



Think, Solve, Execute

## **Report on corporate governance and ownership structure**

*As at 31 December 2016*

(pursuant to art. 123*bis* Consolidated Law on Finance)

*(traditional management and control model)*

Approved by the Board of Directors of Be Think Solve Execute S.p.A. on 14 March 2017 and available to the public on the website [www.be-tse.it](http://www.be-tse.it)

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## 1. Glossary

<b>Director or Directors</b>	means a member or members of the Board of Directors.
<b>Shareholders' Meeting</b>	means the meeting of the Issuer's shareholders
<b>Borsa Italiana</b>	means Borsa Italiana S.p.A.
<b>Civil Code</b>	means the Italian Civil Code.
<b>Code/Code of Self-Regulation</b>	means the Code of Self-Regulation for listed companies approved by the Corporate Governance Committee and promoted by Borsa Italiana S.p.A. as amended from time to time.
<b>Board of Statutory Auditors</b>	means the Board of Statutory Auditors of the Issuer.
<b>Board Member or Board Members</b>	means a member or members of the Board of Directors.
<b>Board or Board of Directors</b>	means the Issuer's Board of Directors.
<b>Consob</b>	means the National Commission for Companies and the Stock Exchange (Commissione Nazionale per le Società e la Borsa).
<b>Date of Reference</b>	31 December 2016.
<b>Issuer, Be or the Company</b>	means Be Think Solve Execute S.p.A.
<b>FY or FY 2016</b>	means the Financial year to which this Report refers.
<b>Group</b>	means the group of companies established by Be and by the companies over which Be exercises management and coordination.
<b>Market Regulation Instructions</b>	means the document of instructions for the regulation of the markets organised and managed by Borsa Italiana S.p.A., approved by the Board of Directors of Borsa Italiana S.p.A..
<b>Body or Supervisory Body</b>	means the supervisory body of the Issuer pursuant to Italian Legislative Decree 231/2001.
<b>Consob regulation on related party transactions</b>	means the Regulation issued by Consob with resolution no. 17221 of 12 March 2010 (as subsequently amended) regarding related party transactions.
<b>Consob Issuers' Regulation</b>	means the Regulation issued by Consob with resolution no. 11971 of 1999 (as subsequently amended) regarding issuers.
<b>Consob Markets' Regulation</b>	means the Regulation issued by Consob with resolution no. 16191 of 2007 (as subsequently amended) regarding markets.
<b>Report</b>	means this Report on corporate governance and ownership structure, prepared pursuant to art. 123 <i>bis</i> of the Consolidated Law on Finance.
<b>Statutory Auditor or Statutory Auditors</b>	means a member or members of the Board of Statutory Auditors.
<b>Articles of Association</b>	means the articles of association of the Issuer.
<b>TUF or Consolidated Law on Finance</b>	means Italian Legislative Decree no. 58 of 24 February 1998 (as subsequently amended).

## Profile of “Be” S.p.A. Group.

**The Be Group** is one of the leading Italian players in the IT Consulting sector. The Group provides Business Consulting, Information Technology and Professional Services. A combination of specialist skills, advanced proprietary technologies and a wealth of experience enable the Group to work with leading financial and insurance institutions and Italian industry to improve their competitive capacity and their potential to create value. With around 1,100 employees and branches in Italy, Germany, United Kingdom, Switzerland, Austria, Poland, the Ukraine and Romania, in 2016 the Group recorded a total value of production of Euro 136.7 million.

**Be Think, Solve, Execute S.p.A.** (**Be** for short), listed on the high performance (requirement) equities segment (STAR) of the electronic equity market (MTA), performs management and coordination activities for the Group companies pursuant to art. 2497 et seq. of the Italian Civil Code, through control and coordination of operating, strategic and financial decisions of the subsidiaries and through management and control of reporting flows in readiness for preparation of the annual and interim accounting documents.

### Business segments

The Group specialises in the IT Consulting segment of the Financial Services sector. The organisation is divided by design into different specialisations: Business Consulting, ICT Solutions and platforms, and ICT Professional Services.

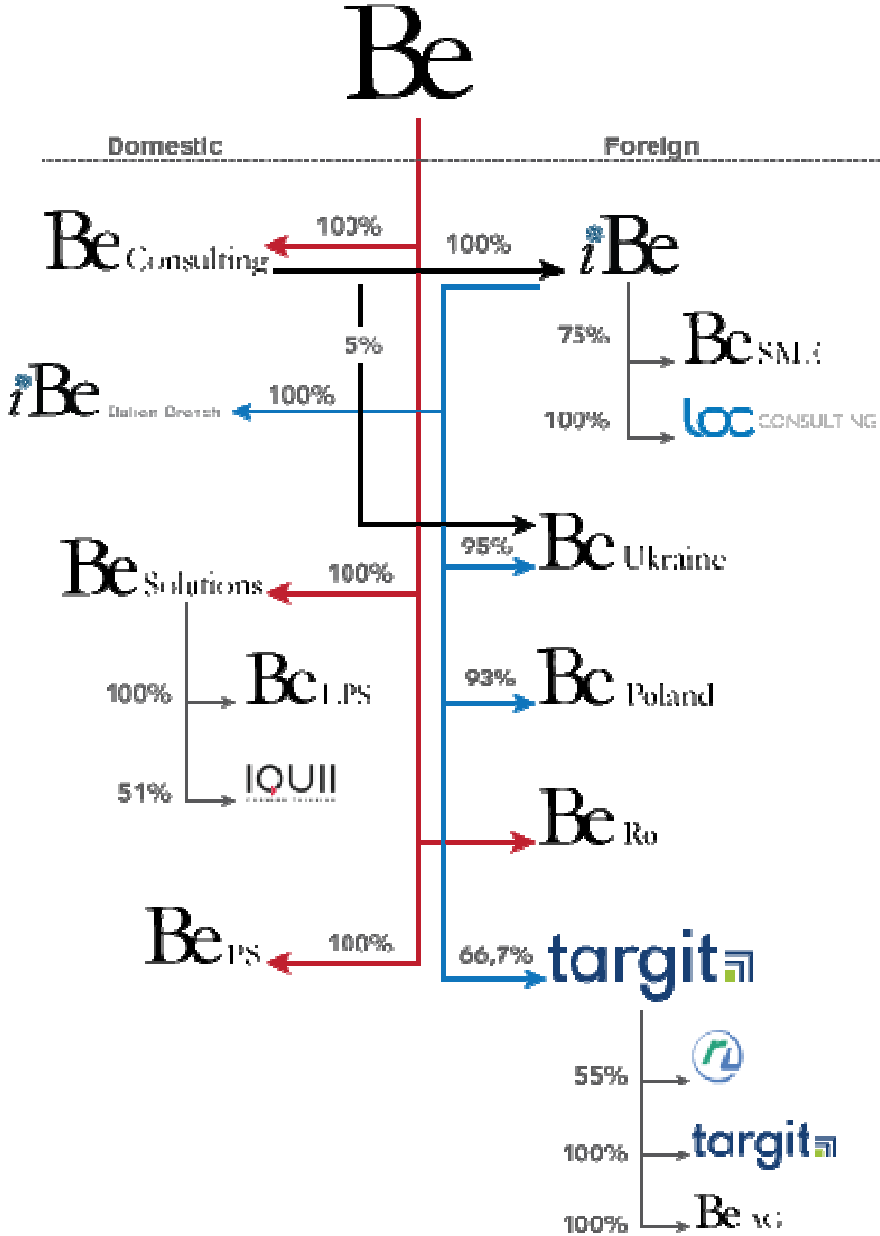
The model is that of a specialised company built around business, functional or process-related systems:

- **Business Consulting** focuses on the capacity to support the financial services industry in implementing business strategies and/or creating important plans for change. Its specialist skills are in constant development in the areas of payment systems, planning & control methods, regulatory compliance, information gathering and corporate governance systems for financial processes and asset management;
- **ICT Solutions**, i.e. the capacity to bring together business skills and technology solutions, products and platforms, creating theme-based business lines also as part of highly specialised segment-leading applications;
- **ICT Professional Services**, i.e. a pool of resources specialised in languages and technology, able to lend its professionalism to supporting critical systems or wide-scale technology upgrade plans.

In 2016, the services provided by the Group were addressed to three main types of customer: financial institutions, such as: i) banks and insurance companies (“Finance Area”); ii) operators belonging to the utilities sector and to industry (“Industry Area”); iii) to a lesser extent, central public administrations (“CPA”) and other domestic public organisations and local public administrations (“LPA”).

The following chart shows the Group structure on the Date of Reference.

ILLUSTRATIVA



(\* The above chart does not include the subsidiary A&B S.p.A. in liquidation, wholly owned by the Parent Company Be S.p.A. This company provided services for local public administration and is currently inactive. The liquidation procedure was launched in the first half of 2015 and was concluded in January 2017

## 2. Corporate Governance

### System of Governance

In compliance with that envisaged by art. 123*bis* of the Consolidated Law on Finance and by the Market Regulation Instructions, on the occasion of the Shareholders' Meeting convened to approve the financial statements, Be draws up an annual report on its system of governance, indicating the level of compliance with the principles and the recommendations contained in the Code of Self-Regulation and with international best practices.

In line with the Articles of Association, the management and control model adopted by the Company is characterised by the presence of the following Bodies/Committees:

- Shareholders' Meeting;
- Board of Directors;
- Board of Statutory Auditors;
- Appointments and Remuneration Committee;
- Control and Risk Committee;
- Supervisory Body;
- Independent Auditors.

Information on the Company's governance structure and on the implementation of the recommendations of the Code of Self-Regulation is illustrated below.

## 3. Information on ownership structure (pursuant to art. 123*bis*, paragraph 1, Consolidated Law on Finance)

### 3.1 Share Capital structure (pursuant to art. 123*bis*, paragraph 1, letter a) of the Consolidated Law on Finance)

As at 31 December 2016 Be's issued and fully paid-up share capital totalled Euro 27,109,164.85 divided into 134,897,272 ordinary shares with no face value indicated pursuant to art. 2346, paragraph 3 of the Civil Code;

- the shares may be freely transferred and there are not restrictions on voting rights;
- there are no categories of shares other than ordinary shares, nor are there shares that do not represent the Issuer's share capital;

- the Company has not issued convertible or exchangeable bonds or bonds with warrants, nor has it issued securities that grant special rights;
- the Company does not directly or indirectly hold treasury shares in the portfolio, nor through subsidiaries, trust companies, other parties or other third parties on its behalf;
- there are no restrictions to the transfer of the Company's shares pursuant to art. 12**bis**, paragraph 1, letter b), of the Consolidated Law on Finance.

During the Financial Year, the Company received communications regarding the transfer of "significant" shareholdings pursuant to art. 120 of the Consolidated Law on Finance from Intesa SanPaolo S.p.A. (**Intesa**): said communications sent to Be on 18 and 10 April 2016, regard the fact that Intesa had finalised some sales agreements regarding its shareholding in the Company and that, by virtue of said sales, the percentage of the share capital of the Company held by Intesa had fallen from 19% to 4.39%.

### 3.2 Significant shareholders (pursuant to art. 123**bis**, paragraph 1, letter c) of the Consolidated Law on Finance)

On the Date of reference, as indicated in disclosures made pursuant to art. 120 of the Consolidated Law on Finance and in relation to notices received in accordance with internal dealing regulations, the Company's main shareholders were the following<sup>†</sup>:

SIGNIFICANT SHAREHOLDERS			
Declarant	Direct shareholder	% of ordinary share capital	% of voting share capital
Tamburi Investment Partners S.p.A	Tamburi Investment Partners S.p.A	23.41	23.41
Bny Mellon Service Kapitalanlage	Bny Mellon Service Kapitalanlage	10.00	10.00
Stefano Achermann	iFuture Power In Action S.r.l.	10.02	10.02
	Stefano Achermann	5.76	5.76
	<b>Total Stefano Achermann</b>	<b>15.78</b>	<b>15.78</b>
	Float	50.81	50.81
<b>Total</b>			<b>100%</b>

(\*) *ownership title: pledge*

No party exercises control over the Issuer pursuant to art. 93 of the Consolidated Law on Finance.

The Company is not aware of any agreements between shareholders pursuant to art. 122 of the Consolidated Law on Finance.

The Articles of Associations do not contain provisions on takeover bids pursuant to articles 104, paragraph 1<sup>ter</sup> or 104**bis**, paragraph 1, of the Consolidated Law on Finance.

As at the date of this Report, there are no share-based arrangements in place with employees.

### **3.3 Change of control clauses (pursuant to art. 123*bis*, paragraph 1, letter h, of the Consolidated Law on Finance)**

As at the date of this Report, the Company and its subsidiaries have not entered into significant agreements that take effect, are amended or are terminated in the event of a change of the majority shareholder of the Issuer.

### **3.4 Delegations to increase share capital and authorisation to purchase treasury shares (pursuant to art. 123*bis*, paragraph 1, letter m, of the Consolidated Law on Finance)**

During the Financial Year, the Shareholders' Meeting has not delegated the Board of Directors to increase the Company's share capital, nor has it authorised the Board to purchase treasury shares of the Issuer pursuant to articles 2357 et seq. of the Civil Code or to issue participatory financial instruments. Furthermore, the Issuer holds no treasury shares in its portfolio.

### **3.5 Management and coordination (pursuant to art. 2497 et seq. of the Civil Code)**

The Issuer is not subject to the management and coordination of any company.

\* \* \*

Note that: (i) the information required by art. 123*bis*, paragraph 1, letter i), of the Consolidated Law on Finance is illustrated in the report on remuneration published pursuant to art. 123*ter* of the Consolidated Law on Finance; and that (ii) the information required by art. 123*bis*, paragraph 1, letter l), of the Consolidated Law on Finance is illustrated in the chapter of the Report on the Board of Directors.

## **4. Compliance (pursuant to art. 123*bis*, paragraph 2, letter a), Consolidated Law on Finance)**

The Company observes the Code of Self-Regulation promoted by the Committee for the Corporate Governance of Listed Companies and published in March 2006, as later amended, accessible to the public on the web page:



<http://www.borsaitaliana.it/borsaitaliana/regolamenti/corporategovernance/codice2015.pdf>.

Note that neither the Issuer nor its strategically relevant subsidiaries are subject to legislation that is not Italian, which influences the corporate governance structure of the Issuer.

## 5. Board of Directors

### 5.1 Appointment and replacement

The Company's Shareholders' Meeting resolves on the appointment of the Directors.

More specifically, the Articles of Association (art. 15), as amended by the Extraordinary Shareholders' Meeting held on 12 June 2014, envisages the following.

*“The Company is managed by a Board of Directors comprised, alternatively, by 9 (nine), 11 (eleven) or 13 (thirteen) members, according to the resolution made by the Shareholders' Meeting at the time of appointment of the members of the Board of Directors. To this end, Shareholders attending and eligible to vote at the shareholders' meeting will be given the opportunity to choose between the three possible compositions of the Board of Directors and the composition that is voted by the highest percentage of ordinary share capital will be considered approved.*

*The appointment of the Board of Directors is made by the Shareholders' Meeting on the basis of lists submitted by the Shareholders, according to the procedure set forth in the following paragraphs, unless there are different and further provisions envisaged by mandatory laws or regulations.*

*All Directors must meet the requirements of eligibility, professionalism and honourability envisaged by the law and by other applicable provisions. Pursuant to art. 147ter, paragraph 4, of Italian Legislative Decree 58/98 and subsequent amendments and supplements (the Consolidated Law on Finance), at least two Directors must meet the requirements of independence requested therein. The Directors appointed must immediately inform the Company if they no longer meet the above-cited requirements of independence or honourability, as well as in the event of their ineligibility or incompatibility. The failure to meet the requirements of independence as defined above by a Director does not lead to the dissolution of the Board, if said requirements are met by a minimum number of Directors, who must meet them in accordance with the law in force or according to the codes of conduct to which the Company has stated to observe.*

*A list for the appointment of Directors may be submitted by Shareholders who, alone or jointly with others, at the time of registration set forth in the following paragraph, hold a shareholding corresponding to at least the minimum established by Consob pursuant to article 147ter, paragraph 1, of the Consolidated Law on Finance.*

*Lists are submitted to the registered office at least twenty-five days before the date of the Shareholders' Meeting that will resolve on the appointment of the Directors.*

*The lists envisage a number of candidates that does not exceed 13 (thirteen), each of which corresponding to a consecutive number. Each list must contain and expressly indicate, with a consecutive number not exceeding nine, at least two Independent Directors pursuant to art. 147ter, paragraph 4, of the Consolidated Law on Finance. Each*

*list must also expressly indicate, if relevant, all Directors that meet the requirements of independence envisaged by the codes of conduct drawn up by the company which manages regulated markets or by trade associations. If mandatory criteria regarding gender are applicable, each list that includes at least three candidates must contain a number of candidates of the least-represented gender that is at least equal to the minimum required by the rule in place on each occasion.*

*The lists must also contain, also as appendices: (i) information relating to the identity of the Shareholders that submitted them; (ii) exhaustive information on the personal and professional characteristics of the candidates; (iii) a declaration of the candidates containing their acceptance of the candidature and a statement that they meet the requirements of independence, where indicated as Independent Directors pursuant to art. 147-ter of the Consolidated Law on Finance or as Independent Directors pursuant to the above-cited codes of conduct. The ownership of the percentage of share capital required for the submission of the list is established on the basis of the shares that are registered in the name of the Shareholder or, collectively of the Shareholders, who has/have submitted the list on the day on which this is registered at the Company, with reference to the share capital subscribed at the same date. The relative statement may be sent to the Company also subsequent to the registration of the list as long as the Company receives it within the term envisaged for the publication of the lists by the Company.*

*The lists are made available to the public, by the Company, at the registered office, on the website and using other methods envisaged by the law and regulations in force, at least twenty-one days before the date of the Shareholders' Meeting on first and second call. The lack of one of the above-cited appendices or failure to submit the statement confirming ownership of the percentage of share capital required to submit the list will result in the inefficacy of the registration of the list, which will be considered as never having been submitted. In the event in which a number of lists are submitted, the same must not be related to one another in any way, even indirectly. Therefore, each Shareholder may not submit or contribute to submitting more than one list, even through a third party or a trust company. Furthermore, Shareholders that are considered as related pursuant to the applicable provisions of the law or of regulations in force at the time, may not submit or contribute to submitting more than one list. If these rules are infringed, the vote of the Shareholder will not be taken into account for any of the lists submitted. A candidate may only appear on one list, otherwise he/she will be considered ineligible.*

*For the election of the members of the Board of Directors, the following procedure will be adopted:*

*(a) if only one list is submitted, the members of the Board of Directors will all be taken from said list;*

*(b) if two or more lists are submitted:*

- i. from each of the lists (the Other Lists) that have obtained, respectively, the second, the third and the fourth highest number of votes, as long as not related in any way, even indirectly, between them and/or with the list that obtained the highest number of votes (the Majority List), the candidate indicated with the first number of each of the Other Lists will be extracted, it being hereby understood that in this way a number of directors of between a minimum of one (if only two lists are submitted) and a maximum of three (if four or more lists are submitted) will be extracted; from*
- ii. the remaining members of the Board of Directors will be extracted from the Majority List, the number of which was previously established by the Shareholders' Meeting; within these numerical limits, the candidates indicated on the list in consecutive order will be elected.*

*In the case of equal votes between one or more lists, in order to establish the ranking of the same lists, the Shareholders' Meeting will vote again, voting only on said lists.*

*For the purpose of the above, the highest number of votes means the votes that represent the highest number of shares.*

*If, by virtue of the application of that envisaged in the paragraphs above, the minimum quorum of the less-represented gender applicable on each occasion is not respected:*

*(a) in place of the last candidate of the more-represented gender on the Majority List, the next candidate of the less-represented gender of the same list will be considered elected, or if this is not possible and in any event if this is not sufficient to ensure compliance with the minimum quorum of the less-represented gender;*

*(b) in place of the candidate that belongs to the more-represented gender taken from the first of the Other Lists, the first candidate of the less-represented gender according to the consecutive order not elected from said Other List will be considered elected. This replacement procedure will continue until such time as the composition of the Board of Directors complies with the pro tempore rule regarding gender equality in force at the time. If said procedure does not guarantee the latter indicated result, the replacement will be made on a resolution of the Shareholders' Meeting by a majority vote, following the submission of candidates belonging to the less-represented gender.*

*If, following the application of the above procedure, the minimum number of Independent Directors envisaged by the law has not been appointed, the missing Independent Director or, depending on the case, the missing Independent Directors, will be elected as follows:*

*(a) in place of the non-independent candidates taken from the Majority List as last in consecutive order, the first independent candidates that have not been elected from the same list will be elected, or if this is not possible and in any event if this is not sufficient to ensure the election of the required number of Independent Directors;*

*(b) in place of the non-independent candidate taken from the first of the Other Lists, the first candidate according to the consecutive order not elected from said list will be considered elected.*

*This replacement procedure will continue until such time as Board of Directors is comprised by a number of Independent Directors corresponding at least to the minimum envisaged by the law, or by regulations, instructions or codes of conduct drawn up by the company that manages the market in which the company's shares are admitted, to which the company is obliged or to which the company declares to observe. If said procedure does not guarantee the latter indicated result, the replacement will be made on a resolution of the Shareholders' Meeting by a majority vote, following the submission of candidates that meet the cited requirements.*

*The Directors do not have to be shareholders and have a term of office of three financial years, ending on the date of the Shareholders' Meeting convened to approve the financial statements drawn up for the last financial year of their term of office. They may be re-elected.*

*If during the year, one or more of the Directors leaves the Board, as long as the majority is comprised by Directors appointed by the Shareholders' Meeting, the provisions of art. 2386 of the Civil Code will be applied, according to which:*

*(a) the Board of Directors will proceed with the replacement based on those belonging to the same list as the departed Director and the Shareholders' Meeting will resolve, by the legal majority, respecting the same criteria;*

*(b) if there are no unelected candidates remaining on the afore-mentioned lists or there are no candidates with the requirements requested, or in any event, if for some reason it is not possible to meet the provisions of letter (a), the Board of Directors will provide for the replacement, and the Shareholders' Meeting will subsequently resolve, on a legal majority, without list votes.*

*In any event, the Board of Directors and the Shareholders' Meeting will provide for the appointment in order to ensure the presence of a number of Independent Directors corresponding at least to the minimum envisaged by the law, or by regulations and relative pro tempore instructions in force or codes of conduct drawn up by the company that*

*manages the market in which the company's shares are admitted, to which the company is obliged or to which the company declares to observe.*

*If there is no longer a majority of Directors, the entire Board of Directors will be considered dissolved, and will be re-established according to the procedure envisaged by article 15 herein.*

*The Board of Directors elects a Chairman from its members, which must be one of the members of the Board taken from the Majority List, pursuant to article 15 herein, and the terms of office of the same will be the full term of office as Director.*

*The validity of the resolutions of the Board of Directors are subject to the provisions of art. 2388 of the Civil Code, without prejudice to the fact that resolutions on the following topics:*

- (i) any matter regarding investments and/or disinvestments for an amount exceeding Euro 10,000,000 or, if lower, to an amount corresponding to 20% of the Company's Statement of Financial Position assets, as stated on the last approved financial statements;*
- (ii) approval of the Company's budget and business plan (which must include the plan of investments and the financial plan);*
- (iii) proposals for amendments to the Articles of Association, to be submitted to the Shareholders' Meeting, will be adopted as valid with the favourable vote of a number of Board Members corresponding to the number of Board Members in attendance minus 1 (one) person. [...].*

Note that, given the structure and the limited size of the Group, as well as the type of business in which it is engaged, the Board of Directors has not adopted succession plans for executive directors, retaining that the replacement procedures adopted are adequate to assure continuity and certainty to the company's operations.

## 5.2 Composition

The ordinary session of the Shareholders' Meeting held on 12 June 2014, resolved, in accordance with art. 15 of the Articles of Association, to establish the number of Board members as 9, appointing the current members of the Board of Directors with a term in office until the date of approval of the financial statements for the year ending 31 December 2016, as follows:

*[candidates taken from the majority list submitted by Data Holding 2007 S.r.l.]*

- Antonio Taverna
- Stefano Achermann
- Carlo Achermann
- Claudio Berretti
- Cristina Spagna
- Anna Zattoni
- Anna Lambiase
- Umberto Quilici and

*[candidate taken from the majority list submitted by Imi Investimenti S.p.A.]*

- Bernardo Attolico

As mentioned, the appointment procedure was conducted in accordance with art. 15 of the Articles of Association, and therefore through the submission of 2 lists of candidates for the post of director, one submitted by the shareholder Data Holding 2007 S.r.l.<sup>1</sup> holder - at the time of the submission of the list - of 45,101,490 ordinary shares of the Company, corresponding to 33.43% of share capital, and one submitted by the shareholder IMI Investimenti S.p.A.<sup>2</sup> holder - at the time of the submission of the list - of 45,101,490 ordinary shares of the Company, corresponding to 22.06% of share capital. The list submitted by Data Holding 2007 S.r.l. obtained the favourable vote of 57,567,030 shares representing 42.674% of share capital, while the list submitted by IMI Investimenti S.p.A. obtained the favourable vote of 29,756,468 shares representing 22.06% of share capital.

The table below shows the list of members of the Board of Directors currently in office.

On the closing date of the Financial Year, no changes had been made to the composition of the Company's Board of Directors.

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<sup>1</sup> The candidates included on the list submitted by Data Holding 2007 S.r.l. are as follows: Antonio Taverna; Stefano Achermann; Carlo Achermann; Claudio Berretti; Cristina Spagna; Anna Zattoni; Anna Lambiase; Umberto Quilici; Rosanna Pellerino; Lucia Secchiaroli; Floriana Vitale; Massimo Piantedosi and Luca Savini Zangrandi.

<sup>2</sup> The candidates included on the list submitted by IMI Investimenti S.p.A. are as follows: Bernardo Attolico; Giovanni Ferrari; Simona Bonfiglioli; Massimiliano Boschini; Amedeo Giovanni Maria Nodari; Veronica Giani; Giada Castaldini; Giovanni Frigieri; and Marco Mencagli.

Board of Directors													Control and Risk Committee		Appointments and Remuneration Committee	
Position	Members	Year of birth	Date of first appointment*	In office since	In office until	List **	Executive	Non-Executive	Independent Code	Independent Consolidated Law on Finance	No. of other positions ***	(*) Note 1	(*) Note 1	(**)	(*) Note 1	(**)
Chairman	Antonio Taverna	1945	12 June 2014	12 June 2014	Approval of Financial Statements 2016	M		X			3	ays				
Chief Executive Officer	Stefano Achermann • ◊	1969	24 April 2010	12 June 2014	Approval of Financial Statements 2016	M	X					ys				
Director	Carlo Achermann	1944	24 April 2010	12 June 2014	Approval of Financial Statements 2016	M	X					8/9				
Director	Claudio Berretti	1972	18 May 2007	12 June 2014	Approval of Financial Statements 2016	M		X			4	9/9			4/4	M
Director	Bernardo Attolico	1963	10 May 2012	12 June 2014	Approval of Financial Statements 2016	M		X				8/9	6/6	M		
Director	Cristina Spagna	1971	12 June 2014	12 June 2014	Approval of Financial Statements 2016	M		X	X	X		9/9			4/4	C
Director	Umberto Quilici	1946	23 April 2013	12 June 2014	Approval of Financial Statements 2016	M		X	X	X	2	8/9	6/6	C	3/4	M
Director	Anna Zattoni	1970	23 April 2013	12 June 2014	Approval of Financial Statements 2016	M		X	X	X		6/9	4/6	M		
Director	Anna Lambiase	1967	12 June 2014	12 June 2014	Approval of Financial Statements 2016	M		X			1	9/9				

**DIRECTORS WHO LEFT THE BOARD DURING THE FINANCIAL YEAR UNDER ANALYSIS – NONE**

No. of meetings held during the year under analysis: 9

Appointments and Remuneration Committee: 4

Control and Risk Committee: 6

Indicate the quorum required for the submission of the lists by minorities for the election of one or more members (pursuant to art. 147ter Consolidated Law on Finance): 4.5%

#### NOTES

The symbols indicated below must be entered in the “Position” column:

• This symbol indicates the director in charge of the risk management and internal control system.

◊ This symbol indicates the main person in charge of the management of the issuer (Chief Executive Officer or CEO).

○ This symbol indicates the Lead Independent Director (LID).

\* The date of first appointment of each director means the date on which the director was appointed for the first time (ever) to the Board of Directors of the issuer.

\*\* This column indicates the list from which each director was taken (“M”: majority list; “m” minority list; “BoD”: list submitted by the BoD).

\*\*\* This column indicates the number of positions as director or statutory auditor held by the person in question in other companies listed on regulated markets, including those abroad, in financial, banking, insurance companies or in companies of a relevant size. In the Report on corporate governance, the positions are indicated in full.

(\*). (\*) This column indicates the attendance of the directors at meetings of the BoD and of committees respectively, (indicate the number of meetings attended with respect to the total number of meetings that the same could have attended; e.g. 6/8; 8/8 etc.).

(\*\*). This column indicates the position of the board member within the Committee: “C”: Chairman; “M”: Member.

**Note 1: the total number of meetings refers to those held between 1 January 2016 and the Date of Reference.**

The personal details and professional experience of the members of the Board of Directors currently in office are illustrated below:

### **Antonio Taverna**

Born in 1945, he has been Chairman of the Board of Directors since June 2014. He is a consultant and a chartered accountant, a sessional professor at the Faculty of Economics of Carlo Cattaneo University. He has acted official receiver for companies in compulsory administration pursuant to art. 70 of the Consolidated Law on Banking; he has held positions of independent Board Member and Statutory Auditor. Until June 2007, he was a senior partner with PricewaterhouseCoopers, where he held management and coordination positions in the Italian organisation for the Financial Services and SME, auditing and extraordinary finance sectors. He was the official receiver of the Delta banking group. At present, in addition to his position as Chairman of the Board of Directors, Mr. Taverna holds the following positions, (i) Chairman of the Board of Statutory Auditors of MPS Leasing&Factoring; (ii) Standing Auditor of Anima Holding; (iii) Chairman of the Board of Statutory Auditors of Anima SGR; and (iv) Chairman of the Board of Statutory Auditors of AREL Research Agency, founded by Nino Andreatta. He is a member of the Supervisory Board of AIAF.

### **Stefano Achermann**

Born in Rome on 10 June 1969, he has a degree in economics and was in charge of Guidelines and Systems for the Capitalia Group and Chairman of Capitalia Informatica until 2007, as well as holding various posts in the same group. In the past, he was the co-founder and Chief Executive Officer of E-Finance Consulting Reply and between 1999 and 2001, he worked with McKinsey&Company. At the date of this Report, in addition to being the Chief Executive Officer of Be, Mr. Achermann is also the Chief Executive Officer of Be Consulting S.p.A. (of which he is also General Manager), Be Solutions S.p.A., Be Professional Services S.p.A., IQUII S.r.l. and of Be Enterprise Process Solutions S.p.A.. Mr. Stefano Achermann is also a member of the Board of Directors of iBe Tse Ltd..

### **Carlo Achermann**

Born in Rome on 1 February 1944, after graduating in Economics and Business, he worked for the IRI Group (Cementir S.p.A.) until June 1979. He was a member of the Board of Directors of Società Europa Tessile S.p.A. between July 1979 and 1988 as well as Chief Executive Officer of Kashiyama Italia S.p.A.. Between 1979 and 1992, he held various positions in Italy and Europe on behalf of the Kashiyama group. In 1992 he founded E\*Finance Consulting, which was sold in 2001 to the Reply group, for which he then became head of the Finance market. In 2007, he started to work with the group, where he held the position of Board Member of the Parent Company. At the date of this Report, in addition to his position as Director, with a mandate for Be's Finance, he is also Chairman of the Board of Directors of Be Consulting S.p.A., Be Solutions S.p.A., Be Professional Services S.p.A., Be Enterprise Process Solutions S.p.A. and IQUII S.r.l.. Mr. Carlo Achermann is also an executive director of iBe Tse Ltd..

### **Claudio Berretti**

Born in Florence on 23 August 1972, resident in Milan. He graduated in Business Economics. He won a study grant awarded by Banca Commerciale Italiana and a European Community study grant for work projects abroad. Prior to his current position, he worked with "Federtessile" in Milan, Fiat UK Ltd and Magneti Marelli UK, and from 1995 to date with Tamburi Investment Partners, a company that specialises in consultancy for extraordinary financial transactions and in investments in listed and unlisted companies. Since 2004, he has been the General Manager of Tamburi Investment Partners.

In addition to the position of Board Member of Be, he holds the following other positions: (i) general manager and executive director of Tamburi Investment Partners S.p.A.; (ii) Board Member of Be

Consulting S.p.A.; (iii) Board Member of Be Solutions S.p.A.; (iv) Board Member of Data Holding 2007 S.r.l.; (v) Board Member of Venice Shipping & Logistic S.p.A.; (vi) Board Member of Bolzoni S.p.A.; (vii) Board Member of Noemalife S.p.A.; (viii) Board Member of Monrif S.p.A.; (ix) Board Member of Oubitaly S.d.; (x) Board Member of Clubsette S.r.l.; and (xi) Sole Director of Tipo S.r.l.

### **Cristina Spagna**

A graduate in Pedagogy from the University of Turin in 1994, between February 1996 and January 1999, she worked for a company that specialises in Personnel research and selection Start International Account HR, and, later between January 1999 and December 2001, she held the position of HR Manager at Fujitsu Siemens. At present, she is the managing director and chairman of the board of directors of Kilpatrick Executive Search Milano, where she is in charge of the following business areas: executive search headhunting; business development; new market development and supervision of foreign subsidiaries; executive coaching; and the organisation and definition of corporate strategies.

### **Anna Zattoni**

With a degree in Mechanical Engineering awarded in 1996 by the University of Bologna, she has worked with leading strategic consulting firms such as Boston Consulting Group (Milan) and with leading foreign companies such as Pfizer Italy and Vodafone. At present, in addition to her role as director with Be, she is also the General Manager of ValoreD.

### **Anna Lambiase**

With a degree in Economics and Business awarded in 1993 by the University of Pavia, she obtained the qualification as chartered accountant in 1995. She also obtained a master in finance from the same University of Pavia and a master in e-business from the Polytechnic of Milan. After extensive experience in Corporate Finance and in listing procedures, she worked as CFO for Poligrafica San Faustino, a company listed on the STAR segment, and in 2001 founded IR Top, a leading company in Italy in strategic consulting on Investor Relations for listed companies. In 2010, she founded VedoGreen, which specialises in providing funding to green companies. She has written numerous publications and articles on IPOs, corporate governance, corporate disclosures, financial statements and company assessments and she is a teacher at the Academy, the training centre of Borsa Italiana LSE Group, for the main courses in financial communication, IR and corporate disclosure.

### **Umberto Quilici**

Born in Lucca in 1946, he graduated in Physics from the University of Milan (1969).

He has developed his professional and managerial career in companies such as Italsiel, Logica Generali Systems and Data Management, where he has held the positions of General Manager and CEO. In 1997, he became the Central Manager of Credito Italiano, with responsibility for defining and implementing the Group's new ICT strategy. In this role he worked with the Group's IT company (Ugis) as CEO and Chairman throughout its development until December 2007. He has also held the position of member of the board of directors and Chairman in numerous companies of the Unicredit Group, including Bipop Carire. At present, in addition to the role of director in Be, he is a member of the board of directors of Unicredit Business Integrated Solutions (Ubis), for which he chairs the Internal Control and Risk Committee.



### **Bernardo Attolico**

Born in New York on 19 January 1963, he held professional roles at the Bank of Tokyo (Tokyo and London) between November 1987 and 1989 in the capital markets division. Between October 1989 and 1992, he was in charge of marketing investment banking products in Italy, Greece and Turkey for Yamaichi International (London). Between 1992 and 1997, he worked with Barclays de Zoete Wedd (London), and later with Credit Suisse First Boston (London), between 1998 and 2000 as Italian Coverage Director, and between 2001 and 2002, as Managing Director and Head of Investment Banking in Italy. Between 2003 and 2005, he held the position of Managing Director, Investment Banking, Senior Banker Responsible for Relations with Corporate Customers at Deutsche Bank (Milan). Lastly, between 2006 and 2013, he was the senior partner of Insec, a company that operates in the business of consulting and management of private equity transactions based on club deals.

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Note that the number of Independent Directors, with relation to the total number of Board members, is in line with the provision set forth in Application Criterion 3.C.3 of the Code of Self-Regulation.

Note also that the present composition of the Board of Directors is in line with the provisions contained in art. 147<sup>ter</sup> of the Consolidated Law on Finance as regards the balance between genders in the composition of management bodies of listed companies.

All of the members of the Board of Directors meet the requirements of honourability set forth in art. 2 of the Regulation of the Italian Ministry of Justice no. 162/2000, as referred to by art. 147<sup>quinquies</sup> of the Consolidated Law on Finance, and there are no situations of ineligibility or disqualification envisaged by art. 2382 of the Civil Code or, depending on the case, by art. 148, paragraph 3, of the Consolidated Law on Finance, as referred to by art. 147<sup>ter</sup>, paragraph 4 of the same Law. Furthermore, the independent Directors, Cristina Spagna, Anna Zattoni and Umberto Quilici have stated that they meet the requirements of independence envisaged by art. 148, paragraph 3 of the Consolidated Law on Finance, and by article 3 of the Code of Self-Regulation. The Board of Directors has made the annual assessment to ensure that the above requirements of independence are still met.

The purpose of the presence of three independent directors is to provide greater protection to good corporate governance, achieved through discussion and dialogue between all directors. The contribution of the independent directors also enables the Board of Directors to verify that cases of potential conflict of interests between the Company and the majority shareholder are assessed with an adequate degree of independence.

The management and control positions held as at the Date of Reference by each director of Be in other companies listed on regulated markets, including those abroad, in Group companies, financial, banking, insurance companies or in companies of a relevant size, are shown in the table below.

**2016 Table of Positions in addition to those held in Be at the date of this Report**

Board Member	Position	Company	Be Group	Listed
<b>Antonio Taverna</b>	<i>Chairman of the Board of Statutory Auditors</i>	Anima SGR	NO	NO
	<i>Chairman of the Board of Statutory Auditors</i>	MPS Leasing & Factoring	NO	NO
	<i>Standing Auditor</i>	Anima Holding	NO	YES
<b>Stefano Achermann</b>	<i>CEO and General Manager</i>	Be Consulting S.p.A.	YES	NO
	<i>Chief Executive Officer</i>	Be Solutions S.p.A.	YES	NO
	<i>Chief Executive Officer</i>	Be Enterprise Process Solutions S.p.A.	YES	NO
	<i>Chief Executive Officer</i>	Be Professional Services S.p.A.	YES	NO
	<i>Chief Executive Officer</i>	IQUII S.r.l.	YES	NO
	<i>Executive Director</i>	iBe Tse Ltd.	YES	NO
<b>Carlo Achermann</b>	<i>Chairman of the Board of Directors</i>	Be Consulting S.p.A.	YES	NO
	<i>Chairman</i>	Be Solutions S.p.A.	YES	NO
	<i>Chairman</i>	Be Professional Services S.p.A.	YES	NO
	<i>Chairman</i>	Be Enterprise Process Solutions S.p.A.	YES	NO
	<i>Chairman</i>	IQUII S.r.l.	YES	NO
	<i>Executive Director</i>	iBe Tse Ltd.	YES	NO
<b>Claudio Berretti</b>	<i>General Manager and Board Member</i>	Tamburi Investment Partners S.p.A	NO	YES
	<i>Board Member</i>	Bolzoni S.p.A.	NO	YES
	<i>Board Member</i>	Noemalife S.p.A.	NO	YES
	<i>Board Member</i>	Be Consulting S.p.A.	YES	NO
	<i>Board Member</i>	Be Solutions S.p.A.	YES	NO
<i>Board Member</i>	Monrif S.p.A.	NO	YES	
<b>Cristina Spagna</b>	<i>CEO and Chairwoman of the Board of Directors</i>	Kilpatrick Executive Search Milano	NO	NO
<b>Anna Zattoni</b>	<i>General Manager</i>	Valore D	NO	NO
<b>Anna Lambiase</b>	<i>Chief Executive Officer</i>	IR Top Consulting	NO	NO
	<i>Chief Executive Officer</i>	VedoGreen	NO	NO
<b>Umberto Quilici</b>	<i>Board Member</i>	Unicredit Business Integrated Solutions (Ubis)	NO	NO

According to that envisaged by the Code of Self-Regulation in article 1.C.3., as regards the opinion of the Board of Directors as to the maximum number of positions as director or statutory auditor in listed, financial, banking or insurance companies, or in companies of a relevant size, note that the Board has not adopted any general criteria, but has made an assessment of the compatibility of the above-indicated

positions with the assignments entrusted to the respective directors by Be and has issued a positive opinion, retaining that said positions are compatible with the efficient performance of the role assigned to each individual Board Member, also taking into account their participation in the committees established within the Board.

In order to maintain adequate knowhow of the business sector in which the Company operates, whenever retained necessary, the Board Members receive information and updates on the sector in which the Issuer operates, on the legislative and self-regulatory framework of reference, also by means of material drawn up by the Company, on company performance and evolution, as well as on the principles of correct risk management.

### **Other relevant resolutions of the Shareholders Meeting and Board of Directors**

On 14 March 2016, the Issuer's Board of Directors approved (i) the draft financial statements for the year ending 31 December 2015 and (ii) the Group consolidated financial statements.

On 26 April 2016, the Shareholders' Meeting approved the Issuer's Financial Statements for the year ending 31 December 2015, resolving to allocate the profit for the year, corresponding to Euro 2,546,304.73 as follows: (i) Euro 1,500,000.00 to be distributed as gross dividends before legal withholding taxes (with a pay-out ratio of 58.91%), (ii) Euro 127,315.24 to the Legal Reserve and (iii) Euro 918,989.49 to the Extraordinary Reserve.

## **5.3 Role of the Board of Directors**

The point of reference for the company's organisation is the Board of Directors, which is functionally responsible for strategic and organisational matters and for ensuring that the necessary controls are in place to monitor the Company's performance.

### **Frequency and conduct of Board Meetings**

The following paragraphs contain information on meetings of the Board of Directors:

- in Financial Year 2016, the Board of Directors held 9 meetings, regularly attended by the Board Directors. More specifically, given a total attendance percentage of 92.59% and an attendance of Independent Directors of 85%, the attendance percentage of each board member was as follows: (i) 100% for Antonio Taverna; (ii) 100% for Stefano Achermann; (iii) 88% for Carlo Achermann; (iv) 100% for Claudio Berretti; (v) 67% for Anna Zattoni; (vi) 100% for Anna Lambiase; (vii) 100% for Cristina Spagna; (viii) 88% for Umberto Quilici; and 88% for Bernardo Attolico. All meetings were convened in accordance with the articles of association. The average length of the meeting held during the FY was 1 hour and 16 minutes; in FY 2017, at the date of this Report, 3 meetings of the Board of Directors have already taken place;
- the completeness and timeliness of information provided prior to a board meeting is guaranteed by sending a notice of call containing a brief indication of the items to be discussed at least seven days before the meeting, in the majority of cases, and at least two days before the meeting in urgent cases, in accordance with that envisaged by the Articles of Association. The Articles of Association also envisage that, if a notice of call is not sent, a Board meeting may be legitimately held with the presence of the majority of its members and the majority of the members of the Board of Statutory Auditors, only on condition that all members of the Board of Directors and of the Board of Statutory Auditors with a right to attend have been informed of the meeting and of the items on the agenda

and any absent members have communicated in writing that they will not oppose the discussion of the items on the agenda. Furthermore, the Chairman of the Board of Directors and the Chief Executive Officer work to ensure that the documentation relating to the items on the agenda are made aware to the Directors and the Statutory Auditors a reasonable amount of time before the date of the meeting, so that the same can take part in an informed discussion on the items that have been submitted for their examination and approval, and adopting procedures to ensure the confidentiality of the data and the information provided. In general, said documentation is transmitted at least two days before the meeting, with the exception of emergencies, in which case the Chairman will ensure that the same are adequately examined during the meeting itself. During the FY, documentation was sent, in the majority of cases, at least 2 days before the date of the meeting. The Board of Directors decided not to set a specific term for the availability information prior to a Board Meeting, retaining that the procedures and the time periods recorded for the submission of said documentation during the FY were adequate and that the information provided prior to Board Meetings was, also considering that the same was supplemented during the same, adequate and exhaustive.

- meetings are convened in accordance with the terms envisaged, by sending a registered letter, telegram, fax or e-mail message to each Director and Standing Auditor, with confirmation of the receipt of the notice of call;
- meetings of the Board of Directors may be held also by video or tele-conference, on condition that this is noted in the notice of call and on condition that all attendees can be identified, are able to follow the discussion and to intervene in real time and that examining documents and passing resolutions is guaranteed to take place at the same time;
- the organisation of the meeting is entrusted to the Chairman, who ensures that sufficient time is dedicated to the items on the agenda to enable constructive debate, encouraging, during the meetings, contributions by board members. Board meetings are held with the participation of the Board secretary, as well as, where retained appropriate, corporate functional heads and external consultants involved in the items on the agenda, with a view to providing all Board Members with the in-depth analysis needed to acquire adequate information on the Company's operations.

Parties external to the Board may also attend Board meetings, if invited. More specifically, we draw attention to the attendance of the executive in charge of preparing the company's accounting documents, whose presence contributes to the appropriate analysis of the items on the agenda, in addition to the Statutory Auditors.

### **Powers awarded**

To exercise the functions for which it is exclusively responsible for, and listed in art. 1 of the Code of Self-Regulation and for the ordinary and extraordinary management of the Company, the Board of Directors is awarded, under art. 17 of the Articles of Association, the widest and unlimited powers for the ordinary and extraordinary management of the Company, with the sole exclusion of resolutions which the law reserves to the Shareholders' Meeting. Directors will be reimbursed the expenses they have incurred relating to their position and the Shareholders' Meeting may award the same fees, profit-sharing schemes and may enter into additional policies in their favour for the duration of their term in office.

As the matters set forth in art. 1.C.1 of the Self-Regulation Code cannot be delegated to the Chief Executive Officer, they are considered to be reserved to the scope of the Board of Directors. By way of example, the examination and approval of the following are considered to be reserved to the Board of Directors:

- the strategic, business and financial plans of the Issuer, as well as the periodic monitoring of their implementation;
- the strategic, business and financial plans of the group to which the Issuer belongs, as well as the periodic monitoring of their implementation;
- the system of corporate governance of the Issuer;
- the structure of the Group.

The Board of Directors also has the following faculties:

- the decision to merger in the cases set forth in articles 2505 and 2505*bis* of the Italian Civil Code;
- the opening and the closing of secondary offices;
- the reduction of the share capital if a shareholder withdraws;
- the amendment of the Articles of Association to legislative provisions;
- the transfer of the registered office within the Province;
- policy-making and periodically checking the adequacy and the effective functioning of the internal control system, ensuring that the main company risks have been identified and are adequately managed;
- examining and approving related party transactions, as defined by IAS 24 and by CONSOB resolution no. 17221 of 12 March 2010 and subsequent amendments.

Pursuant to art. 2381 of the Civil Code and as resolved in the Board of Directors' meeting held on 18 June 2014, without prejudice to the power awarded to the Chairman and to the CEO, on joint signature, to take measures that are the responsibility of the Board of Directors, if the same are urgent, in the Company's interest, with the obligation to report back to the Board at the next meeting of the same, the Board of Directors has exclusive powers relating to the following:

- the definition of strategic and organisational policies for the company and the group (including therein plans and budgets);
- agreements with operators in the same business, other domestic or foreign companies or groups, of strategic relevance beyond standard operations;
- share capital increases, incorporation, transformation, listing on the Stock Exchange, mergers, spin-offs, liquidations, entering into shareholder agreements, relating to direct subsidiaries;
- the purchase, exchange and sale of real estate, as well as leases for a term exceeding nine years;
- financial sale or purchase transactions, medium and long term, exceeding Euro 2,500,000 per transaction;
- issue of guarantees for amounts exceeding Euro 2,500,000 per transaction;
- acquisition and disposal, also through the exercise or waiver of option rights, assignment, usufruct, pledges and any other conveyance, also as regards joint ventures, relating to equity investments in companies or subjecting the same investments to restrictions;
- sale, assignment, rental, usufruct and any other conveyance, also as regards joint ventures, or subjecting the company or divisions of the same to restrictions;

- concluding, amending, settling, permitting novation, renewing, extending (also tacitly), reaching agreement on any dispute regarding payables exceeding Euro 1,500,000;
- hiring, transferring, suspending and dismissing executives whose annual gross salary exceeds Euro 170,000.00, establishing the conditions, qualifications, category and level, determining remuneration, fees and awards.

### **Activities performed**

During the Financial Year, the Board of Directors performed the activities and tasks envisaged by the Code of Self-Regulation, specifically:

- the Board of Directors regularly examined the performance of the Group's operations, the quarterly results, the general policies relating to human resource management, significant transactions, related party transactions, taking into consideration the information received from delegated bodies and comparing the results recorded with those planned;
- the Board of Directors assessed the adequacy of the organisational, administrative and general accounting structure of the Issuer and of subsidiaries with strategic relevance, with specific reference to the internal control system and to the management of conflicts of interest, after obtaining the opinion of the Control and Risk Committee, and also on the basis of assessment made by the Company's head of the internal audit function; these assessments were made also in consideration of the audits conducted by the Control and Risk Committee of both the Issuer and of subsidiary companies;
- the Board of Directors examined and gave prior approval for transactions - considered significant from a strategic, economic or equity perspective for the Issuer - of the Issuer and its subsidiaries.

The Issuer decided not to establish specific criteria to identify transactions that are considered significant from a strategic, economic, equity or financial perspective for the Company itself, as said criteria are established individually for each of the transactions at the time the same are approved. If the Company intends to perform significant transactions, the CEO presents a summary of the analyses conducted in terms of strategic coherence, economic feasibility and expected return for the company to the Board of Directors.

On 14 March 2016, in line with that envisaged by Application criterion 1.C.1. letter g) of the Code of Self-Regulation, the Board of Directors conducted a self-assessment of the functioning of the Board itself and of its Committees. Said analysis was conducted by means of individual interviews regarding areas that were considered most important and, in particular, the size, composition and functioning of the Board of Directors and of its Committees, with specific reference to the professionalism and experience of their members. Based on the outcome of these assessments, the Board and its respective Committees had considered the functioning of the same to be positive, as well as the presence within the same of all of the skills required, in terms of both experience and professionalism, to ensure that the tasks requested of the same are performed promptly and correctly. For the purpose of the above self-assessment, the Board did not retain it necessary to use external consultants.

As regards the afore-mentioned meeting, the Board of Directors, in accordance with application criterion 1.C.3 of the Code of Self-Regulation, also made a positive assessment of the adequacy of the number of management and control positions held by its members in companies listed on regulated markets, or of a significant size.

Furthermore, in compliance with that envisaged by application criterion 1.C.1 letter h), during the course of the aforementioned meeting held on 14 March 2016, considering the outcome of the assessment,



before the appointment of the new board, the Board provided shareholders with some indications on the managerial and professional figure whose presence on the Board is retained appropriate, which are contained in a guidance report addressed to the Company's shareholders and which was published on 15 March 2017.

At the date of this Report, the Shareholders' Meeting has not authorised departures from the non-competition clause envisaged by art. 2390 of the Italian Civil Code.

## 5.4 Delegated bodies

### A) Chief Executive Officer

By a resolution of the Board of Directors on 18 June 2014, the Chief Executive Officer, Stefano Achermann, was invested with the following powers, as subsequently amended by the resolutions of the Board of Directors held on 18 February 2015 and 10 March 2015:

- a) to manage, direct and administer the operations of the Company and of subsidiaries involved in the production of goods and services, consistent with the corporate purpose and the achievement of the same;
- b) to establish the Company's strategic policies, its policy on alliances, acquisitions and disposals to be submitted to the Board of Directors, undertaking the necessary transactions with subsidiaries, associates or investee companies;
- c) to manage all of the Company's own activities through the company functions he is responsible for and specifically, human resources and trade union relations, quality control and customer satisfaction, strategic planning and investor relations, legal and corporate affairs, administration and the financial statements, financial and treasury activities and control and management;
- d) to implement the resolutions of the Board of Directors by taking the measures, also as regards extraordinary administration, resolved upon by the Board;
- e) to resolve upon and to take all measures that are included in the ordinary management of the Company, by undertaking the necessary transactions with subsidiaries, associates or investee companies, as far as is necessary or useful with a view to fulfilling the responsibilities indicated in letter a) above;
- f) the liability of the employer (Italian Legislative Decree 81/08 et seq.), of "data controller" (Italian Legislative Decree 196/03) as well as "executive in charge of security".

The assignments and the powers awarded above are also expressly intended to include, by way of example, but not limited to such, the following powers, which may be exercised by the Chief Executive Officer, with a single signature, unless otherwise envisaged in point 29 below and with the faculty to sub-delegate, and in any event without prejudice to (i) the powers reserved to the Board of Directors, and (ii) the obligation to report to the Chairman and to coordinate with the same to report to the whole Board (pursuant to art. 2381, paragraph 5 of the Civil Code) on company performance:

1. to represent the Company before any ordinary or special judicial or administrative authority, in any proceeding and at any level or jurisdiction, also on the occasion of revocation or cessation, with the power to decide, propose and sign any declaration, application, exception, appeal, opposition,

defence and any document of any nature; to file and to re-file lawsuits and to waive the same, to submit claims, to bring civil action in criminal proceedings, to represent Group companies in criminal proceedings as the injured party, to refer any disputes that may arise to arbitration or amicable composition for settlement, either on the basis of a clause in the contract itself or a separate submission agreement, appointing the arbitrators and seeing to all the formalities also relating to the consequent decision of the arbiters; to represent the Company in insolvency proceedings; to conciliate or settle disputes in a court of law; to submit or refer oaths; to submit and respond to questions and enquires also as regards civil fraud; to make and demand legal deposits giving receipt and discharge thereof; to perform all of the above all through special proxies, with the power to appoint lawyers and proxies, issuing the relative general or special powers of attorney for litigation on behalf of Group companies and to elect domicile, as well as to appoint special proxies to represent the Company;

2. to perform any transaction at the department of motor vehicles and/or the relative public motor vehicle register relating, inter alia, to the transfer of ownership of motor vehicles, to update certificates and to sign the relative contracts and documents on behalf of the Company;
3. opening and closing current bank and post office accounts and making transactions on the same; drawing bank cheques, requesting bankers' drafts, payment orders or credit orders, within the limits of the sums that are available, making payments of company debts of any amount or nature, in any form; issuing, signing and endorsing drafts agreed with Italian and foreign customers to cover the Company's supplies; in general performing any transaction relating to amounts, securities, receivables, commercial bills, currency etc.;
4. signing Company correspondence;
5. supervising the performance of the companies directly or indirectly controlled by the Company, reporting to the Board of Directors on the activities performed by the same and on transactions considered important from an economic, financial or equity perspective;
6. making proposals to the Company's Board of Directors regarding any changes to the organisational structure of companies directly or indirectly controlled by the Company, also by means of extraordinary transactions on share capital, with a view to assuring the Group's operational unity, as well as technical and administrative policies;
7. to handle relations and to represent the Company before the Bank of Italy as regards all financial, currency and other type of transaction;
8. to handle relations with - and to represent the Company before - Consob - National Commission for Enterprise and the Stock Market, Borsa Italiana S.p.A. and any other public or independent authority;
9. to handle relations with banks and/or investment firms;
10. to represent the Company in Italy and abroad before any body and/or office of the European Union, the state administration, territorial and non-territorial bodies, public and private offices, trade and trade union organisations, customs offices, post and telegraph offices;
11. to represent the Company, by submitting applications, petitions, appeals and claims to the judicial and administrative authorities, and to any other public and/or independent authority, such as by way of example, the antitrust authorities, the authority for the protection of personal data, the Italian communications authority, the electricity and gas authorities, with the power to take legal action and appear before the court, also appointing lawyers and proxies for litigation;



12. to represent the Company before Chambers of commerce and the offices of company registers, requesting, depositing and/or collecting any certificate, declaration, document, deed in general, as well as letters, registered letters, insured letters, parcels, valuables, securities, goods etc. at/from the same, as well as from other public or private administrative, financial and postal offices; to enter into any contract with public and/or private entities to obtain the utilities needed to attain the corporate purpose;
13. to represent the Company before the general management, the registry office, the technical tax offices, the district tax offices, VAT offices, municipal offices, including those responsible for local taxes and, in general, before central and local financial administrations and public territorial entities, to sign and submit appeals, income tax returns of the Company, substitute tax declarations and any other declaration envisaged by tax legislation; to submit appeals against any deed and/or order issued by the above-cited financial administrations before the tax commissions and any other competent judging body, to submit appeals and counter-appeals, to accept and sign the relative settlements, agreeing on all of the terms, including economic terms; to sign statistical reporting forms, and any other document required for transactions related to international trade, exports, imports and the transit of goods;
14. to submit applications and to file any paperwork with a view to obtaining financial and/or tax benefits, from community, primary and secondary national legislation and/or from legal provisions issued by territorial public bodies and/or by other public bodies;
15. as regards bank transactions and financial transactions in general, negotiating and obtaining, from banks and credit institutions, loans and credit facilities in Euro or in a foreign currency, that may be used in any form up to a maximum of Euro 2,500,000, with express power to sign the relative annexed and ancillary contracts and agreements; opening and closing current bank and post office accounts and making transactions on the same; organising the approval and the use of credit lines; negotiating and defining funding and borrowing conditions and means also in the interests of subsidiaries controlled directly or indirectly; obtaining (bank or insurance) sureties, endorsements, guarantees in general for the obligations undertaken by the Company with third parties and in the interests of the former; issuing or arranging the issue of unsecured guarantees from banks and financial companies in the Company's interest, or in the interest or, in any event, in favour of and to the benefit of companies directly or indirectly controlled by the same, for the continuation of its operations; drawing bank cheques, requesting bankers' drafts, payment orders or credit orders, within the limits of the sums that are available; endorsing, negotiating and issuing receipts for cheques and money orders originated by the Company or endorsed to the same; obtaining the relative amounts of the same, challenging the same; cashing and discounting bills and drafts originated by the company or endorsed to the same, and issuing receipts; obtaining the return on the same, challenging the same; opening and closing bank and post office accounts, making payments into and withdrawals from the same, issuing receipts; cashing amounts, as well as money orders, cheques, bills and securities at banks, collecting receivables and valuables from any party and for any reason due to the Company; making payments of company debts of any amount or nature, in any form; issuing, signing and endorsing drafts agreed with Italian and foreign customers to cover the Company's supplies; in general performing any transaction relating to amounts, securities, receivables, commercial bills, currency etc.; to make transfers of funds and perform other intragroup financial transactions with subsidiary companies, without any limit to the amount;
16. again with regard to financial transactions, signing finance lease contracts, on condition that the lease of the goods relates to the corporate purpose, with a term not exceeding nine years and a maximum amount of Euro 2,500,000; performing factoring transactions, signing the relative contracts, establishing the receivables to be assigned, the price of the assignments, establishing the conditions of the factoring arrangement, agreeing on pacts and clauses, as a real or binding right;

17. representing the Company vis-à-vis insurance and reinsurance companies, submitting claims for damages, overseeing appraisals, accepting settlements, agreeing on all of the terms, including economic terms;
18. participating and competing in public tenders in general, announced by any public and/or private, international, Community, national and/or local entity, and in judicial auctions, representing the Company at each stage of the relative proceedings, signing applications, petitions and correspondence;
19. finalising, amending, resolving and allowing novation, renewals, extensions (including tacit renewals), settling all disputes relating to the following purchase agreements: a) purchase agreements regarding the Company's movable assets and property, directly or indirectly related to the company business (excluding the equity investments that would be registered as long-term investments for which a specific resolution of the Board is required), including the equipment for the Company's plant, office furniture, raw materials, motor vehicles and any other type of movable asset subject to registration; b) lease contracts with a term not exceeding nine years, for the lease, loan for use, of movable assets and real estate; c) service provision agreements, sub-agreements and any type of supply agreement; shipment agreements for the transport of people and/or items by land, air or sea; d) insurance and reinsurance contracts for any risk and any amount; e) mandate, commission or agency agreements (with or without representation), distribution, brokerage, deposit and/or consignment stock, advertising, sponsorship, general consulting agreements; f) contracts relating to software and/or hardware; g) contracts relating to intangible assets relating to intellectual property; h) any other purchase contract. The power set forth in point 19) above, may be exercised with a single signature for contracts with amounts equal to but not exceeding Euro 1,500,000.
20. as regards safety in the workplace, accident prevention and environmental protection (also of the work environment), performing all that is necessary, including allocating tasks and appointing delegates responsible for this area, which also act as proxies, to ensure full compliance with health and safety legislation in the workplace and the protection and safeguarding of the environment and the health of workers; representing the company in relations with third parties, including consultants, and with the administrative and judicial authorities, within the powers awarded in this point; organising and overseeing the provision of the utmost information to workers (dependent, auxiliary and/or external) on any general or specific risks they may be exposed to during the performance of their work, informing the same of the essential rules of prevention, safety and hygiene by means of posters containing extracts of the same displayed in the workplace and in any event using any suitable means that may promote and ensure immediate awareness; drawing up and implementing adequate internal rules on protection, safety and hygiene for the workplace, in compliance with legislative provisions; ensuring, checking and demanding, also in application of regulations and the law, that everyone complies with legislative and internal provisions regarding safety, protection and environmental and food hygiene, but using everything made available to the same; ensuring and overseeing that all safety devices and means of personal protection are always used and are in a good state of repair, using specific personnel to check this, who must report any non-fulfilments as necessary; continuously checking that all plant, equipment and other articles meet legal requirements, updating the same to new technologies in safety, hygiene and ecology and to that required by fire prevention laws; handling compliance of an administrative nature relating to ecology and to health and safety in the workplace;
21. representing the Company with regard to labour inspection agencies, trade unions, labour offices, social security and/or national insurance entities; ensuring that the compulsory ledgers and the documents required by labour and social security laws and regulations are properly kept; signing and submitting declarations, communications, certifications for legal purposes as regards social

security and/or welfare, as well as relating to insurance against accidents in the workplace, handling and/or settling disputes agreeing on all terms, including economic ones;

22. hiring, transferring, suspending and dismissing personnel of any category or level, with the exclusion of executives whose annual gross salary exceeds Euro 170,000.00, establishing the conditions, qualifications, category and level, determining remuneration, fees and assignments; drawing up work training contracts and consulting contracts; appointing and dismissing agents, sub-agents, commissioners, door-to-door salespeople, representatives and in general commercial staff for the sale of the Company's products and services in Italy and abroad;
23. requesting sole ownership certificates in general (with no exceptions or exclusions) and certificates for patents, industrial inventions and utility models, extensions and addendums, in Italy or abroad, and protecting the Company's intellectual property rights; requesting the registration of trademarks, however constituted, in Italy and abroad, fulfilling any consequent requirement;
24. participating in public auctions, tenders and private invitations also for supplies to public administrations, making commitments and acting in the name of the company when guaranteeing the relative documents and/or any agreements related to the same;
25. participating in all public sessions of awarding commissions for public auctions, tenders and private invitations, negotiated procedures announced by central and local public administrations, and by any public or private body or entity. Performing all actions and transactions that are instrumental, supplemental or in any event consequential to those indicated in the points above;
26. appointing and dismissing general and special proxies, establishing their powers within the scope of his own and any fee due; assigning, changing and withdrawing consulting and professional collaboration assignments;
27. representing the Company in the ordinary and extraordinary shareholders' meetings of investee companies and/or entities, with all relevant powers of representation and authorisation, and, to this end, establish assignees or delegates in accordance with the law;
28. opening or closing branches, offices, deposits, agencies and representation offices in Italy and abroad that are not secondary offices;
29. taking any measures, with the joint signature of the Chairman, that are the responsibility of the Board of Directors, if the same are urgent, in the Company's interest, with the obligation to report back to the Board at the next meeting of the same.

By virtue of the powers awarded by the Board of Directors, the Chief Executive Officer, Mr. Stefano Achermann, is considered the person in charge of company management. It should also be noted that there are no interlocking situations relating to Mr. Stefano Achermann.

Pursuant to art. 18 of the Articles of Association, the Chairman of the Board of Directors has the power to sign on behalf of the Company and to legally represent the same before third parties and the courts. To the extent of the delegation, Mr. Stefano Achermann, Chief Executive Officer, also has the power to sign on behalf of the Company and to represent the same.

## **B) Chairman of the Board of Directors**

By a resolution of the Board of Directors on 18 June 2014, the Chairman, Antonio Taverna, who is entrusted with the legal representation of the Company by law and according to the Articles of Association, as well as the company signature, was invested with the powers indicated below:

- a) to manage institutional relations, relations with Consob and the Bank of Italy, and the internal audit function, through the company functions he is responsible for;
- b) to take any measures, with the joint signature of the CEO, that are the responsibility of the Board of Directors, if the same are urgent, in the Company's interest, with the obligation to report back to the Board at the next meeting of the same.

Note that pursuant to art. 2.C.1 of the Code of Self-Regulation, the same does not play a specific role in drawing up company strategy, nor is a majority shareholder of the Issuer.

## **C) Information to the Board**

At least every quarter, the Chief Executive Officer provides adequate information to the Board of Directors on the general performance of operations and on its foreseeable outlook, as well as on significant transactions, in terms of size or characteristics performed by the Company and its subsidiaries.

At meetings of the Board of Directors, the Directors report to the Board of Statutory Auditors promptly, and at least every quarter, on the activities performed and on transactions considered significant from an economic, financial and equity perspective, performed by the Company and by subsidiaries, with a view to enabling the Board of Statutory Auditors to assess whether the transactions approved and set in place are compliant with the law and with the Articles of Association and are not manifestly imprudent or go against the resolutions passed by the Shareholders' Meeting, or are such that they compromise the integrity of shareholders' equity.

More specifically, the Directors report on transactions in which they have an interest, on their own behalf or on behalf of third parties and on any atypical, unusual or related party transactions.

## **5.5 Other Executive Directors**

The following Be Board Directors hold executive positions in the Group's main companies:

- Stefano Achermann, CEO of Be Consulting S.p.A., Be Solutions S.p.A., Be Professional Services S.p.A. (previously Be Operations S.p.A.), Be Enterprise Process Solutions S.p.A., IQUII S.r.l.; as well as Board member of iBe Tse Ltd.
- Carlo Achermann, Chairman of Be Consulting S.p.A., Be Solutions S.p.A., Be Professional Services S.p.A., Be Enterprise Process Solutions S.p.A., IQUII S.r.l.; as well as executive director of iBe Tse Ltd.

## 5.6 Independent Directors

The Code of Self-Regulation recommends that an adequate number of independent directors is elected within the Board of Directors. Within the Board of Directors, 3 Board members are Independent Directors: Umberto Quilici, Cristina Spagna and Anna Zattoni.

The Independent Directors have confirmed that they meet the requirements of independence required by art. 15 of the Articles of Association and envisaged by the law in force, and in particular, by art. 148, paragraph 3 of the Consolidated Law on Finance (as referred to by art. 147ter, paragraph 4, of the Consolidated Law on Finance) and by art. 3 of the Code of Self-Regulation.

On 14 March 2016, the Board of Directors made the annual assessment to ensure that the above requirements of independence are still met by each Non-Executive Director, specifying the assessment criteria applicable, applying the criteria mentioned by the Application Criteria of the Code of Self-Regulation 3.C.1 and 3.C.2. and the Board of Statutory Auditors has, in turn, checked the correct application of the criteria adopted by the Board. At said meeting, the Board of Directors and the Board of Statutory Auditors checked the contents of the statements issued by the Independent Directors and the correct application of the requirements and of the procedure to ascertain the same.

The Independent Directors met during the year in the absence of the other Directors, at meetings of the Control and Risk Committee and of the Appointments and Remuneration Committee, of which the same are members, as well as at a meeting convened ad hoc, separate and different to the meetings of the Board committees, in line with that envisaged by Application Criterion 3.C.6..

The elected Directors have stated their suitability to be considered independent and have undertaken to maintain said independence for the duration of their term in office and, if they no longer meet said requirements, to resign.

## 5.7 Lead Independent Director

As the requirements set forth in the Application Criterion of the Code of Self-Regulation 2.C.3 are not met, the Board does not have a Lead Independent Director.

## 6. Treatment of company information

The Company adopts the following procedures:

- (i) procedure for internal management and for the communication of privileged information to the public; and
- (ii) procedure for internal dealing.

recently amended by BE's Board of Directors on 7 July 2016 in order to assimilate the changes introduced by (EU) Regulation no. 596/2014 of the European Parliament and Council of 16 April 2014 regarding market abuse and by the relative delegated and implementing regulations.

The procedure for the internal management and the communication of privileged information to the public is addressed to ensuring that each announcement and each market disclosure, to Consob and to Borsa Italiana, is made after a process which simultaneously guarantees the timeliness and correctness of the same.

The procedure establishes the tasks and the responsibilities of the functions involved, identifies criteria, procedures and the timing of the different procedural stages, established the appropriate levels of decision-making for the circulation of announcements and of information, dictates to this end provisions addressed to providing an exhaustive and timely flow of information within the companies that are part of the Group, as well as between the same and the listed Parent Company, with a view to complying with disclosure obligations, regarding price sensitive matters, vis-à-vis the market and the bodies that control the market.

The internal dealing procedure envisages that a series of relevant parties, meaning those that have regular access to privileged information and the power to take management decisions that may impact the development and the prospects of the Company itself, as well as those closely related to the same, are subject to a market disclosure obligation as regards transactions performed on the listed financial instruments issued by the Company. The internal dealing procedure envisages thresholds and terms for communication to the market and relative penalties in line with that established by applicable legislative provisions on the matter, and therefore also contains a provision regarding the so-called "black-out periods".

A copy of these procedures is published on the Company's website in the Investor Relations/Corporate Governance section (<https://www.be-tse.it/it/investors/sistema-di-governance>).

## **7. Board Committees (pursuant to art. 123bis, paragraph 2, letter d), Consolidated Law on Finance)**

In compliance with that envisaged by the Code of Self-Regulation, the Board of Directors has established two internal committees: the Control and Risk Committee and the Appointments and Remuneration Committee.

There are no Committees with less than 3 members and the work of the same is coordinated by a Chairman. The tasks and the rules of functioning of each Committee are contained in a regulation approved by the Board of Directors. Each Committee may hold its meetings also in audio/video conferences, and its organisation is assisted by a specific corporate function. Minutes of the meetings of the individual Committees are drawn up by the secretary of the Committee. Each Committee reports periodically to the Board of Directors on the activities performed by the same.

The Committees represent a part of the Board of Directors, whose objective is to offer advice and make proposals, with a view to improving the functioning and the policy-making ability of the Board of Directors.

## 8. Appointments and Remuneration Committee

### a) Composition and functioning

The Company has the support of an Appointments and Remuneration Committee (hereinafter, for the rest of this paragraph 9, the “Committee”), which performs the committee functions for appointment set forth in principle 5 of the Code of Self-Regulation, and the committee functions for remuneration set forth in principle 6 of the same code<sup>3</sup> and was established in accordance with the conditions envisaged by the Code of Self-Regulation. As at the date of this Report, the Committee was comprised by the Independent Director, Cristina Spagna (who chairs the Committee), the Non-Executive Director Claudio Berretti and the Independent Director Umberto Quilici. Given the professional expertise and experience of the Committee members, the recommendation set forth in art. 6.P.3 of the Code of Self-Regulation is fulfilled, regarding adequate knowledge and experience in financial matters and remuneration policies.

In a resolution dated 9 May 2013, the Board of Directors established that the Committee:

- 1) was to be convened on the initiative of the Chairperson of the Committee:
  - when the same retained it necessary or when the other two members requested a meeting;
  - with notice to be sent, also by fax or e-mail, to the individual members of the Committee, to the Chairman of the Board of Statutory Auditors, or to another Auditor designated by the same, and to the Chairman of the Board of Directors, at least 5 (five) days before the meeting, containing a summary of the items to be discussed, it being understood however, that even if not sent notice, the Committee would be considered legally constituted with the presence of all of its members and of the Chairman of the Board of Statutory Auditors, or by the other Auditor designated by the same;
- 2) was to meet at the registered office or elsewhere, as long as in a European Union country, specifying that Committee meetings could be held also by video or teleconference, on condition that all attendees can be identified, are able to follow the discussion and to intervene in real time in the debate on the items on the agenda, and to receive, transmit and see documents, and that examining documents and passing resolutions is guaranteed to take place at the same time;
- 3) would be validly constituted with the presence of the majority of members in office and resolve on the basis of an absolute majority, but in any event, with the favourable vote of the Independent Director, if only one independent member has been appointed to the Committee;

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<sup>3</sup> The Board of Directors decided not to establish an internal committee for proposals of appointment alone, as to date it has not encountered the need for this, and believes that combining the functions of appointing and remunerating Directors in a single committee is more efficient.



- 4) draw up minutes on its activities and resolutions, signed by the Chairperson of the Committee and by another member in attendance;
- 5) would approve on the basis of an absolute majority, but in any event, with the favourable vote of the Independent Director, if only one independent member has been appointed to the Committee, any further rules needed for its functioning.

These rules also apply to the current Appointments and Remuneration Committee.

### **b) Functions of the Committee**

As resolved by the Board of Directors at the meeting held on 18 June 2014, following the recommendations set forth in Principle 5 of the Code of Self-Regulation, as regards appointments, this Committee has the following functions:

- 1) to provide opinions to the Board of Directors regarding the size and composition of the same and to make recommendations regarding the professional figures whose presence within the Board is retained necessary, as well as on the topics set forth in Principles 1.C.3 and 1.C.4 of the Code of Self-Regulation;
- 2) to propose candidates to the Board of Directors for the post of Director in the event of co-option, or when an Independent Director needs to be replaced.

With regard to remuneration, in line with that envisaged by Principle 6 of the Code of Self-Regulation, the Committee:

- 1) submits proposals to the Board for the definition of general policy for the remuneration of executive directors, of other directors with specific positions and executives with strategic responsibilities;
- 2) periodically assesses the adequacy, the overall coherence and the effective implementation of the Remuneration Policy for Directors and Executives with strategic responsibilities, using, for the latter, information provided by CEOs; makes proposals to the Board of Directors on these matters;
- 3) submits proposals or provides opinions to the Board of Directors on the remuneration of the Executive Directors and of other Directors in specific positions, as well as on setting performance objectives correlated to the variable component of said remuneration; monitors the application of the decisions adopted by the Board, checking in particular whether performance objectives have actually been achieved.

In 2016, the Committee held 4 meetings, in which, specifically, it: (i) ascertained the accrual of the variable components for 2016 for directors in specific positions; (ii) assessed the adequacy, the overall consistency and the proper application of the remuneration policy for directors and executives with strategic responsibilities; (iii) ascertained the application of the guidelines of the specific incentive plan adopted by the Issuer; (iv) made proposals on the calculation and amendment of the variable component of remuneration for Directors in specific positions pursuant to art. 2389, third paragraph of the Italian Civil Code and for Group top management. Minutes were drawn up of Committee meetings.

The Chairman informed the Board of Directors, at the first possible meeting, on the meetings of said Committee and on the matters that were discussed.



The meetings lasted an average of 40 minutes and 96% of members in office attended. All meetings were convened in accordance with the articles of association. In the current year, 2017, on the date of this Report, one Committee meeting has already taken place.

Non-members also attended Committee meetings, without voting rights, on the invitation of the Committee and with regard to specific items on the agenda.

The Statutory Auditors also attended these meetings, again without voting rights.

Directors must refrain from attending Committee meetings in which proposals are made to the Board regarding their remuneration.

In the performance of its functions, the Committee was able to access the information and liaise with the company functions required to fulfil its assignment.

Given the type of activity the Appointments and Remuneration Committee is engaged in, the Company decided not to allocate this Committee with a set spending budget, preferring to consider spending requirements at the time the same arise.

For further information on the functions of the Appointments and Remuneration Committee, please refer to the relevant sections of the report on remuneration published pursuant to art. 123<sup>ter</sup> of the Consolidated Law on Finance.

## 9. Remuneration of Directors

As regards remuneration, the Articles of Association envisage that the Shareholders' Meeting awards the Board of Directors, for the term of its mandate, an emolument, which may be formed by a fixed part and a variable part, the latter proportional to the achievement of certain objectives and/or to the economic results recorded by the Company.

With regard to the variable part of the remuneration, the Consob Markets' Regulation, in order to qualify for the STAR segment, requires that the Company appoints an internal Remuneration Committee and that a significant part of the remuneration of the Executive Directors and of top management is incentive-based.

With regard to the policy for the remuneration of Directors and of executives with strategic responsibilities for FY 2016, please refer to the content of the report on remuneration published pursuant to art. 123<sup>ter</sup> of the Consolidated Law on Finance.

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**Indemnity for directors in the event of their resignation, dismissal without just cause or the termination of the employment contract following a takeover bid (pursuant to art. 123<sup>bis</sup>, paragraph 1, letter i), of the Consolidated Law on Finance)**

At the date of this Report if the employment contract with the Chief Executive Officer, Mr. Stefano Achermann, is terminated, the Company will pay the same an indemnity corresponding to one year of fixed salary.

## 10. Control and Risk Committee

The Board of Directors has established a Control and Risk Committee (hereinafter, for the whole of this paragraph 11, the “Committee”) envisaged by Principles 7.P.3, lett. a) no. (ii) and 7.P.4. of the Code of Self-Regulation, in order to ensure that its assessments, decisions relating to the internal control and risk management system, as well as those regarding the approval of periodic financial reports are supported by adequate preparatory work, as well as a function of that envisaged for the “related party” Regulation approved by the Company.

### 10.1 Composition and functioning

Following the appointment of the new Board of Directors approved by the Shareholders’ Meeting on 12 June 2014, on 18 June 2014, the Board renewed the composition of the Committee appointing Anna Zattoni (Independent Director), Umberto Quilici (Independent Director), who is the Committee Chairman, and Bernardo Attolico (Non-Executive Director) as members of the same.

The composition is in line with the requirements of the Code to guarantee a majority of independent directors, with a Chairman selected from the independent directors, and with Application criteria 7.P.4 of the Code of Self-Regulation, which envisages that at least one member possesses accounting and financial and/or risk management experience.

To discuss the matters it is responsible for and relating to FY 2016, the Committee met 6 times. Minutes were drawn up of Committee meetings.

The Chairman informed the Board of Directors, at the first possible meeting, on the meetings of said Committee and on the matters that were discussed.

The meetings lasted an average of 81.66 minutes and 89% of members in office attended. In the current year, 2017, on the date of this Report, two Control and Risk Committee meetings have already taken place.

In order to fulfil the tasks assigned to it, the Committee:

- is assisted by the internal audit function;
- accesses the information needed and involves the relative company functions to fulfil its tasks;

- may request the assistance of external professionals, within the limits of the budget established by the Board of Directors, in particular for the advance assessment of related party transactions, which are then submitted to the approval of the Board of Directors.

In meetings held during the Financial Year, the Committee verified:

- a) with the executive in charge of preparing accounting documents, any problems that arose and the procedures adopted to generate financial information, as well as the activities performed with related parties with regard to the interim financial statements for the first half of the year and the third quarter of 2016 and with representatives of the independent auditors regarding the half-year report;
- b) with the head of the internal audit function, the state of progress of the 2016 audit plan, examining the periodic reports produced by the internal audit function as regards the assessment of the internal control and risk management system and the results of the specific checks envisaged by the plan;
- c) analysed the work to update the organisation and management model pursuant to Italian Legislative Decree 231/2001;
- d) examined the situation of relationships and transactions with related parties to assess the significance of the transactions submitted to the approval of the Board of Directors, of the provisions of the Consob Regulation on related party transactions and of the procedure adopted by the Company for related party transactions.

At the meetings held during the Financial Year, the Committee also specifically focused on the following:

- the criteria and the outcome of applying the impairment testing procedure to the value of the capital invested by subsidiaries;
- the quarterly and annual results, with a view to assessing the correct use of accounting standards and their coherence in terms of the preparation of the consolidated financial statements;
- the periodic meetings and the work plan drawn up by the Head of the internal audit function;
- the reports on activities performed drawn up by the Director in charge of the risk management and internal control system; and
- the assessment of the adequacy of the company risk management and internal control system.

In a resolution dated 9 May 2013, the Board of Directors established that the Committee:

- (i) was to be convened on the initiative of the Chairperson of the Committee:
  - when the same retained it necessary or when the other 2 (two) members requested a meeting;
  - with notice to be sent, also by fax or e-mail, to the individual members of the Committee and to the Chairman of the Board of Statutory Auditors, or to another Auditor designated by the same, and to the Chairman of the Board of Directors, at least 5 (five) days before the meeting, it being understood however, that even if not notified, the Committee would be considered legally constituted with the presence of all of its members and of the Chairman of the Board of Statutory Auditors, or by the other Auditor designated by the same;

- (ii) was to meet at the registered office of the Company or elsewhere, as long as in a European Union country, specifying that meetings of the Control and Risk Committee could be held also by video or teleconference, on condition that all attendees can be identified, are able to follow the discussion and to intervene in real time in the debate on the items on the agenda, and to receive, transmit and see documents, and that examining documents and passing resolutions is guaranteed to take place at the same time;
- (iii) would be validly constituted with the presence of the majority of members in office and resolve on the basis of an absolute majority, but in any event, with the favourable vote of the Chairperson;
- (iv) draw up minutes on its activities and resolutions, signed by the Chairperson of the Committee and by another member in attendance;
- (v) would approve on the basis of an absolute majority, but in any event, with the favourable vote of the Chairperson, any further rules needed for its functioning.

On a proposal of the Committee, formulated at the meeting held on 23 October 2013, in a resolution passed on 24 October 2013, the Board of Directors added to the rules for the functioning of the Committee with reference to the previous point (iv) in the following terms:

- (iv) draw up minutes on its activities and resolutions, signed by the Chairperson of the Committee and by another member in attendance or invited to the meeting. It is hereby understood that the other member or attendee who, jointly with the Chairperson, draws up and signs the minutes of each meeting, may attend the meeting from a venue other than that in which the Chairperson of the Committee is present, as long as at least one other member of the Committee is present in the same place or another person invited to attend the activities of the Committee.

These rules also apply to the current Committee.

Non-members also attended Committee meetings, without voting rights, on the invitation of the Committee and with regard to specific items on the agenda.

The Statutory Auditors also attended these meetings, again without voting rights.

In the performance of its functions, the Committee was able to access the information and liaise with the company functions required to fulfil its assignment.

Given the type of activity the Committee is engaged in, the Company decided not to allocate this Committee with a set spending budget, preferring to consider spending requirements at the time the same arise.

## 10.2 Functions assigned to the Control and Risk Committee

In a resolution passed on 18 June 2014, the Board of Directors decided that the Committee, in line with that envisaged by Principle 7 of the Code of Self-Regulation, with regard to identifying and assessing risks, should substantially provide advice and make proposals to the Board. The task of the Committee is to provide support, by means of adequate prior analysis, to the assessments and decisions of the Board of Directors regarding the internal control and risk management system, as well as those relating to the approval of periodic financial reports.

The Board has expressly resolved that the Committee, in assisting the Board of Directors:

- a) should assess, together with the executive in charge of preparing the company's accounting documents and following consultation with the Board of Statutory Auditors, the correct use of accounting standards and, in the case of groups, their coherence for the preparation of the consolidated financial statements;
- b) should provide opinions on specific aspects relating to identifying the company's main risks;
- c) should examine the periodic reports regarding the assessment of the risk management and internal control system, and in particular those drawn up by the internal audit function;
- d) should monitor the autonomy, adequacy, effectiveness and efficiency of the internal audit function;
- e) may request the internal audit function to conduct audits on specific areas of operation, promptly also informing the Chairman of the Board of Statutory Auditors;
- f) should report to the Board, at least every six months, at the time of the approval of the annual and interim financial statements, on the work performed as well as on the adequacy of the risk management and internal control system.

Furthermore, the Committee:

- g) in accordance with principle 7.C.1 of the Code of Self-Regulation, provides a prior opinion to the Board of Directors for the performance of the duties assigned to the latter by the Code of Self-Regulation related to internal control and risk management, including therein that relating to the appointment, revocation, remuneration and provisions of resources of the head of the internal audit function;
- h) in accordance with principle 7.C.2, letter g) of the Code of Self-Regulation, provides support, through adequate preliminary activities, to the assessments and decisions of the Board regarding the management of risks resulting from prejudicial events that the Board has become aware of.

The Committee has been assigned the tasks, functions and powers envisaged by Consob Regulation on related party transactions, in line with that envisaged by the same regulation and as confirmed by the procedure adopted by the Company regarding related party transactions.

## 11. Risk management and internal control system

### 11.1 Key principles

When drawing up strategic, business and financial plans, the Board of Directors establishes the nature and the level of risk that is compatible with the strategic objectives of the Issuer, including in its assessment, all of the risks that may be important in terms of the medium-long term sustainability of the Issuer's business activities.

With the assistance of the Control and Risk Committee, the Board of Directors establishes the guidelines of the internal control system, so that the main risks to which the Company and its subsidiaries are exposed may be correctly identified, as well as adequately measured, managed and monitored, also establishing to what extent said risks permit the business to be managed in accordance with the strategic objectives identified.

The Be Group's Internal Control and Risk Management System (hereinafter "ICRM System") complies with the principles of the Code of Self-Regulation. The ICRM System is comprised by a set of rules, procedures and organisational structures which seek to make a proactive contribution - through an adequate process to identify, measure, manage and monitor the main risks - to safeguarding the Be Group's assets, to running the Group in an efficient and effective manner in line with the business strategies established by the Board of Directors, to the reliability, accuracy and timeliness of financial (and other) information and, more generally, to complying with legislative and regulatory provisions in force. This System, as an integral part of business activities, involves and applies to the entire organisational structure of the Be Group: from the Board of Directors of Be and of the companies controlled by the same, to Group Management and employees.

More specifically, the Be Group has an internal control system to oversee the process through which financial disclosures are prepared, which is part of the wider Internal Control and Risk Management System. The aim of this system is to guarantee that administrative-accounting processes are adequately managed and to ensure, with reasonable certainty, the reliability of financial disclosures and the ability of the financial statement preparation process to produce timely and reliable accounting and financial information, according to the accounting standards adopted.

The risk management system must not be considered separately from the internal control system with regard to the financial disclosure process; both are elements of the same system.

The structure and operating procedures of the internal control system for financial disclosure adopted by the Issuer are briefly illustrated below, with specific reference to its structure and to the roles and functions involved.

The internal control system for financial disclosure is defined as the set of activities that seek to identify and assess the actions or the events, the presence or absence of which could partially or totally compromise achieving the objectives of dependability, accuracy, reliability and timeliness of financial disclosures.

As part of a wider process to update the company's framework of provisions, and also taking into account the reorganisation of the Group, the Company continued work to rationalise the accounting and administrative procedures which support the financial statement formation process. The procedures were revised on the basis of:

- a mapping of the administrative and accounting processes of all Group companies, identifying the supervisory mechanisms/relative organisational responsibilities able to meet the need for transparency in financial statements and of operations in general, both as regards Italian Law 262/2005 and with reference to other legislative provisions relating to Corporate Governance (Italian Legislative Decree 231/2001, Italian Legislative Decree 196/03 etc.);
- a risk analysis (made for each company/business process) to complete, add to/update that already conducted in previous years, based on international best practices (ERM - Enterprise Risk Management and CRSA – Control Risk Self Assessment) in order to identify and assess the areas of risk in which events could occur, which would compromise the reliability of financial disclosures;
- the auditing of the main business processes to check the effective implementation of existing controls.

The assessment model envisages the following macro-steps:

- risk identification and assessment;
- assessment of the adequacy of control activities;
- check the functioning of the control system;
- monitoring and development of the control system.

The responsibility for the implementation, application and maintenance of the ICRM System are identified and circulated within the organisation. More specifically, the Be Group's control model currently envisages the involvement, in addition to the Board of Directors, the CEO and the Control and Risk Committee, of the following:

- the Director in charge of the Risk Management and Internal Control System, delegated to check the correct functioning and the overall adequacy of the ICRM System;
- the Head of Internal Audit and Risk function, whose task is to check the implementation and suitability of the ICRM System;
- the Executive in charge of preparing the company's accounting documents, tasked with implementing the administrative-accounting procedures that discipline the formation of periodic financial disclosures;
- the Board of Statutory Auditors, whose task is to supervise compliance with the principles of correct management and the adequacy of the ICRM System;
- the Supervisory Body, whose task is to supervise the adequacy of the organisational solutions adopted to implement the ICRM System and in particular with regard to the Organisational Model pursuant to Italian Legislative Decree 231/2001.

During the Financial Year, the Board assessed the adequacy of the ICRM system with respect to business characteristics and to the risk profile undertaken, as well as its effectiveness. Said assessment is also assisted by information flows activated during the course of the Financial Year between the Control

and Risk Committee, the Supervisory Body/Board of Statutory Auditors, the Internal Audit function and the Director in charge of the ICRM system.

## 11.2 Director in charge of the Internal Control and Risk Management System

This is the Chief Executive Officer, Mr. Stefano Achermann, who oversees the functioning of the internal control system, as well as coordinates all parties involved in the ICRM System. The CEO implements the guidelines defined by the Board of Directors, seeing to the design, creation and management of the internal control and risk management system and continuously checking the adequacy and effectiveness of the same. The CEO has ensured that the system has been adapted to meet changing operating conditions and the legislative and regulatory framework. For this task, Mr. Stefano Achermann is assisted by the Control and Risk Committee and by the Head of the Internal Audit function.

The Risk Analysis exercise conducted in 2016 and in previous years, enabled the main risks relating to the Group's main business processes to be identified, with specific reference to legislative compliance and to strategic, operational, financial and reporting risks, taking the characteristics of the business the Company is engaged in into account. These risks were brought to the attention of the Board by means of the periodic reports of the Head of the Internal Audit function.

Based on the results of the Risk Analysis exercise, the procedural framework was updated and the internal control system was adapted, checking overall adequacy in terms of the legislative and regulatory framework and its efficiency and effectiveness with a view to changing operating conditions.

The Director in charge of the ICRM system reported promptly to the Control and Risk Committee (or to the Board of Directors) with regard to any problem or critical issue that emerged as part of his work or which he became aware of, so that the Committee (or the Board) could take the necessary measures.

## 11.3 The Head of the Internal Audit Function

The Board of Directors of Be, with a view to implementing the guidelines of the internal control and risk management system, on 25 September 2014, following the favourable opinion of the Control and Risk Committee and after consultation with the Board of Statutory Auditors, resolved to appoint Simona Pastorino as a consultant to Be, who, effective 30 September 2014, conducts internal audits for Be.

Mrs Pastorino's remuneration was established in line with company policy. The Board has ensured that the Head of the Internal Audit function has been provided with adequate resources to perform its duties.

The Head of the Internal Audit function reports to the Chairman of the Board of Directors and to the Control and Risk Committee, is independent to operational heads, including that of the Administration and Finance area, has direct access to all information needed to fulfil her assignment and reports periodically on her activities to the Chairs of the Board of Statutory Auditors, of the Control and Risk Committee, of the Board of Directors and of the Supervisory Body.

The Head of the Internal Audit function:



- verifies, both on a continuous basis and based on specific requirements and in compliance with international standards, the implementation and the suitability of the Internal Control and Risk Management System, through an audit plan, once a year, approved by the Board of Directors, based on a structured process to analyse and prioritise the main risks;
- prepares periodic reports containing adequate information on his/her activities, on the manner in which risk management is conducted as well as on the plans drawn up and their containment, in addition to an assessment of the suitability of the internal control and risk management system and transmits this report to the Chairmen of the Board of Statutory Auditors, of the Control and Risk Committee, of the Board of Directors as well as to the director in charge of the ICRM system;
- prepares timely reports on events of particular importance and transmits them to the Chairmen of the Board of Statutory Auditors, of the Control and Risk Committee as well as to the director in charge of the ICRM system.
- verifies, within the audit plan, the reliability of the information systems, including the accounting systems.

As part of the audit plan, on the mandate of the Control and Risk Committee, the “independent” assessment of the operations of the internal control system for financial disclosure has been allocated to the internal audit function.

On the basis of the activities performed (second level compliance tests) by the Executive in charge of preparing the company’s accounting documents, the internal audit function conducts assessments (third level compliance tests) on the effective application of the administrative-accounting processes of the Parent Company and of Group companies and, by means of a specific plan of operations, organises the activities of these companies, establishing the procedures to check the effectiveness of the controls.

The control method adopted is based on international best practices and the extent of the controls depends on an assessment of the level of risk relating to each financial statement item and to the related administrative-accounting and management processes.

The internal audit function seeks to verify the effective application of existing processes and to share the results of testing any improvement measures identified with the Manager/Person in charge of accounting and corporate disclosure for each Group company, in order to enable timely and adequate plans of action to be drawn up.

The overall results of testing are summarised in a report drawn up by the internal audit function to enable the Executive in charge of preparing the company’s accounting documents and the CEO and the Director in charge of the internal control system to assess the adequacy of the administrative-accounting processes adopted to prepare the financial statements for the year, the half-year condensed financial statements and the consolidated financial statements.

Furthermore, in line with the audit plan approved by the Board of Directors, in FY 2016, the following activities were performed for the Parent Company and/or for the main subsidiaries:

1. auditing activities relating to management/operational processes and legislative compliance envisaged by the audit plan;

2. checking and monitoring activities required by the Supervisory Body set forth in Italian Legislative Decree 231/01;
3. verifying compliance with the governance system of the Issuer;
4. verifying compliance of the content of disclosure documents sent to Consob and to the market as regards related parties with the legal and regulatory provisions; correct management of Be's privileged information and of internal dealing as required by the Board of Statutory Auditors;
5. checks pursuant to Italian Law 262/05 regarding the application of tests relating to administrative and accounting processes for the formation of the financial statements;
6. monitoring plans of action - shared with top management - for auditing activities conducted in previous periods.

Note that for the Financial Year, these activities were carried out by the Head of Internal Audit, with the assistance of a senior internal consultant, the collaboration of a Risk management specialist (Aristea Risk Consulting S.r.l.) and Studio Carnà & Partners, for the assessment activities required by the Supervisory Body pursuant to Italian Legislative Decree 231/01.

The Head of the Internal Audit function has performed the following activities:

- preparation of a new audit plan, on an annual basis, based on the risk assessment resulting from the Risk Analysis exercise, in response to changes made in terms of activities, programmes, systems and control of the organisation. The proposed plan is submitted to the examination and ratification of the various control bodies of the Group, with a view to its formal approval by the Board of Directors;
- fulfilment in the new audit plan of the requests received from the Board of Statutory Auditors and the Supervisory Body pursuant to Italian Legislative Decree 231/01;
- performance, coordination and review of the auditing activities for the audits relating to the Financial Year, envisaged in the audit plan approved by the Board of Directors in March 2016;
- periodic assessment of the reliability of the Group's internal control system, including accounting systems, by assessing its effectiveness and efficiency, and relative reporting to the Control bodies for the necessary examination and comments.

The Board of Directors approved a budget of Euro 30,000.00 for the activities of the Internal Audit function for 2016.

#### **11.4 Board of Statutory Auditors**

In addition to the supervisory and control functions envisaged by art. 149 of the Consolidated Law on Finance, the Board of Statutory Auditors oversees the process of financial disclosure and the effectiveness of the internal control and risk management system, also in the role of "Committee for internal control and auditing" pursuant to Italian Legislative Decree 39/2010 (hereinafter "Italian Legislative Decree 39/2010").

On 17 July 2012, the Extraordinary Shareholders' Meeting amended art. 19 (Board of Statutory Auditors) of the Articles of Association to comply with the provisions dictated by Italian Law no. 120 of 12 July 2011 and subsequent prescriptions dictated by art. 144<sup>undecies</sup> of the Consob Issuers' Regulation introduced by Consob resolution dated 8 February 2012, establishing that, for the election of the Board of Statutory Auditors, each list has to contain a number of candidates of the less-represented gender at least equal to the minimum quota applicable on each occasion (both as regards the position of Standing Auditor and that of Alternate Auditor). If, due to the election of the Minority Auditor, the minimum quota of the less-represented gender applicable on each occasion is not respected (both as regards the position of Standing Auditor and that of Alternate Auditor) in place of the last candidate of the more-represented gender on the Majority List, the next candidate of the less-represented gender of the same list will be considered elected. The same criteria must be respected and applied also if members of the bodies are replaced.

The Board of Statutory Auditors: i) assesses the proposals of the independent auditors for the award of the assignment of auditing and formulates a justified proposal to the Shareholders' Meeting as regards the appointment, or revocation of the external auditing firm; ii) supervises the work of the independent auditing firm assigned to audit the accounts and to provide advisory services, other audits or certifications; iii) makes recommendations to the Board of Directors on the settlement of disputes between management and the independent auditing firm regarding financial disclosures; iv) approves procedures regarding: (a) the receipt, filing and treatment of reports received from the Company regarding accounting matters, the internal accounting control system or auditing; (b) the confidential or anonymous receipt from Company employees of reports regarding suspicious accounting or auditing matters; (v) approves procedures for the prior authorisation of non-auditing eligible services, identified analytically, and examines the disclosure on the performance of authorised services; vi) evaluates requests for the assistance of the firm assigned to auditing the financial statements with regard to non-auditing eligible services and expresses its opinion in this regard to the Board of Directors; vii) examines the periodic correspondence of the independent auditing firm regarding: (a) the key accounting criteria and practices to be adopted; (b) the alternative accounting treatment envisaged by generally accepted accounting standards, analysed with management, the consequences of using said alternative treatment and the relative information, as well as treatment considered preferable by the external auditor; (c) any other relevant written correspondence between the external auditor and management; viii) examines the reports of the Chairman of the Board of Directors regarding any significant weakness in the planning or performance of internal controls, that are reasonably able to have a negative impact on the ability to record, process, summarise and circulate financial information and relevant shortcomings in internal controls; ix) examines the reports of the Chairman of the Board of Directors regarding any fraud that has involved management personnel or those in key positions within the internal control system.

In performing its functions, the Board of Statutory Auditors is assisted by Company structures, specifically by the internal audit unit and by the Administration and Finance function.

## 11.5 Organisational Model pursuant to Italian Legislative Decree 231/2001 and Supervisory Body

Be's Organisation, Management and Control Model is comprised of the following:

- General part - which mainly covers the following aspects:
  - Summary of Italian Legislative Decree 231/01;
  - Supervisory Body;

- Formation and circulation of the Model (internal and external);
- Penalty system.
- Special Part A - regarding offences envisaged by articles 24, 25 and 25*decies* of Italian Legislative Decree 231/01 committed to;
- Special Part B - regarding offences relating to organised crime (art. 24*ter* of Italian Legislative Decree 231/01) and the transnational offences set forth in art. 10 of Italian Law no. 146/06;
- Special Part C - regarding the corporate offences set forth in art. 25*ter* of Italian Legislative Decree 231/01 and the administrative offences and unlawful acts of the abuse of privileged information and market manipulation set forth in art. 25*sexies* of Italian Legislative Decree 231/01;
- Special Part D – regarding the crimes of manslaughter or serious or very serious personal injury committed as a violation of the laws on the protection of health and safety in the workplace (art. 25*septies* of Italian Legislative Decree 231/01);
- Special Part E - regarding the offences of receipt, laundering and use of money, assets or benefits of illegal origin, as well as self-money laundering (art. 25*octies* of Italian Legislative Decree 231/01);
- Special Part F - regarding offences relating to infringement of copyright (art. 25*novies*) and IT offences and the unlawful processing of information (art. 24*bis* of Italian Legislative Decree 231/01);
- Special Part G - regarding offences relating to the abandonment and uncontrolled deposit of waste and waste water on and in the soil (art. 25*undecies* of Italian Legislative Decree 231/01).

On 23 December 2015, the Board of Directors approved the update to the Organisation, Management and Control Model in order to assimilate the following legislative changes:

- Italian Law no. 186/14 on money laundering (which amended and supplemented art. 25*octies* of Italian Legislative Decree 231/01);
- Italian Law no. 68/15 containing “provisions on offences against the environment” (which amended and supplemented art. 25*undecies* of Italian Legislative Decree 231/01);
- Italian Law no. 69/15, which introduced some changes to the provisions on the administrative responsibility of entities as regards corporate offences (entailing the amendment and integration of art. 25*ter* of Italian Legislative Decree 231/01).

On 2 August 2016, the Board of Directors approved a new Code of Ethics to replace the one previously adopted by Be.

Reporting flow to the Supervisory Body are an integral part of the Organisational Model.

The updated version of Be’s Organisation, Management and Control Model under Italian Legislative Decree 231/2001, and of the Code of Ethics, approved by the Board of Directors on 2 August 2016, is available on the Company’s website (<http://www.be-tse.it>) in the Investor Relations/Corporate Governance section.

In a resolution passed on 5 May 2016, the Board of Directors resolved to renew the members of the Supervisory Body, with the term of office ending on the date of approval of the 2016 Financial Statements, and namely Iole Anna Savini (Chairman), Andrea Celi (member) and Simona Pastorino (member).

The Supervisory Body meets at least once a quarter and reports to the Board of Directors.

The Supervisory Body has its own internal regulations, and works on the basis of a specific Activity Plan, drawn up according to the following main areas of intervention:

- audits on the most sensitive areas;
- monitoring training activities pursuant to Italian Legislative Decree 231/01;
- meetings with the Board of Statutory Auditors;
- analysing information flows;
- monitoring the main legislative changes pursuant to Italian Legislative Decree 231/01.

With regard to the option of reporting presumed infringements of the Model, or with regard to any unlawful conduct, the Supervisory Body has set in place dedicated channels (also through an e-mail box set in place by the Company) to facilitate the flow of communication.

In 2016, the Supervisory Body met regularly and minutes were taken for all minutes and filed by the same Body, which also held periodic discussions with the Head of the Internal Audit function.

Furthermore, with a view to fruitful collaboration, meetings were also held with the Board of Statutory Auditors and with the Control and Risk Committee for a reciprocal and necessary exchange of information.

At the date of this Report, the functions of the Supervisory Body were not assigned to the Board of Statutory Auditors. By contrast, in Group companies Be Solutions S.p.A., Be Consulting S.p.A., Be Professional Services S.p.A. and Be Enterprise Process Solutions S.p.A., the supervisory body is the Board of Statutory Auditors of the same.

## **11.6 Independent Auditors**

The independent auditors are tasked with auditing the accounts, assessing the reliability of the financial statements and expressing an opinion on the compliance of said financial statements with the relevant legislative framework.

On 10 May 2012, the Shareholders' Meeting resolved to assign the legal auditing of the accounts for 2012-2020 to independent auditors Deloitte & Touche S.p.A..

## **11.7 Executive in charge of preparing the company's accounting documents**

The main task of the Executive in charge of preparing the Be Group's accounting documents, is to implement the administrative-accounting procedures that discipline the formation of periodic company

financial disclosures, monitoring the application of the same and, jointly with the CEO, issuing a statement confirming fulfilment of the above and the “reliability” of the financial documentation circulated.

Pursuant to art. 16 of the Articles of Association, the Board of Directors of the Issuer, following the mandatory opinion of the Board of Statutory Auditors, appoints an executive in charge of preparing the company’s accounting documents, as set forth in art. 154bis of the Consolidated Law. The executive in charge of preparing the company’s accounting documents must be chosen on the basis of criteria of professionalism and expertise, from executives who have a total of at least three years’ experience in administrative functions with companies, or with consultancy or professional firms. After checking the above-cited requirements of honourability and professionalism, at a meeting held on 23 April 2013, Be’s Board of Directors resolved to appoint Mrs Manuela Mascarini, Head of the Be Group’s Administration and Finance function, as Executive in charge of preparing the company’s accounting documents. Following the renewal of the Board of Directors resolved by the Shareholders’ Meeting on 12 June 2014, the Board of Directors passed a resolution on 18 June 2014 confirming the appointment of Mrs Manuela Mascarini as executive in charge of preparing the company’s accounting documents, with a term of office until the date of the Shareholders’ Meeting convened to approve the financial statements for the year ending 31 December 2016.

With regard to the appointment by the Board of Directors, Mrs Manuela Mascarini was formally awarded all the powers required to correctly perform the tasks required by law.

The same has the express power to access and to request any information retained relevant both as regards the Company and as regards subsidiary or investee companies; the power to request the assistance, for the activities within her responsibility, of other Company and Group corporate functions, and of their respective resources, as well as of consultants for outsourced Functions; the power to promote the adoption of company procedures or directives, also as regards Group companies, to the extent that this is of use and necessary for the correct recognition of the economic, equity and financial situation of the Company and of the Group.

The Board of Directors also resolved to grant the Executive in question an annual expenditure budget of euro 20,000.00 to perform all of the activities entailed by the position of executive in charge of preparing the company’s accounting documents.

## **11.8 Coordination between parties involved in the Internal Control and Risk Management System**

At the date of this Report, the Issuer had not yet assessed the adoption of procedures for the coordination of the various parties involved in the ICRM System, as it retained the bodies and the various functions to be sufficiently and efficiently integrated, with no overlaps of tasks.

## 12. Directors' interests and related party transactions

On 12 March 2010, through resolution no. 17221, Consob issued the Regulation for Related Party Transactions, which provides the general principles which Italian companies with shares listed on regulated Italian markets (or markets of other EU countries) and with a significant extent of shares issued to the public, must comply with in order to guarantee the transparency and substantial and procedural correctness of related party transactions performed directly or indirectly through subsidiaries.

Some of the objectives of the rules dictated with regard to related party transactions are as follows:

- to strengthen the role of the Independent Directors in ensuring that transactions are performed in the interest of the company, requiring at the very least the application of the requirements of independence set forth in art. 148 of the Consolidated Law on Finance, and, for companies which comply with a code of self-regulation, the more stringent requirements envisaged therein;
- to protect minority shareholders and other stakeholders from any abuse that may be triggered by transactions that have a potential conflict of interest, performed with related parties (including by way of example, mergers, acquisitions, disposals, reserved share capital increases, etc.).

With resolution no. 17389 of 23 June 2010, Consob approved detailed amendments and corrections to the Consob Regulation for Related Party Transactions, establishing the dates of 1 October 2010 for the application of the transparency rule for significant transactions, 1 December 2010 for the adoption of the regulation by the Boards of Directors of relevant companies and 1 January 2011 for the application of the new regulation.

### 12.1 Regulation on Related Party Transactions

In a meeting held on 11 November 2010, in order to implement Consob Regulation on related party transactions, the Board of Directors established guidelines, specifying the (quantitative and/or qualitative) criteria to be used to identify transactions which, given their specific importance in economic, equity or financial terms, or for reasons of opportunity, must be examined and approved by the Board.

In compliance with that envisaged by the Consob Regulation on Related Party Transactions, the Board of Directors therefore (i) following the approval of the Control and Risk Committee (in its role as Committee for Related Party Transactions) adopted an actual internal procedure for related party transactions (last amended on 1 July 2014), which establishes the rules and the principles to be observed in order to ensure the transparency and substantial and procedural correctness of the related party transactions performed by Be, directly or through companies directly and/or indirectly controlled by the same, and (ii) as illustrated earlier in this Report, assigned the Control and Risk Committee the functions and the tasks of the Committee for Related Party Transactions comprised by two Independent Directors (Umberto Quilici and Anna Zattoni), and by one Non-Executive Director (Bernardo Attolico). The most important aspects of the procedure are as follows:

(a) the classification of "Related Party Transactions" as Transactions of Greater Importance (meaning those in which the relevance index of the counter value or of the asset or of the liabilities surpasses the threshold of 5%), Transactions for Smaller Amounts (meaning related party transactions for amounts not exceeding Euro 50,000.00 (fifty thousand) if the related party is a natural person, or transactions for amounts not exceeding Euro 100,000.00 (one hundred thousand) if the related party is a legal person),



and Transactions of Lesser Importance (a residual category which encompasses related party transactions that are not Transactions of Greater Importance or Transactions for Smaller Amounts);

(b) the rules for transparency and market disclosure, in the case of Transactions of Greater Importance, requiring the publication of a specific disclosure document;

(c) the particularly important role played by the Control and Risk Committee (in its capacity as Committee for Related Party Transactions) in the procedure to assess and approve related party transactions.

This Committee is assigned the task of guaranteeing the substantial correctness of transactions with related parties, by issuing an opinion on the interest of the Company in performing a specific transaction as well as on the reasonableness and correctness of the relative conditions. In the case of transactions classified as Transactions of Lesser Importance, the Company may proceed with the transaction in any event, even if the opinion of the Committee is negative. In this case, within fifteen days of the closure of each quarter of the year, a disclosure must be made to the public of the transactions approved in the relative quarter, despite said negative opinion, with an indication of the reasons for the disagreement with the opinion of the Committee for Related Party Transactions.

In the case of transactions classified as Transactions of Greater Importance, the approval of which is reserved exclusively to the Board of Directors, the Committee plays an even wider role insofar as it is required to intervene during negotiations relating to the transaction, and to this end must receive a complete and timely flow of information from the delegated bodies and the parties in charge of conducting the negotiations, and is able to request additional information of the same and to make observations. Furthermore, if the opinion of the Committee is negative, the Board of Directors may: (i) approve the Transaction of Greater Importance taking the findings reported by the Committee into full consideration, or, alternatively (ii) approve the Transaction of Greater Importance despite the advice against it, or in any event, without considering the findings of the Committee, on condition that the performance of the transaction is authorised by the Shareholders' Meeting pursuant to that envisaged by art. 6.8 of the procedure; or, lastly (iii) not to approve the Transaction of Greater Importance and therefore not to execute the same.

The above procedure for related party transactions is available on the Company's website [http://www.betse.it/export/sites/default/it/investor/CorporateGovernance/pdf/Regolamento\\_Partirelato\\_Correlate\\_versione\\_1\\_Luglio\\_2014.pdf](http://www.betse.it/export/sites/default/it/investor/CorporateGovernance/pdf/Regolamento_Partirelato_Correlate_versione_1_Luglio_2014.pdf).

To ensure the proper functioning of the procedure for related party transactions, the Board of Directors decided that it was not necessary to adopt further operating solutions to identify and manage situations in which a Director has an interest, on his/her own behalf or on behalf of third parties, as situations of this nature are assessed individually by the Chief Executive Officer.

## 12.2 Disclosures to the Market and to the Board of Statutory Auditors

Without prejudice to price sensitive disclosures and to the periodic disclosures required by art. 154<sup>ter</sup> of the Consolidated Law on Finance, the procedure adopted by Be for related party transactions requires market disclosure for Transactions of Greater Importance, within 7 days of the approval of the transaction or from the signature of the contract, and within 15 days in the case of a number of combined transactions with the same related party.



The announcement to the market must be made by means of the publication of a disclosure document, drawn up in compliance with Appendix 4 of the Consob Issuers' Regulation.

Pursuant to art. 150 of the Consolidated Law on Finance, the Directors report on a quarterly basis to the Board of Statutory Auditors on related party transactions performed in the quarter (including therein delegated transactions), as well as - on the end-date of the quarter - on the current status of transactions, whose execution, due to their characteristics, is time-delayed or periodic.

More specifically, the Board of Directors, represented by the Chief Executive Officer or by another person specifically delegated, illustrates relevant information regarding individual transactions they are aware of to the Board of Statutory Auditors.

As indicated above, in the six meetings held in 2016, the Control and Risk Committee examined the situation of relationships and transactions with related parties. Minutes were taken of the same.

### 13. Appointment of statutory auditors

The Company's Articles of Association (art. 19) envisages that, without prejudice to situations of ineligibility and/or incompatibility envisaged by law, persons who already hold the position of Statutory Auditor in more than five companies whose shares are listed on regulated markets, with the sole exclusion of companies that directly or indirectly control the Company, or are controlled by the same, may not be elected Statutory Auditors, equally those who do not meet the requirements of honourability and professionalism required by the laws in force may not be elected Statutory Auditors.

If the same no longer meet said requirements, the Statutory Auditor loses his/her position.

The Board of Statutory Auditors is elected by the Shareholders' Assembly, which votes on a list basis, according to the following procedure.

Only shareholders who alone or together with other shareholders, represent at least 2.5% of shares with voting rights in the Ordinary Shareholders' Meeting or, if lower, a different percentage established by Consob in its regulations, may submit a list.

Each shareholder, as well as shareholders belonging to the same group (meaning the controlling party, even if not an enterprise pursuant to art. 2359 of the Civil Code and the subsidiaries of the same party), or who are part of a shareholders' agreement pursuant to art. 122 of the Consolidated Law on Finance, may not submit, either directly or through a third party or a trust company, more than one list, as this will result in the inadmissibility of all of the lists submitted in infringement of this paragraph, regardless of the order of submission.

The list is comprised of two sections, one for candidates to the office of standing auditor, the other for candidates to the office of alternate auditor; candidates are listed in each section by means of consecutive numbers.

Each candidate may only appear on one list only, otherwise he/she will be considered ineligible.

Where, with reference to the mandate in question on each occasion, mandatory criteria regarding the division between genders (male and female) are applicable, each list that includes at least three candidates must contain a number of candidates of the less-represented gender that is at least equal to the minimum quota applicable on each occasion (both as regards the position of Standing Auditor and that of Alternate Auditor).

The lists must be registered pursuant to articles 148, paragraph 2, and 147<sup>ter</sup> of the Consolidated Law on Finance.

Lists for which the provisions of paragraphs six, seven, eight, nine and ten have not been observed, will be considered as not having been presented.

Statements of each candidate, accepting the candidature and confirming, under their own responsibility, subject to forfeiture, the non-existence of causes for ineligibility and incompatibility, as well as the fulfilment of the requirements envisaged by law, must be registered with each list submitted.

All those with voting rights may only vote for one list.

Two Standing Auditors and one Alternate Auditor will be appointed from the list that obtains the highest number of votes, according to the consecutive number with which the candidates are listed on the same, in the respective sections.

One Standing Auditor and one Alternate Auditor will be taken from the list that obtains the highest number of votes, from the lists submitted and voted by minority shareholders, as long as not related, pursuant to the law and regulations, to shareholders that have submitted or voted for the list illustrated in the previous paragraph, and in the consecutive order with which they appear on the list, in the respective sections.

If, due to the application of that envisaged in the previous paragraph, any minimum quota of the less-represented gender applicable on each occasion to members of this body is not respected (both as regards the position of Standing Auditor and that of Alternate Auditor) in place of the last candidate of the more-represented gender on the Majority List, the next candidate of the less-represented gender of the same list will be considered elected.

The Chairman of the Board of Statutory Auditors is appointed by the Shareholders' Meeting from the Statutory Auditors elected by minority shareholders.

In the case of equal votes between the lists, the entire Shareholders' Meeting will vote again on the lists that obtained the same number of votes.

If a single list is submitted for voting, or if a single list is admitted for voting, or if lists are not submitted by minority shareholders, prompt notice will be given of this circumstance, according to the procedures envisaged by the law in force, in order for lists to be submitted up until the fifth day after the term envisaged for their registration at the Company's registered office.

In this case, the percentage of voting rights required to submit a list is half the original one.

In the event that a Statutory Auditor leaves, until the end of the term of office of the other Statutory Auditors, where possible, the first Alternate Auditor on the same list as the one leaving will take over, unless, to respect any minimum gender quotas that may be applicable, a different Alternate Auditor on the same list may be necessary.

If in neither case, the minimum gender quota that may be applicable is not respected, a Shareholders' Meeting must be convened to appoint a Statutory Auditor of the less-represented gender.

If it is not possible to appoint one or more Statutory Auditors using the method of voting for lists, the Shareholders' Meeting will resolve according to the legal majority.

Meetings of the Board of Statutory Auditors may be held by video or teleconference, on condition that all attendees can be identified with certainty, are able to follow the discussion and to intervene in real time in the debate on the items on the agenda, and to transmit and see documents. Once said requirements are fulfilled, the meeting of the Board of Statutory Auditors is considered to be held in the place in which the member chairing the meeting and the person taking the minutes are located, in order to enable the minutes to be transcribed to the relevant register and signed.

## **14. Composition and functioning of the Board of Statutory Auditors (pursuant to art. 123*bis*, paragraph 2, lett. d), Consolidated Law on Finance)**

The Board of Statutory Auditors oversees compliance with the law and with the deed of incorporation, as well as respect of the principles of correct management in the performance of business activities; it checks the adequacy of the organisational structure of the internal control system and of the Company's administrative-accounting system.

Furthermore, pursuant to art. 19 of Italian Legislative Decree 39/2010, the Board of Statutory Auditors performs the functions assigned to it in its capacity as "Committee for internal control and auditing". In this capacity, the Board of Statutory Auditors oversees:

- the financial disclosure process;
- the effectiveness of the internal control system, the internal auditing system and if applicable, the risk management system;
- the independent auditing of annual accounts and of consolidated accounts;
- the independence of the independent auditor or the independent auditing firm, specifically with regard to the provision of non-auditing services to the entity subject to independent auditing.

As already envisaged by the Consolidated Law on Finance and currently regulated by art. 13 of Italian Legislative Decree no. 39/2010, the Board of Statutory Auditors makes a justified proposal to the Shareholders' Meeting regarding the assignment of the independent auditors and the fee to be paid to the same. Furthermore, pursuant to art. 19, paragraph 1, letter c) and d), of the cited decree, the Board of Statutory Auditors oversees the independent auditing of the accounts, verifying that legislative provisions regarding the nature and the entity of services other than auditing provided to the Group directly and through companies belonging to its network are respected. The outcome of supervisory activities is stated in a Report prepared in accordance with art. 153 of the Consolidated Law on Finance.

The Board of Statutory Auditors is formed by a Chairperson, two Standing Auditors and two Alternate Auditors, which remain in office for three years and may be re-elected.

The ordinary Shareholders' Meeting, held on 23 April 2015, appointed the Board of Statutory Auditors in office as at the date of this Report on the basis of the two lists registered, one by the shareholder Data Holding 2007 S.r.l.<sup>4</sup> - owner, at the time the list was submitted, of an interest corresponding to 33.43% of share capital - and one by the shareholder Imi Investimenti S.p.A.<sup>5</sup> - owner, at the time the list was submitted, of an interest corresponding to 19.39% of share capital. The list submitted by Data Holding 2007 S.r.l. obtained the favourable vote of 45,101,490 shares representing 33.43% of share capital, while the list submitted by Imi Investimenti S.p.A. obtained the favourable vote of 26,161,381 shares representing 19.39% of share capital.

This Board of Statutory Auditors will remain in office until the date of the Shareholders' Meeting convened to approve the financial statements for the year ending 31 December 2017.

The share capital present with voting rights at the time of said resolution corresponded to 61.53% of the entire share capital. The table below shows the list of members of the Board of Statutory Auditors currently in office.

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<sup>4</sup> The candidates included on the list submitted by Data Holding 2007 S.r.l. are as follows: Stefano De Angelis (standing auditor); Rosita Natta (standing auditor); Andrea Mariani (standing auditor); Roberta Pirola (alternate auditor); Susanna Russo (alternate auditor).

<sup>5</sup> The candidates included on the list submitted by Imi Investimenti S.p.A. are as follows: Giuseppe Leoni (standing auditor); Bionesi Ferrari (alternate auditor).

Board of Statutory Auditors									
Position	Members	Year of birth	Date of first appointment *	In office since	In office until	List **	Independent Code	Attendance of Board meetings *** Note 1	No. of other positions ****
Chairman	Giuseppe Leoni	02/10/53	23/04/015	23/04/15	Approval of Financial Statements 2017	M	yes	8	11
Standing Auditor	Stefano De Angelis	27/07/60	10/05/2012	23/04/15	Approval of Financial Statements 2017	M	yes	8	6
Standing Auditor	Rosita Natta	14/06/72	23/04/2015	23/04/15	Approval of Financial Statements 2017	M	yes	6	12
Alternate Auditor	Biones Ferrari	04/01/59	23/04/2015	23/04/15	Approval of Financial Statements 2017	M	yes	-	9
Alternate Auditor	Roberta Pirola	29/05/71	23/04/2015	23/04/15	Approval of Financial Statements 2017	M	yes	-	-

-----STATUTORY AUDITORS WHO LEFT THE BOARD DURING THE FINANCIAL YEAR UNDER ANALYSIS: NONE

Number of meetings held during the year under analysis: 8

Indicate the quorum required for the submission of the lists by minorities for the election of one or more members (pursuant to art. 148 Consolidated Law on Finance):

NOTES

\* The date of first appointment of each statutory auditor means the date on which the auditor was appointed for the first time (ever) to the Board of Statutory Auditors of the issuer.

\*\* This column indicates the list from which each statutory auditor was taken (“M”: majority list; “m” minority list).

\*\*\* This column indicates the attendance of the statutory auditors at meetings of the Board of Statutory Auditors (indicate the number of meetings attended with respect to the total number of meetings that the same could have attended; e.g. 6/8; 8/8 etc.).

\*\*\*\* This column indicates the number of positions as director or statutory auditor held by the person in question pursuant to art. 148*bis* of the Consolidated Law on Finance and the relating implementing provisions contained in the Consob Issuers’ Regulation. The full list of positions is published by Consob on its website pursuant to art. 144*quinquiesdecies* of the Consob Issuers’ Regulation.

*Note 1: the total number of meetings refers to those held between 1 January 2016 and the Date of Reference.*

The main personal and professional characteristics of each Statutory Auditor pursuant to art. 144<sup>decies</sup> of the Consob Issuers' Regulation are illustrated below:

### **Giuseppe Leoni**

He is a member of the Association of Certified Accountants of Milan and enrolled on the Register of Legal Auditors. He holds the position of Chairman of the Board of Statutory Auditors or Standing Auditor and Non-Executive Director in various companies, also listed on regulated markets.

His office is in Milan, where he works as a Chartered Accountant with specific regard to legal, fiscal and economic matters, related to extraordinary management transactions (mergers, concentrations, transformations and spin-offs), contractual matters (licensing agreements, acquisitions and sales of shareholdings and of industrial complexes, sales of going concerns in general) and tax planning.

He started working as a statutory auditor for Reconta Ernst Young S.p.A..

The educational and professional training conducted in Studio Guasti, comprised by numerous professionals (notaries, lawyers and accountants) who work together and who have different areas of expertise, targets their consulting and advisory work to the area of extraordinary business transactions as well as business assessment processes.

He participates as a lecturer in professional training seminars organised by the SDA Bocconi in Milan, regarding tax matters, with specific reference to the aspects relating to extraordinary business transactions.

### **Stefano De Angelis**

Born in Rome on 27 July 1960, after obtaining a degree in economics and business studies, he worked as a chartered accountant for "Studio Vaglio Dottori Commercialisti" in Rome, where he was involved, in particular, in insolvency proceedings and tax and accounting matters. In 1990, he founded the "Studio De Angelis Dottori Commercialisti"; an expert in tax, commercial - corporate consulting, administrative and accounting audits, tax planning and financial statement analysis. He has been a partner of "Coccia De Angelis & Associati Studio Legale e Tributario" since 2000 (from 2012 "Coccia De Angelis Pardo & Associati Studio Legale e Tributario"). He has been registered as a Chartered Accountant and Accounting Expert in Rome since 1988. He has been enrolled on the Register of Legal Auditors since 1995. He has acquired significant experience as a statutory auditor and chairman of the board of statutory auditors in companies also listed on regulated markets. He has been a court-appointed expert in Rome since 1993. He has been a member of the Technical Control Commission (COM.TE.C.) for the Italian Basketball Federation (F.I.P.), as regards the accounts and financial statements of professional Companies in League Series A since 2003.

### **Rosita Natta**

Born in Milan on 14 June 1972, after gaining a degree in business and economics with full marks (specialising in economic policy) from the Business University Luigi Bocconi in Milan, she became a member of the Association of Certified Accountants of Milan and enrolled on the Register of Legal Auditors.

She is a partner of Studio Pirola Pennuto Zei & Associati, where she is mostly involved in tax, organisational and contractual consultancy and advice, M&A for medium-large sized companies mainly operating in the industrial, commercial and financial sectors, also auditing the same.

She also works in the area of public law as well as lecturing in tax and legal matters at courses run by the firm.

Over the years, she has acquired significant experience in extraordinary finance transactions, in transfer pricing studies, in disputes with the tax authorities, in tax planning and corporate restructuring.

She has gained significant experience as a director or member of control bodies in companies belonging to leading Italian or foreign groups.

She is also a member of the Corporate Law Commission of the Association of Chartered Accountants of Milan, contributing to the preparation of publications and studies.

### **Roberta Pirola**

Born in Milan on 29 May 1971, after gaining a degree in business and economics from the Business University Luigi Bocconi in Milan, she became a member of the Association of Certified Accountants of Milan and enrolled on the Register of Legal Auditors.

Since January 1997, she has worked with Studio Pirola Pennuto Zei & Associati, which she became a partner of in 2006.

She specialises in tax and corporate consultancy, also relating to the reorganisation of domestic and foreign companies. Over the years, she has gained significant experience in relations with the tax authorities, in the pre-dispute area. She assists leading customers in important tax disputes. She also has experience in due diligence and assistance for acquisitions.

She is a Statutory Auditor for a number of important companies of domestic and international groups in the sectors of large-scale retail distribution, fashion, the food industry and insurance). She has considerable experience as a member of the Supervisory Body of an important industrial group.

### **Bionis Ferrari**

Born in Castelnovo né Monti (Reggio Emilia) on 4 January 1959.

He graduated in 1983/1984 from the Business University Luigi Bocconi in Milan with a mark of 110/110 cum laude.

He then worked for five years for Studio del Prof. Angelo Provasoli as a chartered accountant, in the areas of accounting audits, financial statement consultancy and company assessments.

He has worked for many years for Studio Guasti, where he focuses on tax consultancy (both ordinary and extraordinary transactions), as well as corporate and economic assistance for company reorganisations (mergers, business conferment and spin-offs) and purchase and sale transactions (acquisitions and sales of shareholdings and going concerns).

He is a consultant for medium/large sized industrial and financial companies, with specific regard to tax, corporate and financial statement areas within the scope of extraordinary management transactions (purchase and sale of shareholdings, sales and conferment of businesses, mergers and spin-offs), as well as in the area of company assessment processes.

The training within a Law Office with numerous professionals who work together and who have different areas of expertise and international connections, as well as lecturing work at the L. Bocconi University and the SDA Bocconi, targets their consulting and advisory work to the area of extraordinary business transactions.

He is a member of the Association of Certified Accountants of Milan and enrolled on the Register of Legal Auditors. He holds the position of Chairman of the Board of Statutory Auditors or Standing Auditor in groups and companies also listed on regulated markets.

On the closing date of the Financial Year, no changes had been made to the composition of the Company's Board of Statutory Auditors.

All members of the Board of Statutory Auditors meet the requirements of honourability and professionalism envisaged by art. 148 of the Consolidated Law on Finance and by the Regulation of the Ministry of Justice no. 162/2000.

The management and control positions held as at the Date of Reference by each Standing Auditor of Be currently in office in other companies are shown in the table below.



**2016 Table of Positions in addition to those held in Be at the date of this Report:**

<b>Standing Auditor</b>	<b>Position</b>	<b>Company</b>	<b>Be Group</b>	<b>Listed</b>
<b>Giuseppe Leoni</b>	<i>Standing Auditor</i>	SOGEFI S.p.A.	NO	YES
	<i>Alternate Auditor</i>	Gas Plus S.p.A.	NO	YES
	<i>Chairman of the Board of Statutory Auditors</i>	Starwood Italia S.r.l.	NO	NO
	<i>Standing Auditor</i>	Ciga S.r.l.	NO	NO
	<i>Chairman of the Board of Statutory Auditors</i>	Quartieri Durini S.p.A.	NO	NO
	<i>Standing Auditor</i>	Reda S.p.A.	NO	NO
	<i>Chairman of the Board of Statutory Auditors</i>	Posa S.p.A.	NO	NO
	<i>Standing Auditor</i>	Trasporti Agricoli S.r.l.	NO	NO
	<i>Standing Auditor</i>	Consel S.p.A.	NO	NO
	<i>Non-Executive Director</i>	Gefin S.p.A.	NO	NO
	<i>Non-Executive Director</i>	Confezioni & Facon S.r.l.	NO	NO
<b>Stefano De Angelis</b>	<i>Chairman of the Board of Statutory Auditors</i>	Be Consulting, Think, Project & Plan S.p.A.	YES	NO
	<i>Standing Auditor</i>	Be Solutions, Solve, Realize & Control S.p.A.	YES	NO
	<i>Standing Auditor</i>	Be Professional Services S.p.A.	YES	NO
	<i>Chairman of the Board of Statutory Auditors</i>	Be Enterprise Process Solutions S.p.A.	YES	NO
	<i>Chairman of the Board of Statutory Auditors appointed to audit the accounts</i>	H.D. Health Defence S.p.A.	NO	NO
	<i>Standing Auditor</i>	RCS Sport. S.p.A.	NO	NO
<b>Rosita Natta</b>	<i>Standing Auditor</i>	Citroen Italia S.p.A.	NO	NO
	<i>Standing Auditor</i>	Compagnia Italia Sali S.p.A	NO	NO
	<i>Standing Auditor</i>	Peugeot Automobili Italia S.p.A.	NO	NO
	<i>Standing Auditor</i>	Tauw Italia S.r.l	NO	NO
	<i>Standing Auditor</i>	PSA Factor Italia S.p.A	NO	NO
	<i>Board Member</i>	Jacob Cohen Company S.p.A.	NO	NO
	<i>Board Member</i>	Neorurale S.p.A.	NO	NO
	<i>Standing Auditor</i>	PSA Renting Italia S.p.A.	NO	NO
	<i>Standing Auditor</i>	Peugeot Citroen Retail Italia S.p.A.	NO	NO
	<i>Standing Auditor</i>	Solidpower S.p.A.	NO	NO
	<i>Partner Director</i>	Villarasca Neorurale Società Agricola S.S.	NO	NO
	<i>Chairman of the Board of Statutory Auditors</i>	Dexxon Italia S.p.A.	NO	NO

Note that no member of the Board of Statutory Auditors has family ties to the members of the Board of Directors or other Company executives.

During the year, 8 meetings of the Board of Statutory Auditors were held, with an average duration of 2 hours each. The percentage of overall attendance was (i) 100% for Standing Auditors Giuseppe Leoni and Stefano De Angelis and 75% for Standing Auditor Rosita Natta. For the current year, at least 6 meetings of the Board of Statutory Auditors are planned, of which 2 have already been held in 2017.

In order to maintain adequate knowhow of the business sector in which the Company operates, whenever retained necessary, the Statutory Auditors receive information and updates on the sector in which the Issuer operates, on the legislative and self-regulatory framework of reference, also by means of material drawn up by the Company, on company performance and evolution, as well as on the principles of correct risk management.

At the time of their appointment, the members of the Board of Statutory Auditors have stated, under their own responsibility, to meet the requirements of independence envisaged by the applicable legislative and regulatory standards. The Board of Statutory Auditors assessed the independent of its members as soon as possible after their appointment, and subsequently at the Board of Directors' Meeting held on 14 March 2016. With regard to Standing Auditor Rosita Natta, note that the same is an associate of Studio Pirola Pennuto Zei & Associati, to which the Company and several group companies have commissioned to perform several assistance activities. The Board of Statutory Auditors, considering that (i) Ms. Natta does not provide any professional services to the Group on behalf of Studio Pirola Pennuto Zei & Associati and (ii) the contained and insignificant economic amount of said professional services, based on the assumption that the high level of professionalism of Ms. Natta and the absence of situations or circumstances that compromise her independence guarantee, in any event, compliance with art. 3 of the Code of Self-Regulation, confirmed that the above cited requirements continue to be fulfilled for Ms. Natta as well, privileging for the same a profile of substance (over form) in the assessment of the composition of the Board of Statutory Auditors. The results of said assessment were communicated to the market in a press release dated 14 March 2016.

The remuneration of the Statutory Auditors is proportional to the commitment required of the same, to the importance of the position held as well as the size of the company and the industry it operates in.

Pursuant to point 8.C.3 of the Code of Self-Regulation, a Statutory Auditor who, on his own behalf, or on behalf of third parties, has an interest in a specific transaction of the Issuer, must promptly and exhaustively inform the other Statutory Auditors and the Chairman of the Board of Directors of the nature, terms, origin and extent of his interest.

The Board of Statutory Auditors has overseen the independence of the independent auditors, verifying compliance with the relevant legislative provisions, and has also confirmed the absence of services other than auditing provided to the Issuer and to its subsidiaries by the same independent auditors and by entities belonging to the network of the same.

In conducting its activities, the Board of Statutory Auditors has coordinated with the Control and Risk Committee, the Supervisory Body and with the internal audit function by attending all meetings held by said Committee and by organising periodic meetings with the Supervisory Body and the internal audit function.

## 15. Relations with Shareholders

The Company has an institutional website, [www.be-tse.it](http://www.be-tse.it) and a specific section relating to financial information (Investors), which is easy to find and can be accessed through a direct link from the home page of the website, provides information regarding the Issuer that is important to its Shareholders, so that the latter are aware of how to exercise their rights. More specifically, the specific section of the website contains press releases, quarterly accounts, interim reports, financial statements, documents registered with Consob or Borsa Italiana, the Articles of Association, regulations for Shareholders' Meetings, the organisational model pursuant to Italian Legislative Decree 231/01.

The person in charge of handling relations with shareholders is the Investor Relator, currently Patrizio Sforza.

In compliance with that envisaged by Application Criterion 9.C.1 of the Code of Self-Regulation, the establishment of a corporate office to handle shareholder relations was evaluated, but - given the characteristics of the Company - it was decided that all matters regarding corporate information and managing relations with shareholders could be effectively and efficiently performed by a single manager, the Investor Relator. The Investor Relator is assisted by a company that specialises in strategic consulting and institutional communication.

The Company seeks to maintain continuous dialogue with the market, in accordance with regulations on the circulation of privileged information. Company conduct and procedures seeks to avoid disclosure asymmetries.

## 16. Shareholders' Meetings (pursuant to art. 123*bis*, paragraph 2, letter c), Consolidated Law on Finance)

The Articles of Association envisage that Shareholders' Meetings are to be convened by the Board of Directors, by the Board of Statutory Auditors in accordance with the law, or by at least two members of the Board of Statutory Auditors, after notifying the Chairman of the Board of Directors. The Board of Directors will promptly convene a Shareholders' Meeting also on the request of Shareholders, in accordance with the procedures and terms set forth in art. 2367 of the Civil Code.

Shareholders' Meetings may also be held at a venue other than the registered office, as long as in Italy, and convened by means of a notice published pursuant to art. 2366, second paragraph of the Civil Code and art. 125*bis* of the Consolidated Law on Finance.

The Ordinary Shareholders' Meeting must be convened at least once a year, within 120 days of the end of the financial year. However, if legal requirements are met, the Ordinary Shareholders' Meeting may be convened within 180 days of the end of the financial year.

Shareholders who, also jointly, represent at least one fortieth of share capital, may add to the items on the agenda, indicating in their application further items to be discussed prepared by the same or may submit proposals for resolutions on items that already appear on the agenda, within the limits and with the procedures envisaged by the law. Those who possess voting rights may individually submit proposals for resolutions to the Shareholders' Meeting. Requests to add to the list of items on the agenda is not permitted for matters on which the Shareholders' Meeting resolves, by law, on the proposal of the directors or based on a draft or a report drawn up by the same, other than the report on the items on the agenda.

Those with voting rights may formulate questions on items on the agenda also before the Shareholders' Meeting, as long as within the terms envisaged for the notice of call, by certified e-mail, using the specific e-mail address of the Company indicated in the notice of call.

The Company is not bound to response if the relevant information is available on the Company's website in a "Frequently asked questions" format, or whenever it is necessary to protect the confidentiality and the interests of the Company.

The Ordinary Shareholders' Meeting is validly constituted and resolves in first, second and subsequent calls, according to the majorities established by the law.

The Ordinary Shareholders' Meeting is validly constituted according to the majorities established by the law and resolves in first, second and subsequent calls with the favourable vote of shareholders that represent at least 75% of the share capital represented by the Shareholders' Meeting.

The Shareholders' Meeting may also, inter alia, resolve in an ordinary or extraordinary session on the following:

- the appointment and the revocation of members of the Board of Directors and of the Board of Statutory Auditors and on the relative remuneration and responsibilities;
- the approval of the financial statements and the allocation of profit;
- the purchase and the sale of treasury shares;
- amendments to the Articles of Association;
- the issue of convertible bonds or warrants;
- the issue of financial instruments.

As already indicated in paragraph 6.3 of this Report, in compliance with the provisions of art. 2365 of the Civil Code, the Articles of Association envisage that decisions on the following are not resolved by the Shareholders' Meeting but by the Board of Directors:

- the reduction of the share capital if a shareholder withdraws;
- the decision to merger in the cases set forth in articles 2505 and 2505**bis** of the Civil Code;
- the transfer of the registered office within the Province;
- the opening and the closing of secondary offices;
- the amendment of the Articles of Association to legislative provisions.

Pursuant to art. 11 of the Articles of Association, *"those who possess voting rights pursuant to art. 83-sexies of the Consolidated Law on Finance may participate in the Shareholders' Meeting. Those who possess voting rights may be*

*represented by another party at the Shareholders' Meeting pursuant to art. 2372 of the Civil Code and 135-novies of the Consolidated Law on Finance. In the notice of call, the Board of Directors will specify the procedure for the electronic notification for delegating votes. The Chairman of the Shareholders' Meeting must establish the right to participate in the same, also with regard to the fulfilment of the provisions regarding representation by proxy".*

The right of each shareholder to take the floor on the items under discussion is guaranteed by the Chairman of the Shareholders' Meeting, who coordinates speakers at the meeting and runs the same. The Board of Directors has reported to the Shareholders' Meeting on the activities performed and planned, and has made efforts to ensure that shareholders have been adequately informed on the necessary matters, so that the same may take decisions, in full knowledge, referred to the Shareholders' Meeting. In 2016, the Shareholders' Meeting convened to approve the financial statements as at 31 December 2015 was attended by the Chairman Antonio Taverna, the Chief Executive Officer, Stefano Achermann and Board Members Carlo Achermann, Umberto Quilici, and Anna Lambiase as the other board members had justified their absence. Giuseppe Leoni and Stefano De Angelis were also in attendance, Chairman of the Board of Statutory Auditors and Standing Auditor respectively.

Pursuant to Application Criterion 9.C.4 of the Code, the Board of Directors did not deem it necessary to propose changes to the Articles of Association to the Shareholders' Meeting, regarding the percentages established for the exercise of prerogatives set in place to protect minorities, insofar as - in application of art. 144<sup>quater</sup> Consob Issuers' Regulation for the submission of lists for the appointment of members of the Board of Directors and of the Board of Statutory Auditors - articles 15 and 19 of the Articles of Association of the Issuer require, as regards the Board of Directors, a shareholding corresponding to at least the minimum established by Consob pursuant to art. 147<sup>ter</sup>, paragraph 1, of the Consolidated Law on Finance and, as regards the Board of Statutory Auditors, a threshold of 2.5% of shares with voting rights in the ordinary Shareholders' Meeting, or, if less, a different percentage established by Consob.

In this regard, note that, with resolution no. 19856 of 25 January 2017, Consob established 4.5% of the percentage shareholding required for the submission of lists of candidates.

### **Each share is entitled to one vote**

In order to guarantee that the Ordinary and Extraordinary Shareholders' Meetings are run correctly, the Company complies with a specific regulation (the "**Regulation**"), approved by a resolutions of the Shareholders' Meeting on 28 September 2001, which is available to shareholders at the registered office and on the Company's website [http://www.be-tse.it/wp-content/uploads/2015/10/Regolamento\\_Assemblea\\_2013.pdf](http://www.be-tse.it/wp-content/uploads/2015/10/Regolamento_Assemblea_2013.pdf).

The right of each shareholder to take the floor on the items under discussion is guaranteed by the following provisions, contained in art. 6 of the Regulation:

- those legally entitled to exercise voting rights may request to take the floor on the items under discussion once only, making observations, requesting information and, if necessary, formulating proposals;
- the request may be made until such time as the Chairman has declared the discussion on the relevant item on the agenda closed;
- the Chairman establishes the manner in which the speaker makes said request, the order of speakers and the maximum amount of time for which they may speak, based on the topic and the importance of the individual items on the agenda;
- those who have requested the floor have the right to briefly respond to questions;

- based on the topic and on the importance of the individual items under discussion, as well as the number of parties requesting the floor, the Chairman establishes the length of time for which a speaker may speak and for questions in order to guarantee that the Shareholders' Meeting can cover all relevant matters in a single meeting;
- before the established length of time for the speech and for questions is over, the Chairman invites the speaker to draw his conclusions.

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## **17. Additional corporate governance practices (pursuant to art. 123***bis***, paragraph 2, letter a), Consolidated Law on Finance)**

The Issuer has decided not to apply additional corporate governance practices with respect to those already indicated in the point above and contained in the specific obligations envisaged by the law and/or by regulations.

## **18. Changes since the end of the year under analysis**

No changes have occurred since the end of the year under analysis, with the exception of that already reported herein.

**Milan, 14 March 2017.**

For the Board of Directors

Chairman

*Antonio Taverna*