Statutory Auditors of Casco Imos S.r.l. with sole shareholder, Chairman of the Board of Statutory Auditors of DB Schenker Rail Italia Srl, sole Statutory Auditor of DB Schenker Rail Italy S.r.l with sole shareholder, Chairman of the Board of Statutory Auditors of Dytech – Dynamic Fluid Technologies S.p.A. with sole

shareholder, Chairman of the Board of Statutory Auditors of Ekipo S.p.A., Chairman of the Board of Statutory Auditors of Erre Esse S.p.A., Chief Executive Officer of Fidicont S.r.l., Statutory Auditor of Finpat S.p.A., Chairman of the Board of Statutory Auditors of Fondazione Stadio Filadelfia, sole statutory auditor of GJP S.r.l. with sole shareholder, Chairman of the Board of Statutory Auditors of Italcables S.p.A. in liquidation, Chairman of the Board of Statutory Auditors of Jacobacci & Partners S.p.A., Chairman of the Board of Statutory Auditors of Litmat S.p.A., Chairman of the Board of Statutory Auditors of Nuovi Investimenti S.p.A. with sole shareholder, Chairman of the Board of Statutory Auditors of Quinto S.p.A. with sole shareholder, Chairman of the Board of Statutory Auditors of Saft S.p.A., Statutory Auditor of Sangiorgio Costruzioni S.p.A., of Suzuki Italia S.p.A. with sole shareholder, Chairman of the Board of Statutory Auditors of ITW Italy Holding S.r.l., Chairman of the Board of Statutory Auditors of ITW Lys Fusion S.r.l. with sole shareholder and Chairman of the Management Board of Porsche Club Piedmont and Valle d'Aosta.

*Carola Alberti – Statutory Auditor (in office since 1999)*

Born in 1957, she qualified as a Certified Accountant in 1985 and as an auditor in 1990. She has been enrolled at the Court-appointed Technical Consultants register since 1997 and on the Experts' Register of the Turin Court since 1999.

Since March 1983 she has been an associate with the Studio Boidi & Partners firm in Turin.

Her professional activities concern tax and corporate consultancy, principally with companies and groups, and assistance and consultancy in the tax dispute field.

She is a Standing Auditor with a number of companies.

Within the group, she is a Statutory Auditor of BasicItalia S.p.A. and of BasicVillage S.p.A..

She holds the office of Statutory Auditor of Ekipo S.p.A., Statutory Auditor of Erre Esse S.p.A., Statutory Auditor of Italcables S.p.A. in liquidation and Statutory Auditor of BasicWorld S.r.l.

*Maurizio Ferrero – Statutory Auditor (in office since 2001)*

Born in 1964. Certified Accountant and Auditor and Court-appointed Technical Consultant. Chairman and member of the Board of Statutory Auditors of listed companies, of companies subject to the oversight of the Bank of Italy and companies belonging to international groups operating in the naval, automotive and mechatronics sectors and as holding companies. Member of the Board of Auditors of non-profit bodies.

He is involved in corporate, fiscal and financial market legal consultancy, valuations of businesses and enterprises, preparation of expert opinions, consultancy, negotiation and tax and contractual assistance in business combination operations, fiscal due diligence and financial expertise in support of transactions, tax consultancy, financial statements and financial market law for mutual funds and financial brokers (SGR / SIM), tax and legal consultancy for banking and non-banking foundations and IAS tax compliance for businesses.

He holds the office of Statutory Auditor of Attività industriali Merlo S.p.A, Statutory Auditor of Blu Acquario prima S.p.A., Statutory Auditor of Erredi Invest S.p.A.; Chairman of the Board of Statutory Auditors of Fidia S.p.A., Chairman of the Board of Statutory Auditors of Flash S.p.A., Chairman of the Board of Statutory Auditors of Giugiaro Architettura & Structures S.p.A., Statutory Auditor of Ferrero S.p.A., Statutory Auditor of Ibis S.p.A., Auditor of the Istituto Superiore Mario Boella, Chairman of the Board of Statutory Auditors of Italdesign – Giugiaro S.p.A., Chairman of the Board of Statutory Auditors of Martin Bauer S.p.A., Chairman of SanLorenzo S.p.A., Statutory Auditor of Merlo S.p.A., Statutory Auditor of Suzuki Italia S.p.A. and Statutory Auditor of Torino Zerocinque Trading S.p.A..

*Fabio Pasquini – Alternate Auditor (in office since 1999)*

Born in 1953, he qualified as a certified accountant and auditor. He acts principally in the tax and corporate consultancy fields, both domestically and internationally, and in the tax planning field, acting as a Director and member of the Board of Statutory Auditors on a number of companies and bodies.

Expert in problem issues relating to the acquisition and sale of enterprises and companies, in addition to real estate sector consultancy.

Appointed to assist and represent contributors in tax disputes before the tax commissions.

Within the group, he is a Statutory Auditor of BasicItalia S.p.A..

He holds the office of Statutory Auditor of Autoliv Italia S.p.A. with sole shareholder, Statutory Auditor and Member of the Supervisory Board of Cassa di Risparmio in Bologna S.p.A., Statutory Auditor of Jacobacci & Partners S.p.A., Chairman of the Board of Directors of Fidicont S.r.l., Chairman of the Board of Statutory Auditors of Sangiorgio Costruzioni S.p.A., Statutory Auditor of Michelin Italiana S.p.A., Statutory Auditor of Tipo S.r.l., Chief Executive Officer of Torino Fiduciaria Fidor S.r.l.

He has also acted as a Director and/or Statutory Auditor at a number of companies and bodies, including: Finpiemonte S.p.A., Compagnia di San Paolo, Intesa Sanpaolo S.p.A., Mediafactoring S.p.A. and the Committee for the Organization of the XX Winter Olympic Games, Turin 2006.

*Alessandra Vasconi* – Alternate Auditor (in office since 2010)

Born in 1965. She qualified as a Certified Accountant in 1992 and as an auditor in 1995.

Her professional activities principally include corporate consultancy (ordinary and extraordinary corporate operations), accountancy (preparation of financial statements of companies and groups) and fiscal related (consultancy and assistance with regard to direct and indirect taxation) for companies and bodies, both privately and publicly held. She provides assistance and consultancy in the field of tax disputes.

She is a Statutory Auditor of F.I.R.A.D. S.p.A..

The Statutory Auditors, within their duties, acquired information also through meetings with the independent audit firm, with the Supervisory Board and through attending the Control and Risks Committee meetings.

The Statutory Auditors may participate in meetings subsequent to their appointment and during their mandate with the Chairman and Management, in order to remain updated on corporate affairs and developments. They also continually have access to financial and operational information from the BasicManagement portal.

The Statutory Auditor who, on his/her own behalf or that of third parties, has an interest in a determined transaction of the issuer informs the other statutory auditors and the Chairman of the Board, in a timely and comprehensive manner, regarding the nature, terms, origin and extent of his/her interest. This event however has never occurred.

As already indicated in the preceding paragraphs, the Board of Statutory Auditors, in undertaking its activities, liaises with the Internal Auditing department and the Control and Risks Committee.

## 15. RELATIONS WITH SHAREHOLDERS

The Chairman and Chief Executive Officer, who also undertakes the role of Investor Relator, actively undertakes dialogue with the shareholders, as well as with the institutional investors.

In addition, since its stock market listing, the dialogue with investors was further encouraged through an adequate updating of the contents on the internet site of the Company [www.basicnet.com](http://www.basicnet.com) which includes information of a financial/economic nature (annual reports, half-year and quarterly reports, share price information), and updated documents for all of the shareholders (composition of corporate boards, Company By-Laws and Shareholder Meeting Regulations, Corporate Governance Report, Ethics Code, Group organisation structure and its activities), as well as reports prepared for the Shareholders Meetings.

The press releases relating to the Brands and Companies of the Group, as well as the Chairman Marco Daniele Boglione and the Chief Executive Officer Franco Spalla are also available.

## 16. SHAREHOLDERS' MEETINGS (as per Article 123-bis, paragraph 2, letter c), CFA)

The shareholders' meetings provide opportunities to meet and communicate with the shareholders. During the Shareholders' Meetings the Chairman and the Chief Executive Officer provide the Shareholders with all the necessary information for the undertaking of resolutions.

The Ordinary Shareholders' Meetings undertake their duties in accordance with Article 2364 of the Civil Code and the Extraordinary Shareholders' Meetings in accordance with Article 2365 of the Civil Code.

In accordance with Article 2365, paragraph 2 of the Civil Code, the Board of Directors was conferred the following duties:

- resolutions, in accordance with Articles 2505 and 2505-*bis* of the Civil Code, concerning the merger by incorporation of one or more companies in which all shares or in which at least 90% of all shares are held;
- the opening and closing of secondary offices;
- indication of which Directors may represent the company;
- modify the company By-laws in compliance with law;
- the reduction of the share capital in the case of return of shares by shareholders;
- the transfer of the registered office in the national territory.

In accordance with Article 2410, first paragraph of the Civil Code, any issue of bonds is decided by the Directors.

The Board of Directors, and any Executive Boards, also have the right to undertake, without a Shareholders' Meeting authorization, all acts and operations against the objectives of a public share or exchange offer, from the moment in which the communication in which the decision or the obligation arises to promote the offer was made public until the termination or expiry of the offer.

The Board of Directors, and any Executive Boards, also has the right to implement decisions, not yet implemented in full or in part and which are not within the scope of the normal activities of the company, undertaken before the communication as described above and whose implementation could negate the achievement of the objectives of the offer. The Shareholders' Meeting (June 30, 2000, and for supplementation and/or modifications subsequently on April 30, 2011) approved the Shareholders' Meetings Regulations in order to permit the orderly functioning of the meetings and to guarantee the right of each shareholder to take the floor on matters under discussion. The Shareholders' Meeting regulations are available on the Company website [www.basicnet.com/contenuti/gruppo/regolamento.asp](http://www.basicnet.com/contenuti/gruppo/regolamento.asp).

As per Article 2 of the Shareholder' Meeting Regulation, those holding shares in accordance with applicable legislation and the by-laws, or their proxies or representatives, may attend and speak at the Shareholders' Meetings. Proof of personal identity is required for attendance at the Shareholders' Meeting. Unless otherwise indicated in the Call Notice, the personal identification and the verification of the right to attend takes place at the location of the Shareholders' Meeting at least one hour before the time fixed for the meeting.

Attendees are assured the possibility to follow and take part in the discussion and to exercise their right to vote using the technical methods established on each occasion by the Chairman: usually time is allowed for contributions be shareholders after the presentation of each matter on the Agenda.

All Directors generally attend the Shareholders' Meetings. The Board of Directors is available to Shareholders to provide the necessary information for the undertaking of fully informed decisions.

During the year there were no significant changes in the shareholders structure of the Issuer.

17. FURTHER CORPORATE GOVERNANCE PRACTICES (as per Article 123-bis, paragraph 2, letter a), CFA)

There are no corporate governance practices further to those indicated in the previous points applied by the Issuer, other than those required by legislation and regulation.

18. CHANGES SUBSEQUENT TO THE YEAR-END

There were no changes after the year-end.

For The Board of Directors

**The Chairman**

Mr. Marco Daniele Boglione

## 19. SUMMARY TABLES

*Table 1: Board of Directors at December 31, 2015*

Name	Office	Slate	Exec.	Non exec.	Ind.	Ind. CFA	attendance BOD
Marco Daniele Boglione	Chairman of the Board of Directors (with operating powers)	M	X				5/5
Daniela Ovazza	Vice Chairman of the Board of Directors (without powers)	M		X			5/5
Gianni Crespi	Vice Chairman of the Board of Directors (without powers) (since October 23, 2015) Independent Director (until October 23, 2015)	M		X	X	X	5/5
Franco Spalla	Chief Executive Officer	M	X				5/5
Paola Bruschi	Director (until October 23, 2015)	M	X				4/5
Paolo Cafasso	Director with powers	M	X				5/5
Giovanni Crespi	Independent director	M		X	X	X	5/5
Alessandro Gabetti Davicini	Director	M		X			5/5
Adriano Marconetto	Independent director	M		X	X	X	5/5
Renate Marianne Hendlmeier	Independent director Appointed October 23, 2015	C		x	x	x	1/5
Carlo Pavesio	Director	M		X			5/5
Elisabetta Rolando	Director	M	X				5/5

KEY:

- Office:** office within the Board of Directors.  
**Slate:** “M” for Directors elected from the majority slate and “m” for Directors elected from the minority slate (as per article 144-*decies* of the Consob Issuer’s Regulations); “C” means co-opted  
**Exec.:** Director qualifying as executive  
**Non-exec.:** Director qualifying as non-executive  
**Indep.:** Director qualifying as independent as per Self-Governance Code  
**Ind. CFA:** Director meeting the independence requirements established by article 148, paragraph 3, of CFA (article 144-*decies*, of the Consob Issuers’ Regulation).

**Attendance**

- BOD:** presence at meetings of the Board of Directors; the ratio is the number of meetings attended against the total number of meetings held.

The Board of Directors was appointed from April 29, 2013 and will remain in office until the approval of the 2015 Annual Accounts.

**Table 2: Composition of the Committees at December 31, 2015**

Name	Office	Remuneration Committee	% Remuneration Committee	Control and Risks Committee	% Control and Risks Committee
Daniela Ovazza	Vice Chairman of the Board of Directors (without powers)	M	100%		
Renate Marianne Hendlmeier	Independent director			M	100
Alessandro Gabetti Davicini	Non-Executive Director			M	100
Adriano Marconetto	Independent director	M	100%	C	100
Carlo Pavesio	Non-Executive Director	C	100%		

KEY

**R.C.:** C = Chairman M = Member of the Remuneration Committee

**% R.C.:** indicates attendance, in percentage terms, of the Director at Remuneration Committee meetings

**I.C.C:** C = Chairman M = Member of the Control and Risks Committee

**% I.C.C.:** indicates attendance, in percentage terms, of the Director at Control and Risks Committee meetings

**Table 3: Board of Statutory Auditors**

Name	In office from	Slate	Ind as per the Code	% B.S.A.	Other offices
Massimo Boidi	Chairman	M	Yes	100	31
Carola Alberti	Statutory Auditor	M	Yes	100	6
Maurizio Ferrero	Statutory Auditor	M	Yes	100	21

KEY

**Slate:** M where the statutory auditor was elected from the majority slate or m where elected from the minority slate (as per article 144 of the Consob Issuer's Regulations)

**INDEP.:** indicates if the Statutory Auditor is independent in accordance with the Self-Governance Code

**% B.S.A:** indicates the attendance, in percentage terms, of the statutory auditor at meetings of the Board of Statutory Auditors

**OTHER OFFICES:** total number of offices held at companies as per Book V, Section, V, Headings V, VI and VII of the Civil Code, further to the role with the Company.

The Board of Statutory Auditors was appointed from April 29, 2013 and will remain in office until the approval of the 2015 Annual Accounts.