



AUTOGRILL S.P.A.

## CORPORATE GOVERNANCE AND OWNERSHIP REPORT

pursuant to art. 123 bis TUF

(traditional administration and control model)

Issuer: Autogrill S.p.A.

Website: [www.autogrill.com](http://www.autogrill.com)

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# CORPORATE GOVERNANCE AND OWNERSHIP REPORT

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## GLOSSARY

**Autogrill:** Autogrill S.p.A.

**Board of directors:** the board of directors of Autogrill S.p.A.

**Board of statutory auditors:** the board of statutory auditors of Autogrill S.p.A.

**By-Laws:** Autogrill S.p.A.'s by-laws as approved on 24 April 2007 and lastly amended on 15 December 2010.

**Code of Ethics:** the Code of Ethics adopted by Autogrill S.p.A. and Group companies since 2002.

**Human Resources Committee:** an Autogrill Board committee set up on 23 April 2008.

**CONSOB:** *Commissione Nazionale per le Società and la Borsa* [equivalent of the SEC].

**Consob Issuers' Regulations:** the rules implementing Legislative Decree 58/98, on issuers, approved by CONSOB under resolution 11971/1999 (as subsequently amended).

**Consob Markets Regulation:** regulation issued by Consob under resolution 16191/2007 (as subsequently amended) on markets.

**Corporate Governance Code:** the **Corporate Governance Code** for listed companies drawn up by the Corporate Governance Committee of Borsa Italiana S.p.A. and promulgated by the latter, March 2006 edition.

**Group:** Autogrill S.p.A. and its subsidiaries and associates pursuant to §2359, Civil Code and §93, Legislative Decree 58/1998.

**Internal Control and Corporate Governance Committee:** an Autogrill Board committee set up on 23 April 2008.

**Issuer or the Company:** Autogrill S.p.A.

**Model:** The model for organisation, management and control required by Legislative Decree 231/2001 ("Legal liability of legal persons, companies and associations including those without legal personality, pursuant to §11, Law 29 September 2000, no. 300), adopted by Autogrill's board of directors on 9 July 2003 as amended and supplemented by the board of directors on 27 June 2006, 11 September 2007, 9 July 2008, 20 February 2009, 16 December 2009 and in 2010.

**Manager charged with preparing the Company's financial reports:** the Manager charged with preparing the Company's financial reports appointed by Autogrill's board of directors on 27 August 2008, as required by §154-bis, Legislative Decree 58/1998, introduced by Law 262/2005, and by §18 of the by-laws.

**O.D.V.:** the Supervisory Body charged with exercising control over the functioning of and compliance with the Model, set up by Autogrill's board of directors on 9 July 2003 pursuant to Legislative Decree 231/2001.

**Report:** this report on corporate governance and ownership structures, drawn up pursuant to §123-bis, Legislative Decree 58/1998.

**Savings Act:** Law 262/2005 ("Rules for the Protection of Savings and the Ordering of Financial Markets").

**T.U.F.:** Legislative Decree 58/98 (Consolidated Regulations for Financial Intermediation pursuant to §§8 and 21 Law 52/96) commonly known as the "*Testo Unico della Finanza*".

**Year:** the financial year 2010 referred to in the report

# 1. PROFILE OF ISSUER

## Introduction

### *Mission*

Autogrill Group is the world's leading provider of travel catering and retail services and one of Italy's most internationalized companies. Autogrill S.p.a. is the parent of a complex business operating in 37 countries across five continents and has around 62,500 employees<sup>1</sup>. The corporate mission is to offer quality restaurant and retail services to people on the move with the aim of generating value for all stakeholders while showing due respect for cultural diversity and the natural environment. Extremely rapid growth has made it all the more necessary to evolve common rules of conduct and values to be shared by all Group staff: "loyalty, legality and fairness". These principles are explained in the Code of Ethics adopted by the Company since 2002 and are the three principles on which Autogrill bases all its relations and its operating performance, inside and outside the business.

The Code of Ethics can be consulted on the Company's website ([www.autogrill.com](http://www.autogrill.com)).

## Corporate Organization

*Autogrill's corporate organization is the traditional one:*

Autogrill's corporate organization is the traditional one: (i) General Meeting of the Shareholders; (ii) board of directors, which elects a chairman and a CEO; (iii) board of statutory auditors. Alongside these corporate bodies are the audit firm, the Manager charged with preparing the Company's financial reports, the Internal Control and Corporate Governance Committee, the Human Resources Committee, the person in charge of internal control and the Supervisory Body provided for by Legislative Decree 231/2001. The accounts are audited by KPMG S.p.A.

## Operational Organization

*Autogrill Group's operational organization reflects the multinational and multi-sector character of the Group.*

Reporting to the CEO of the Group holding company are the Business Leaders (Leadership Team) responsible for the three business sectors (Food & Beverage, Retail and Flight<sup>2</sup>), and the Staff Leaders, ie. the people heading the Group's policy making and control functions (Corporate Functions). Responsibility for the Group's businesses may be summarized as follows:

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<sup>1</sup> The data in the profile are as of 31<sup>st</sup> December 2010.

<sup>2</sup> The Flight business was sold to 3rd parties on 31st December 2010.

1. Food & Beverage North America & Far East, operated through HMSHost division (Autogrill Group Inc. and subsidiaries)
2. Food & Beverage Italia, operated by Autogrill SpA and Italian subsidiaries
3. Food & Beverage Europe, operated by companies or company groups in each European country
4. Retail, operated by the subsidiaries of Autogrill España SAU (under the trade names of Aldeasa, World Duty Free and Alpha Retail);
5. Flight, operated by Alpha Flight Group Ltd and subsidiaries<sup>2</sup>.

In support of the three business sectors, the Corporate Functions provide guidance and control in various fields, thus facilitating the definition of Group standards and policy and diffusion of best practices, and guaranteeing financial co-ordination and co-ordination of Group-wide projects.

In 2010 the chain of command of the companies operating in the three business sectors was simplified and brought closer in line with organizational responsibilities, also in the perspective of a greater investment of responsibility with respect to economic and financial performances.

### *Compliance*

Autogrill has continued to adopt the principles and recommendations of the Code of Ethics and to update and promulgate its annual corporate governance and ownership report.

Autogrill's corporate governance and ownership report can be consulted on the Company's website ([www.autogrill.com](http://www.autogrill.com)) and also on Borsa Italiana's website ([www.borsaitaliana.it](http://www.borsaitaliana.it)).

Neither the Company nor its subsidiaries are subject to non-Italian laws that could influence Autogrill's corporate governance structure.

### **Sustainability Report**

The Company yearly posts on its website ([www.autogrill.com](http://www.autogrill.com)) its Sustainability Report (hereafter the "Report"), which was certified by the auditing firm KPMG S.p.a. The Report aims to facilitate systematic dialogue with stakeholders on corporate social responsibility and sustainable development, and to share and spread a sustainability culture throughout the enterprise.

<sup>2</sup> The Flight business was sold to 3rd parties on 31st December 2010.

## 2. INFORMATION on OWNERSHIP at 8 March 2011

### a) Structure of share capital

Share capital, subscribed and paid-in: euro 132,288,000.

Categories of shares comprising the share capital:

STRUCTURE OF SHARE CAPITAL				
	# shares	%	Listed / non listed	Rights and obligations
Ordinary shares	254,400,000	100%	Telematic Stock Exchange Blue Chip segment	As per law and by-laws

All ordinary shares have the same unrestricted rights and are freely transferable.

There are no other financial instruments carrying the right to subscribe newly-issued shares.

The extraordinary shareholders' meeting held on 20 April 2010 decided on a paid capital increase to be carried out no later than 30 May 2015 by issuing up to 2,000,000 ordinary shares to serve a stock option plan for executive directors and employees of the Company in strategically important management positions.

The draft rules of the 2010-2014 Stock Option were approved by the board of directors on 4 March 2010 and submitted to the approval of the shareholders' meeting on 20 April 2010. Following publication of the new article 7, Borsa Italiana Corporate Governance Code, on 24 March 2010, which must be adopted by the end of 2011, the Human Resources Committee delivered a report to the board of directors on 30 July 2010. With reference to art. 7.C.2 (c) in particular, the report confirmed that the plan does not currently require participants to retain a certain number of shares granted to the end of their term of office in that the vesting period (4 years) and exercise period (1 year) as well as the type of plan, which assumes shares will be acquired by the participant, are in line with the principle of creating value in the medium- and long-term.

On 10 November 2010, the board of directors began to implement the plan by allocating 1,261,000 options in favour of executive directors and employees of the Company or Group in strategically important management positions and fixed the exercise price of the options at euro 9.34, which was the arithmetical average of the official prices of the Company's ordinary stock on the Telematic Stock Exchange

operated by Borsa Italiana S.p.A. on trading days between 9 October 2010 and 9 November 2010.

The participants involved are members of the Leadership Team as detailed in the table hereunder.

<b>NAME / SURNAME</b>	<b>POSITION</b>	<b># OPTIONS</b>
<b>Gianmario Tondato</b>	Autogrill Group CEO	425,000
<b>Giorgio Minardi</b>	Managing Director Food & Beverage Europa	120,000
<b>José Maria Palencia</b>	CEO Travel Retail & Duty Free	120,000
<b>Aldo Papa</b>	Managing Director Food & Beverage Italia	120,000
<b>Ezio Balarini</b>	Group Chief Marketing Officer	68,000
<b>Paola Bottero</b>	Group General Counsel and Corporate Secretary Director	68,000
<b>Giuseppe Cerroni</b>	Group Managing Director Communication & Public Affairs	68,000
<b>Silvio De Girolamo</b>	Group Chief Internal Audit & CSR Officer	68,000
<b>Alberto De Vecchi</b>	Group Chief Financial Officer	68,000
<b>Alessandro Preda</b>	Group Chief HR & Organization Officer	68,000
<b>Mario Zanini</b>	Group Chief Administration Officer	68,000
<b>Elie Maalouf</b>	CEO Food & Beverage Nord America & Far East <sup>(3)</sup>	120,000

Each of the beneficiaries of the aforesaid plan will be entitled, subject to the conditions indicated in the plan's rules, to subscribe one ordinary Autogrill share per option allocated within the date of assessment of conditions for maturity of rights (April 2014).

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<sup>3</sup> Elie Maalouf, F&B North America & Pacific Area Chief Executive Officer, was included in a twin plan of phantom stock which assigns him 120,000 stock appreciation rights (using the same logic and mechanism as the Stock Option Plan) but without conferring the right to subscribe Autogrill shares.



The terms and conditions of the 2010 Stock Option plan are set forth in an information document issued pursuant to art. 84-bis, clause 1, Consob Regulation 11971/1999 and in compliance with Schedule 7, Annex 3A of the same Regulation, and available on the Company's website ([www.autogrill.com](http://www.autogrill.com)).

There are no other financial instruments conferring the right to subscribe new rights issues.

**b) Restrictions on transfer of securities**

There are no restrictions on transfer of securities or limits on possession of them. There are no clauses requiring approval of access to share ownership.

**c) Relevant shareholdings**

Relevant shareholdings, direct or indirect, on the basis of disclosures made pursuant to art. 120 TUF, are detailed in the table below:

<b>RELEVANT SHAREHOLDINGS</b>			
Declarer	Direct shareholder	% of ordinary stock	% of voting stock
Edizione S.r.l.	Schematrentaquattro S.r.l.	59.28	59.28
Templeton Global Advisors Ltd	Templeton Global Advisors Ltd	2.02	2.02

**d) Securities conferring special rights**

No securities conferring special rights of control have been issued and there are no holders of special powers as defined in current law or the by-laws.

**e) Employee shareholders: mechanism for exercising voting rights**

There are no mechanisms excluding or limiting the exercise of voting rights of beneficiaries of the 2010 Stock Option plan under a) above.

#### **f) Restrictions on voting rights**

There are no restrictions on shareholder's voting rights save for the terms and conditions disciplining exercise of the right to participate and vote in Shareholders' Meetings set forth in section 14 hereunder.

#### **g) Shareholder agreements**

The Company has not been notified of any shareholder agreements as defined in art. 122, TUF.

#### **h) Change of control clauses**

As a sub-concessionaire, Autogrill is party to numerous motorway service area f&b concessions. Such concessions forbid changes in control ("entry of new controlling shareholders in the sub-concessionaire's ownership structure") without prior authorization of the sub-concession granting motorway company. Such authorization may only be denied, however, if the change in control compromises the technical, management, commercial or economic provisions in the concession agreements.

Autogrill is also party to loan contracts with banks (around euro 1.7 billion overall) which provide, as is customary in such contracts, for the bank's power to extinguish loans and the resulting obligation for the borrower to repay in advance all funds drawn down in the event of a change in the control of the company.

For the purposes of such contracts, "change of control" is when the current principal shareholders directly or indirectly fall below 25% of Autogrill's share capital with voting rights or cease to be the majority shareholders of the Company and thereby lose their majority of voting rights.

Further, Autogrill is the guarantor of bonds issued by Autogrill Group Inc., its wholly owned subsidiary, under debenture loans totalling US\$ 476 million at 31 December 2010, subsequently reduced to US\$416 million following a repayment of US\$ 60 falling due on 13 January 2011.

Said loans provide in the event of a change in control of Autogrill that each bond holder be entitled to receive advance repayment of the bonds held. For the purposes of such debenture loans, "change of control" is when one or more subjects acting together, other than the majority shareholders, control or hold more than 50% of Autogrill shares with voting rights.

#### **i) Mandates to increase the share capital and authorizations to trade in treasury shares**

The Board has not been mandated to make any capital increase as defined in art. 2443, Italian Civil Code, although this faculty is expressly provided for in art. 5 of the by-laws.

The shareholders' meeting on 20 April 2010 authorized the acquisition and subsequent disposal of up to 12,720,000 ordinary shares (5% of the share capital)

following revocation of the previous authorization voted by the shareholders on 21 April 2009. The authorization applies for 18 months from 20 April 2010.

Trading must be on regulated markets and in accordance with applicable law. Acquisitions must be made within minimum and maximum limits with respect to the stock market price determined as per the criteria indicated in the shareholders' resolution.

At 31 December 2010, the Company held a total of 125,141 treasury shares, being around 0.049% of the share capital.

### **l) Direction and co-ordination**

On 27 April 2004 the board of directors judged that the conditions of submission by the Company to direction or coordination by the controlling entity, Edizione S.r.l. (formerly Edizione Holding S.p.a.), under §2497bis, Italian Civil Code did not subsist. Subsequently, following the transfer by Edizione S.r.l. of its entire stake in Autogrill S.p.a. to Schematrentaquattro S.r.l., wholly owned by Edizione S.r.l., the board of directors, in a meeting on 18 January 2007 judged that the necessary conditions of submission by the Company to direction or coordination by the controlling entity, Schematrentaquattro S.r.l., still did not subsist. In particular, the board of directors ascertained in the aforementioned meetings that there were no relevant indicators of dominant influence on the part of a controlling shareholder, Autogrill having extensive organizational and administrative autonomy, with no instructions or directives on the part of Schematrentaquattro S.r.l. or Edizione S.r.l. that might be evidence of direction or co-ordination on the part of controlling shareholders.

## **3. BOARD OF DIRECTORS**

### **3.1. APPOINTMENT AND SUBSTITUTION**

Appointment and substitution of directors is disciplined by the provisions of the law and applicable regulations and by article 10 of the by-laws, under which the board of directors is appointed by a list voting system.

The relevant provisions of the aforementioned article 10 of the by-laws are set forth hereunder.

The directors are appointed by the shareholders from lists, submitted by the Shareholders within the legal and statutory deadline from time to time in force (25 days), in which up to 15 (fifteen) candidates in possession of the current legal and regulatory requisites are listed under progressive numbers.

The lists must indicate any candidates who have the current legal and regulatory requisites of independence.

Each shareholder may present or take part in the presentation of one list only and each candidate may be presented on one list only or not qualify for election. Lists may be presented only by shareholders who alone or together with other shareholders represent at least 1.5% of the share capital or any other lower legal or regulatory percentage currently in force.

It should be noted on this point, that Consob recently fixed the minimum participation for presentation of list of candidates for Autogrill boards of directors and statutory auditors at 1.5% (resolution 17633, 26 January 2010) pursuant to art. 144-quater, Issuers' Regulations.

Together with each list, declarations in which the individual candidates accept their candidacy and declare, under their own responsibility, that no causes of ineligibility and incompatibility exist and that they are in possession of the conditions required by law for the respective positions shall be presented. Such declarations shall be filed along with candidates' CVs, providing personal and professional details and eventual requisites for independent directorships.

Lists failing to comply with the aforementioned requirements shall not be taken into consideration.

Each person with the right to vote may vote for one list only.

After voting, the elected candidates shall be those of the two lists that received the most votes on the basis of the following criteria:

- a) the total number of directors to elect less two (2) shall be taken from the list that obtains the majority of the votes cast by the Shareholders, in the progressive order in which they are listed;
- b) the other two (2) directors shall be taken from the list that received the most votes, after the first list, in the Meeting ("minority list"), provided it is in no way connected, not even indirectly, with the Shareholders who submitted or voted the list that received the most votes.

In the event of an equal number of votes, the entire Shareholders' Meeting shall vote again and the candidate elected shall be the candidate who obtains a simple majority of votes.

If after voting, a sufficient number of directors with the legal and regulatory independence requisites have not been elected, the last candidate in progressive order on the list that obtained the most votes who is not in possession of such requisites shall be excluded and replaced by the next candidate possessing said requisites from the same list. This procedure must be repeated until the required number of independent directors have been elected.

If only one list is presented, or if no list at all is presented or if a list presented does not allow for the election of independent directors pursuant to legal and regulatory requirements, the Meeting shall vote with the legal majority.

The Shareholders' Meeting may, even in the course of the mandate, change the number of members of the board of directors, subject to the limit stipulated in the

first paragraph of article 10, and proceed with the relevant appointments. The term of office of directors thus elected shall end with that of the board of directors.

Should one or more directors lapse during the fiscal year, action shall be taken pursuant to article 2836 of the Italian Civil Code. As an exception to the foregoing provisions of this article, if for any reason the director or directors taken from the minority list cannot take up office or having taken it up must then stand down, he/they shall be replaced by the candidate/s belonging to the same list, by progressive order, and who are still eligible and willing to accept office.

The procedure for confirming a director co-opted by the board of directors or appointing another director to replace him in the next Shareholders' Meeting is as follows: shareholders either singly or together representing 1.5% of the share capital or any other lower legal or regulatory percentage may indicate a candidate by filing the documentation indicated in article 10 of the by-laws.

If a co-opted director or a director replacing him was taken from the minority list, the Shareholder representing the majority of the share capital present at the Meeting and any other Shareholders in any way connected, even indirectly, with such Shareholder are barred from voting.

The previous provisions of this article are applicable *mutatis mutandis*.

After the vote, the candidate obtaining the most votes shall be elected.

Should the majority of the Directors lapse, the entire Board of Directors shall be considered to have resigned and the Shareholders' Meeting shall be promptly called by the Board of Directors for the re-formation of the Board of Directors.

### **3.2. COMPOSITION**

The current board of directors will remain in office until after approval of the 2010 Accounts and was elected by the shareholders' meeting held on 23 April 2008, by list vote, pursuant to §10 of the by-laws.

Only one list was presented, by the majority shareholder Schematrentaquattro S.r.l., which on the date of the shareholders' meeting held 58.717% of the share capital. With votes representing 66.4% of the share capital, all the candidates in the list presented were elected and are still in office.

The Board consists of twelve members of whom one is an executive director - Gianmario Tondato Da Ruos, CEO - and 11 are non-executive: Gilberto Benetton (Chairman), Alessandro Benetton, Giorgio Brunetti, Antonio Bulgheroni, Arnaldo Camuffo, Claudio Costamagna, Francesco Giavazzi, Javier Gómez-Navarro, Alfredo Malguzzi, Gianni Mion and Paolo Roverato.

Set forth below are the personal and professional profiles of the directors.

## Profiles of Directors

### **Gilberto Benetton**

Chairman

Born in 1941 in Treviso, in 1965 Gilberto Benetton set up the Benetton Group together with his sister Giuliana and brothers Luciano and Carlo. The Group is world leader in the apparel industry and today operates in some 120 countries. He is chairman of Edizione Holding S.r.l., the family holding company, chairman of Autogrill S.p.A. and a director of Benetton Group S.p.A., Mediobanca S.p.A., Atlantia S.p.A., Pirelli & C. S.p.A., Allianz S.p.A. and Sintonia S.A. He presides over all financial and property investments undertaken by the family holding company. A keen sportsman, he is the promoter of Group sponsorships of rugby, basketball and volleyball. Through the Benetton Foundation he had La Ghirada, Treviso's sport centre, created.

### **Gianmario Tondato Da Ruos**

CEO of Autogrill since March 2003

Born in Oderzo (Treviso) in 1960, he joined the Group in 2000 and moved to the United States to manage the integration of the North American subsidiary HMSHost and successfully implemented a strategic refocusing on concessions and diversification into new business sectors, distribution channels and geographical regions. His policy of growth through organic development and acquisitions enabled Autogrill to nearly double its sales, while the acquisition of Aldeasa S.A., Alpha Group Plc. and World Duty Free Europe Ltd. transformed the Group into the world's biggest airport retail and f&b operator.

He started his career in 1985 in Group Arnoldo Mondadori Editore and various Benetton Group companies, where he worked on company re-organization and international mobility after graduating in economics and commerce at Università Ca' Foscari in Venice.

Gianmario Tondato Da Ruos is lead independent director of Lottomatica S.p.A., Chairman of Autogrill Group Inc. and a director of Aldeasa S.A. and Autogrill Holdings UK Plc.

### **Alessandro Benetton**

Director

Born in 1964 in Treviso and son of Luciano Benetton. He graduated in Business Administration from University Boston. In 1991 he took an MBA at Harvard. His professional career began at Goldman Sachs, as an M&A analyst. In 1993 he formed 21, Investimenti S.p.A. (now Schemaquattordici S.p.A.), a holding company whose shareholders are Edizione S.r.l., Intesa Sanpaolo S.p.A., Fininvest S.p.A.,

Group Seragnoli, Assicurazioni Generali S.p.A. and Ricerca S.p.A., and became its Chairman, an office he still holds. He is chairman of 21, Partners S.p.A.. He is a director of Edizione S.r.l. and (since 1995) of Autogrill S.p.A.. He is also executive Vice chairman of Benetton Group S.p.A., director and chairman of the board of 21 Investimenti SGR S.p.A. and Member of the Supervisory board of 21 Centrale Partners S.A.

### **Giorgio Brunetti**

Director

Born in 1937 in Venice, he graduated in Economics and Business at the Ca' Foscari University in Venice and took a diploma in Corporate Organisation at CUOA (Centro Universitario di Organizzazione Aziendale) in the Faculty of Engineering of the University of Padua. He began his academic career at the Ca' Foscari University, where he became Professor of Business Studies. In 1992 he was appointed Professor of Business Studies at the Bocconi University in Milan, where he is emeritus professor and chairman of the "Entrepreneurship and Entrepreneurs" Research Centre. He has taught in training companies and organisations and consulted for leading industrial and banking groups. He has been a director of Autogrill S.p.A. since 1995, and is also on the board of Benetton Group S.p.A. and Messaggerie Italiane S.p.A. He is an auditor at the Electricity and Gas Authority.

### **Antonio Bulgheroni**

Director

Born in 1943 in Varese. In 1969 he joined the family Company, Bulgheroni S.p.A., a chocolate producer and concessionaire of the Lindt & Sprüngli brand in Italy, as Assistant to the General Manager. In 1974 he became its managing director (up to 1993) and was also its chairman from 1990 to 2007. At present he is chairman of Caffarel S.p.A. and chairman of Lindt & Sprüngli S.p.A.. He is chairman of Banca Popolare Commercio and Industria S.p.A.. Other offices held: chairman of Ferro Tubi Lamiere Rossi S.p.A., director and Member of the executive Committee of Chocoladefabriken Lindt & Sprüngli AG. He has been a director of Autogrill S.p.A. since 1997.

### **Arnaldo Camuffo**

Director

Born in Venice in 1961, he graduated in business economics at Università Ca' Foscari in Venice. In 1990 took an MBA at the Sloan School of Management at Massachusetts Institute of Technology and then a PhD in business administration at the University of Venice.

A full professor of business organization at the University of Venice (1990-2003) and Padova (2003-2007), he has been a consultant to some of Italy's top industrial

groups and worked with leading training organizations in Italy and elsewhere in Europe. He collaborates with Italian research bodies and professional associations specializing in management, organization and human resources. He is a member of scientific committees at AIF and ASFOR. He is Science Director at Lean Enterprise Center, Italy, a director of Lean Global Network and Principal Investigator at International Motor Vehicle Program.

He is a full professor of business organization at Università L. Bocconi, Milan, and also teaches at SDA Bocconi. He has been an independent director of Autogrill S.p.A. since 2008 and of Carraro S.p.A. since 2009.

### **Claudio Costamagna**

Director

Born in Milan in 1956, he took a degree in business economics at the Università L. Bocconi in Milan.

He started his career with Citibank, as financial controller for Individual Banking Group and then moved to Montedison as director of Corporate Finance for the Group holding.

In 1988 he joined Goldman Sachs Group and became a partner in 1998. From 2001 to 2006 he was president, Investment Banking division, Europe, Middle East and Africa.

He is currently an independent director at Autogrill S.p.A. (since 2008), Luxottica Group, DEA Capital S.p.A. and Bulgari S.p.A.. He is also Chairman of CC&Co (an M&A boutique) and of Virtualadvise SIM, and a director of the French companies AAA S.A. (operating in the Biotech sector) and Mandel Partners (finance company), and of Virgin Group Holding Ltd.

### **Javier Gómez-Navarro**

Director

Born in Madrid in 1945, he graduated in engineering at the School of Industrial Engineering in Madrid.

He has had significant experience in politics, in the tourism sector. In 1978 he founded FITUR, Madrid's international tourism expo. From 1983 to 1986 he was CEO of Viajes Marsans, Spain's biggest travel agency and sat on the boards of Spain's top tour operators. He was president of the Olympic Sports Associations and vice-president of the 1992 Barcelona Olympic Games Organization Committee. From 1987 to 1993 he was Secretary for Sport. In 1993 he was made Minister of Trade and Tourism, an office he held till 1996.

He is chairman of Aldeasa (since 2005) and of the Spanish Council of Chambers of Commerce, Industry and Navigation, as well as holding directorships at Autogrill



S.p.A. (since 2008), Iberia, Tecnicas Reunidas, Insolux-Corsan, Quail Travel, MBD and Expociencia.

### **Francesco Giavazzi**

Director

Born in Bergamo in 1949, he holds a degree in electronic engineering from the Politecnico di Milano and a Ph.D in economics (1978) from the Massachusetts Institute of Technology.

He is a professor of economics at Bocconi University in Milan and a regular visiting professor at the MIT. He is a member of the Strategic Committee of Agence France Trésor.

From 1992 to 1994, he served as Director General at the Italian Treasury, in charge of economics research, debt management and privatizations, and represented the Ministry on the boards of INA, Assitalia and Banco di Napoli, of which he was also a vice-chairman.

From 1998 to 2000, during the D'Alema administration, he was one of the economic advisers to the Italian prime minister.

He is a leader writer for Il Corriere della Sera.

He has been an independent director of Autogrill S.p.A. since 2008, of Vitale&Associati S.p.A. since 2000 and of Arsenale di Venezia S.p.A. since 2005.

### **Alfredo Malguzzi**

Director

Born in Lerici (La Spezia) in 1962, he is name partner at Malguzzi and Associati, a firm of legal and tax consultants. He took a degree in business economics at the Università L. Bocconi in Milan. He has practised as a chartered accountant since 1991, providing advice on domestic and international company law and tax law having gained experience in these fields since 1985.

He formerly taught at the SDA (Business School) of the Bocconi University (1990-1997), in the Administration and Control area, and is a tax journalist. He specialises in tax and company matters relating to corporate finance transactions, acquisitions, disposals and corporate reorganisations.

He has been a director of Autogrill S.p.A. since April 2004, and is also a director of Benetton Group S.p.A., Candy S.p.A. and FincoBank S.p.A. He is chairman of the board of directors of LaGare S.p.A, a standing statutory auditor of Interpump Group S.p.A., BNP Paribas Lease Group S.p.A., biG S.r.l., Egidio Galbani S.p.A. and Group Lactalis Italy S.p.A. and chairman of the board of statutory auditors of First Atlantic Real Estate Holding S.p.A. and Consilium S.G.R S.p.A.

## **Gianni Mion**

Director

Born in 1943 in Vò (Padua), he graduated in economics and business from Ca' Foscari University in Venice. He is a chartered accountant and auditor and has been managing director of Edizione S.r.l. since 1986. His professional career began with KPMG as auditor and continued with McQuay Europa S.p.A. as controller. In 1974 he joined Gepi S.p.A. of which he became Deputy General Manager in 1980. He was managing director of Fintermica S.p.A. from 1983 to 1985, before joining Marzotto S.p.A., as Finance director until 1986.

At present he is a director of Autogrill S.p.A. (since 1995), Benetton Group S.p.A., Atlantia S.p.A., Luxottica Group S.p.A., Burgo Group S.p.A. and Sintonia S.A.

## **Paolo Roverato**

Director

Born in Padova in 1963, he graduated in economics and commerce from Università Ca' Foscari in Venice. A chartered accountant and official auditor, he joined Arthur Andersen in 1989. He has been an executive at Edizione S.r.l. since 2002 and is a director of Autogrill S.p.A., Aeroporti di Roma S.p.A, Aeroporti Holding S.r.l., Edizione Property S.p.A. and Investimenti Infrastrutture S.p.A..

### **Maximum number of offices in other companies**

On 12 December 2007, the board of directors adopted the following policy regarding the maximum number of appointments of the directors in other companies, as proposed by the Internal Control and Corporate Governance Committee:

- a) an executive director shall not hold the office of:
  - i) executive director in another listed company or a finance company, bank or insurance company, or any company with shareholders' equity in excess of € 10 billion;
  - ii) non-executive director or statutory auditor (or member of a supervisory board) in more than three of the above companies;
- b) a non-executive director, in addition to the office held in the Company, shall not hold the office of:
  - (i) executive director in more than one of the above companies and non-executive director or statutory auditor (or member of a supervisory board) in more than three of the above companies,
  - (ii) non-executive director or statutory auditor in more than six of the above companies.

These limits shall not include offices held in other companies belonging to the group headed by Edizione S.r.l..

In any case, before taking up the office of director or statutory auditor (or member of a supervisory board) in another company which is neither an associate nor a subsidiary of Autogrill, the executive director shall inform the board of directors, which shall preclude taking up the office where it notes incompatibility with the executive director's functions or the interests of Autogrill.

The board of directors currently in office has confirmed the aforementioned policy regarding the maximum number of appointments of the directors in other companies and ascertained that the current composition of the Board was in line with such criteria.

Attached to this Report are tables showing the number of appointments held by each director in other companies listed on regulated markets (including those outside Italy), or in finance companies, banks, insurance companies or other large concerns, and tables detailing the offices held and the names of the companies.

### **3.3. ROLE OF THE BOARD OF DIRECTORS**

The board of directors meets on a regular basis: it met 12 times in 2010 (average length of meeting around 2 hours) and ten meetings are scheduled for 2011 (three have already taken place to date).

The regularity of its meetings is one of the factors enabling the Company's board of directors to act effectively and rapidly, while its composition is such that the best interests of the Company are always guaranteed in the carrying out of its functions.

Timely and complete information ahead of Board meetings is ensured by the relevant Company departments, which prepare all the necessary documents pertaining to the items on the agenda. Such documents are delivered to the directors by the Secretary to the Board reasonably in advance of the meeting and taking into consideration any special requirements in terms of the confidentiality and/or urgency of the matters in question.

Company and Group executives may always be invited to attend Board meetings when their specific expertise and areas of responsibility are relevant to the agenda.

In addition to the powers that cannot be delegated by law or under the by-laws, the board of directors has the following exclusive powers:

- a) review of strategic, industrial and financial plans drawn up by the Company and Group;
- b) review of the budgets, the annual financial strategy and investment plans of the Company and Group;
- c) review and prior authorization of significant transactions in terms of strategy, income, finance or capital adequacy to be carried out by the Company, with special reference to situations in which any director has an interest on her/his own or others' behalf and to related-party transactions.

In particular, resolutions regarding the following matters are reserved to the board of directors:

01. investments, acquisitions, disposals, disinvestment of equity interests in companies or lines of business, formation of joint-ventures and bidding under tenders for f&b and retail concessions with a value in excess of € 3,000,000, according to the investment procedure of the Group;
02. medium/long-term loan transactions with banks;
03. issue of guarantees and security in amounts in excess of € 3 000,000;
04. prior review of all transactions under bullet points (1), (2) and (3) of this section and matters under letter (c) of the section above concerning Group companies;
05. approval of financial and financial risk management policy;
06. examination and approval of basic rules of corporate governance for the Parent Company, of the Group structure and of guidelines for the corporate governance of subsidiaries;
07. assessment of the adequacy of the organizational, administrative and general accounting structure of the Parent Company and its main subsidiaries as put in place by the CEO;
08. periodical checking of the adequacy and effectiveness of the system of internal controls to ensure that the main corporate risks are identified, measured, managed and monitored appropriately;
09. appointment and termination, under §18 of the by-laws, of the Manager charged with preparing the Company's financial reports as required by §154bis, T.U.F.;
10. appointment and termination of the person(s) responsible for internal control pursuant to §8 of the Corporate Governance Code;
11. setting up the Supervisory Body required by Legislative Decree 231/01;
12. conferring and revoking of delegated functions and powers of the directors and the Executive Committee, if any, determining the limits, the procedure and the frequency – at least quarterly – under which the delegated parties or bodies are required to report to the board of directors and the board of statutory auditors on their activity and the manner in which their authority and powers have been exercised;
13. having considered the proposals of the Human Resources Committee and consulted the board of statutory auditors: fixing the compensation and rewards of the CEO, the Deputy Chairman, if appointed, and other directors with particular responsibilities, and, if necessary, dividing up collective compensation due to individual directors and Committee members pursuant to specific resolutions;

14. reviewing the compensation criteria for senior managers and long-term or annual incentive plans for managers of the Parent Company and the Group as proposed by the CEO and the Human Resources Committee;
15. assessment of general business performance, specifically on the basis of information received from the CEO and the Executive Committee, if any, by regularly comparing the results achieved against forecast;
16. reviewing, evaluating and approving period-end accounts as required by current legislation.

At a meeting of the board of directors on 17 February 2011, the Internal Control and Corporate Governance Committee presented a report on their activities in 2010, on the basis of which the Board, in the same meeting, judged Autogrill S.p.A.'s internal control system to be effective and adequate for the size, structure and characteristics of the Company and Group.

On 8 March 2011, the board of directors examined documents submitted by the relevant business functions and, having obtained the favourable opinion of the Internal Control and Corporate Governance Committee, acknowledged the adequacy of the organizational, administrative and accounting structure of the Company and Group in 2010, with special reference to the system of managing conflicts of interest.

On the basis of revenues generated, the following subsidiaries were identified as being of strategic importance: Autogrill Group Inc., Aldeasa SA, Autogrill Retail UK Ltd., Holding de Participations Autogrill Sas, Autogrill Schweiz AG and Autogrill Belux NV.

The apportionment of the global fees for the board of directors was made by the shareholders' meeting, following the appointment of the Board, on 23 April 2008.

In the meetings of the board of directors on 15 December 2010 and 20 January 2011 the periodical review of the size, composition and workings of the board of directors and its committees was carried out.

In particular, the directors discussed the content of a summary of the assessment process, which, as in previous years, involved the filling in of questionnaires by the directors and subsequent processing and analysis by an independent party.

The assessment led to a judgement of overall and unanimous satisfaction with the efficiency of the board of directors and its Committees, also with reference to the Board's relationships with the other corporate bodies and the participation of top management figures in board meetings. The main suggestions concerned the make up of Board (with a view to redefining the mix of directors' fields of expertise in favour of business strategy and evolution), the advisability of organizing more

continuous training initiatives for directors, and the need to more effectively allocate time in board meetings to discuss strategic issues in greater depth.

The shareholders' meeting did not grant any general prior authorization for exceptions or waivers in respect of the prohibition of competition by directors pursuant to §2390, Italian Civil Code. To date, none of the situations contemplated in said legal provision have occurred.

### **3.4. COMPANY OFFICERS**

#### **CEO**

The board of directors is a unitary body in which the delegated management powers entrusted to the CEO are balanced by the technical and professional expertise of non-executive and independent directors in order to promote efficient discussion within the Board leading to decisions in line with the interests of the Company.

The CEO has general management powers, some of which are to be exercised within the following limits: a) Investments: up to € 3,000,000; b) Purchase and sale and trade-in of machinery, plant, equipment, materials, and motor vehicles: up to € 3,100,000 per transaction; c) Consultancy, intellectual and professional services in general: up to € 1,000,000 per fixed-term contract; d) Acquisitions and/or disposals of businesses or business units: up to € 3,000,000, gross of all charges and liabilities; e) Leases and subleases of buildings and similar units of property, leasing or subleasing of businesses, provided that the minimum annual rent does not exceed € 3,000,000; f) Purchase, sale or underwriting of shares, equity interests or consortium shares: amounts not in excess of € 3,000,000 per transaction; g) Purchase and sale of buildings, pieces of land and other immovables: up to € 3,000,000; h) Credit agreements or facilities in general, financings or credit mandates, including those contracted in the interest of subsidiaries: up to € 3,100,000; i) Applications - including in the interest of subsidiaries - for bank or insurance guarantees, letters of guarantee and undertakings in general, issuance of letters of surety, letters of indemnity, avals or letters of patronage: up to € 3,100,000 for each transaction; l) Nomination of arbitrators, including amicable negotiators: up to € 1,000,000 per dispute, but without limit on the value where the Company is a defendant in arbitration proceedings.

Transactions exceeding these limits are reserved for the Board.

#### **The Chairman**

The chairman is vested with legal powers and those specified in the Company's by-laws and has no executive powers. He is responsible for the functioning of the board of directors, co-ordination of its activities and provision of information to the directors. The chairman may propose initiatives that he considers necessary for augmenting the directors' knowledge of the Company and its operations.

The chairman may – with the consent of the other directors – invite senior managers of the Company or of subsidiaries, or consultants, to attend meetings of the Board to describe certain specific transactions or technical and operational matters concerning the Company and the Group.

### **Reporting to the Board**

The Board constantly monitors general management performance, with a special focus on the information it receives from the CEO and periodically checks actual against programmed results.

In particular, at each meeting of the board of directors and at least every quarter:

- the CEO or the other directors with special powers report to the Board and to the statutory auditors on the exercise of their powers;
- the CEO reports on general trends and outlook in the business, in related party transactions and transactions of greater importance carried out by the Company or its subsidiaries.

To enrich directors' knowledge of the Company's businesses by having local management attend board meetings, one meeting was held outside Italy in the course of the year, as in the previous two years. Further, a number of managers from the Company and its subsidiaries were invited to meetings of the Internal Control Committee and of the Board of Statutory Auditors.

### **Succession plans**

The corporate HR function mapped the Group's human resources in terms of levels of responsibility, partly to be able to develop an effective system for selecting the employees best suited to filling any key positions that might fall vacant without warning in the various business structures (succession plans). In this respect, the Group favours training programmes for especially meritorious personnel and both vertical (in the same function and/or business sector) and horizontal (moving between functions and/or business sectors) career paths, and with a strong focus on international training.

The Group's human resources management is based on models that encourage and reward merit and seeks to identify the skills required in key positions which are particularly critical and strategic for the Group, thus enabling all its businesses to use suitable tools for pre-selecting employees with skills needed in succession situations (whether through promotion or horizontal transfer). The Group knows the characteristics of its people and can therefore rapidly pick the resources best suited to filling posts that suddenly become vacant, thereby limiting the risks of succession errors.

Top management succession plans (which also cover posts of "strategic responsibility") are submitted to the Human Resources Committee (in whose meetings the chairman of the statutory auditors, or another statutory auditor on his

behalf, takes part as recommended in article 7, Borsa Italiana Corporate Governance Code) and such plans are updated at least annually.

The Group's human resources management is also geared to covering the post of CEO, although there is no specific "succession plan" for this eventuality. It should be noted however, also in respect of the Company's ownership structure, that the board of directors may act promptly to take the necessary decisions.

### **3.5. INDEPENDENT DIRECTORS**

The board of directors annually assesses the independence of each director, partly on the basis of information supplied by the directors themselves, and informs the market of its assessment. Independent directors serving on the Board and its Committees is an appropriate way of safeguarding the interests of all shareholders and stakeholders.

In this context, Section 3.C.1 of the Corporate Governance Code indicates parameters which the Board may follow in assessing the independence of its non-executive directors.

On 12 December 2007, the board of directors, having examined the aforementioned section of the Corporate Governance Code and the advice of the Internal Control and Corporate Governance Committee, decided to adopt the independence criteria for the directors identified by the Corporate Governance Code with the exception of Board membership of more than nine of the last twelve years. The same criteria were considered appropriate for the board of statutory auditors.

The decision adopted, on a proposal by the Internal Control and Corporate Governance Committee, was motivated by the consideration that a consolidation of knowledge of a business's specific problems is a valuable asset in that it enriches directors' subjective capabilities and enables them to perform more effectively.

Meeting on 15 December 2010, the board of directors assessed the independence requisites of directors Giorgio Brunetti, Antonio Bulgheroni, Arnaldo Camuffo, Claudio Costamagna, Francesco Giavazzi and Alfredo Malguzzi.

The Board also determined that directors Antonio Bulgheroni, Arnaldo Camuffo, Claudio Costamagna and Francesco Gavazzi were independent under the combined provisions of art. 147-ter, clause 4, and 148, clause 3, T.U.F.

The Board's resolutions were submitted to the statutory auditors for the checks provided for in 3.C.5, Corporate Governance Code.

On 7 March 2011, the board of statutory auditors verified that the criteria and procedures adopted by the Board to assess the independence of its members were being properly applied.

The independent directors met in a plenary session chaired by the Lead Independent Director, in the absence of the other directors, to discuss the working of the board of directors and governance issues.



### 3.6. LEAD INDEPENDENT DIRECTOR

Meeting on 12 May 2008, the Board confirmed director Giorgio Brunetti in his role as Lead Independent director of the Company, with the functions prescribed by application principle 2.C.3. of the new Corporate Governance Code and international best practice. Giorgio Brunetti was appointed Lead Independent director of the Company in 2006, by the previous board of directors.

## 4. TREATMENT OF CORPORATE INFORMATION

### Procedure for disclosing privileged information to the market

The board of directors adopted a procedure for disclosing privileged information to the market in 2006, pursuant to Law 62/2005 ("Community Law 2004") on market abuse.

The aim of this procedure is to govern internal management and external communication of privileged information not yet in the public domain concerning Autogrill or its subsidiaries, Autogrill stock or any other financial instruments issued by Autogrill which, if made public, might materially affect its share price. To ensure equal information for all investors, privileged information is transmitted to the market as soon as it reaches a reasonable degree of certainty.

*The procedure can be consulted on the Company's website, [www.autogrill.com/governance/regolamentiprocedure.aspx](http://www.autogrill.com/governance/regolamentiprocedure.aspx).*

In line with current legislation, the Company set up a register containing the names of all individuals or legal entities who on account of the activities or functions they perform for Autogrill or its subsidiaries have or may have access, regularly or occasionally, to privileged information. The head of Group Corporate Affairs, Italy and Europe, is responsible for keeping and updating this register.

The Company also constantly applies the principles contained in Borsa Italiana S.p.A.'s "Guide to Market Disclosure", which supplements existing provisions of law and regulations.

### Internal Dealing procedure

In 2006, the board of directors adopted an Internal Dealing procedure whereby relevant persons disclose to the market transactions involving shares and other financial instruments issued by the Company.

The current definition of relevant person includes directors and statutory auditors of Autogrill, subjects who exercise functions of direction and executives who have regular access to privileged information and are authorized to make management

decisions that may affect Autogrill's future development and prospects and all persons closely related to such relevant persons.

Relevant persons and their close relatives are prohibited from trading in the Company's financial instruments in the 15 days before approval of accounts.

The person designated to receive, manage and distribute the information required under the Procedure is the Secretary to the board of directors.

*The procedure can be viewed on the Company's website ([www.autogrill.com/governance/regolamentiprocedure.aspx](http://www.autogrill.com/governance/regolamentiprocedure.aspx)).*

## **5. BOARD OF DIRECTORS' COMMITTEES**

In line with the recommendations of the Corporate Governance Code, the board of directors set up the Committees detailed in the sections hereunder.

The board of directors has seen as yet no reason to set up a directors appointment committee. It has never been difficult for the shareholders to suggest candidates for election nor has the Board itself ever had difficulty co-opting directors pursuant to §2386, Italian Civil Code and §10 of the Company by-laws.

## **6. HUMAN RESOURCES COMMITTEE**

Since 2001, the Company has had a Committee that monitors the alignment between the top management's compensation system and their creation of value for the Company. On 23 April 2008, the board of directors decided to extend the Committee's tasks to the areas of organizational and human resources development and the definition of guidelines for the appointment of officers in the major subsidiaries. It changed the name of the committee, accordingly, to Human Resources Committee and adopted new internal rules disciplining its composition, activities and functioning. These rules were updated on 15 December 2010 to meet the requisites of the new art. 7, Corporate Governance Code.

The Committee is made up of non-executive directors of which the majority are independent. Its current members, appointed by the board of directors on 23 April 2008, are the non-executive directors Alfredo Malguzzi (independent director and Committee chairman), independent directors Antonio Bulgheroni, Arnaldo Camuffo and Claudio Costamagna and director Gianni Mion.

In accordance with a specific provision of the Corporate Governance Code, the directors, and the CEO in particular, abstain from participation in meetings of the Committee in which proposals by the board of directors regarding their remuneration are made.

Meetings of the Committee are attended by the head of Group Human Resources and Organization. Group executives and the CEO may be invited by the Chairman to take part on specific matters.

### **Functions of the Human Resources Committee**

The Committee's functions include those of a "remuneration committee" as outlined in art. 7, Borsa Italiana S.p.A. Corporate Governance Code (in the version issued by Borsa Italiana S.p.A.'s Corporate Governance Committee on 3 March 2010).

The Committee's functions are those of fact finding, consulting and preparing proposals for the board of directors. Its specific tasks are as follows:

- (i) drafting of proposals to the board of directors for the definition of general remuneration policy (in the form of Group "guidelines") regarding executive directors, directors with special tasks, executives with strategic responsibilities and the top management of the Company (Autogrill S.p.A.) and the Group (companies controlled by Autogrill S.p.A.);
  - (ii) proposals to the board of directors regarding the overall remuneration, fixed and variable, *cash and/or equity based*, of the Chairman and executive vice-Chairman/men (if any) of the board of directors, the CEO and other directors of the Company with special tasks and also definition of incentive, retention and/or attraction plans for such subjects;
  - (iii) regarding incentive, retention and/or attraction plans, evaluation of the CEO's proposals to the Board for the definition of criteria for the overall remuneration, fixed and variable, *cash and/or equity based*, of executives with strategic responsibilities and the top management of the Company and Group and, with the support of the "Group Human Resources and Organization" department and the administration, finance and strategic planning departments, of the *performance* objectives of the Company and Group to which the variable components of such remunerations are to be tied;
  - (iv) monitoring of the application on the part of the management and Group companies of decisions adopted by the board of directors regarding remuneration policies and checking, in particular, whether performance objectives are actually achieved;
  - (v) periodical assessment of the adequacy, overall coherence and actual application of the general policy adopted for the remuneration of executive directors, other directors with special tasks, executives with strategic responsibilities and the top management, availing itself, in the latter case, of information provided by the CEO; formulation of proposals on such matters to put to the board of directors.
- and,
- (vi) evaluation of the CEO's proposals regarding: (a) the criteria of composition of the administration and control bodies of strategically

relevant subsidiaries and (b) human resources strategic development policies and the definition of the *performance* objectives to which the variable component of the remuneration of executives with strategic responsibilities is to be tied, with the support of the Company's "Human Resources and Organization", administration, finance and strategic planning departments.

The Committee may access information and business functions in the course of its duties and also use external consultants, at the Company's expense and within the limits set by the Board, provided they make sure such consultants are not in situations that might compromise their independence of judgement.

The Committee's chair reports to the Board on a regular basis on the Committee's work.

At the Company's Annual General Meeting, the Committee, or the Board on the basis of the Committee's indications, reports on the aforesaid remuneration policies. It also reports on how its functions are carried out.

In 2010, the Committee met six times (average duration 2 hours, 15 minutes) and examined and proposed the following to the board of directors, which approved, among others, (i) the objectives for the 2010 incentive system for the CEO, (ii) the assessment of the level of achievement of the objectives for the long-term incentive plan for 2007-2009 with disbursement of the base incentive only, (iii) the launch of the 2010-2012 three-year cash incentive plan and relative list of participants, (iv) the launch of the 2010-2014 stock option plan and relative list of participants, (v) the recruitment of two new executives, (vi) changes to the list of participants in the 2010-2012 incentive plan in response to changes in the composition of the key management.

The Committee's work in 2010 focused on the following:

- assessment of the level of achievement of objectives for the 2009 (MBO) of the CEO and key management;
- assessment of the level of achievement of objectives for the 2007-2009 three-year plan for the CEO and key management;
- definition of the structure and objectives of and participants in the long-term incentive plan for the 2010-2012 three-year period;
- definition of the structure and objectives of and participants in the stock option plan for the 2010-2014 three-year period;
- assessment of the impact of assimilation of the recommendations in art. 7, Corporate Governance Code (issued by Borsa Italiana S.p.A.'s Corporate Governance Committee on 3 March 2010), on the remuneration of directors and executives with strategic responsibilities;
- assessment of the objectives of the 2010-2012 plan for the person responsible for internal control and clarification that the same procedure will

be followed for assignment of objectives for the Manager charged with preparing the Company's financial reports for the 2011-2013 sub-plan;

- assessment of organizational changes in key Group positions;
- assessment of the plan to simplify corporate structures, and of its state of advancement;
- assessment of guidelines for the configuration of the 2011-2013 sub-plan relative to the 2010-2012 long-term incentive plan and relative objectives;
- modifications to the rules of the Human Resources Committee in response to the provisions of the new art. 7, Borsa Italiana Corporate Governance Code.

Committee members' attendance at meetings is detailed (%) in Table 1 attached hereto.

Ten meetings of the Committee are planned for 2011.

Meetings of the Human Resources Committee and their resolutions are duly minuted.

In carrying out its functions the Committee is assisted on technical aspects by the head of Group Human Resources and Organization and experts in the sector or Group executives invited from time to time to take part in meetings.

The board of directors set aside euro 30,000 for the activities of the Committee over the year.

Through the Company's management, the Committee consulted an expert on remuneration systems regarding the make up of remuneration packages and ratios between fixed and variable components, as well as short- and long-term incentive systems.

## 7. DIRECTORS' REMUNERATION

A significant portion of the CEO's and top management's variable remuneration is tied to the Company's economic and financial results and the achievement of specific objectives indicated in advance by the Board, by virtue of their participation in management incentive plans.

The CEO and the Group's top managers participated in the annual variable incentive system ("2010 MBO") for the Group's management, which is tied to achievement of strategic objectives, including the Group's economic and financial targets (accounting for 60% of total objectives) and individual objectives (40% of total objectives), and in the three-year (2010-2012) cash incentive plan and the stock option plan for the CEO and executives with strategic responsibilities.

The aforesaid three-year (2010-2012) cash incentive plan, the main details of which were posted on the Company's website pursuant to art. 84 *bis*, Issuer's Regulations, uses as its objective parameters the average leverage ratio over the three years and the value of the contracts portfolio at 31<sup>st</sup> December 2012. The aims of the plan are

to encourage the top management to increase the economic worth of their employer company and Autogrill Group in the medium/long-term by targeting improvements in the Company's economic and financial performance and share price; to promote and spread the culture of creation of value in all strategic and operating decisions; to safeguard the market competitiveness of remuneration in the medium/long-term; to retain the loyalty of the management and incentivize senior managers to stay in Autogrill Group.

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The remuneration of non-executive directors is not tied to the Company's economic results and such directors are not eligible for inclusion in stock option plans.

As resolved at the shareholders' meeting held on 23 April 2008, each director is entitled to fixed annual compensation of €45,000 as well as a fee of €600 for attendance at each Board and Shareholders' Meeting. Members of the Internal Control Committee and Human Resources Committee are entitled to additional annual compensation of €10,000 and €8,000 respectively, as well as €600 for attendance at each meeting of such Committees. The Company's annual accounts state the amount of compensation paid to each director.

Regarding directors' indemnity in the event of resignation, dismissal or termination of the relationship following a take-over bid, the contract disciplining the relationship between the CEO and the Company provides that in the case of said relationship being terminated for just cause by the CEO or without just cause by the Company, the Company must make up the indemnity for lack of notice (provided for in the collective employment contract for executives in the commercial sector) to €2m, if less than that amount.

The CEO will in any case of discontinuation of office or powers (except for just cause attributable to him) retain the right to be paid the variable emoluments relative to the plans in which he participates subject to achievement of the objectives and all other conditions provided for each plan or programme and in proportion to service rendered in the course of the period in question.

There are no other agreements of this kind between the Company and the other directors.

## **8. INTERNAL CONTROL AND CORPORATE GOVERNANCE COMMITTEE**

Since 2002, the Company has had an Internal Control Committee, whose members are non-executive directors, the majority of whom independent, with consulting and propositional functions. Its task is to analyze problems and make decisions regarding the control of corporate operations.

In 2006, the board of directors invested the Internal Control Committee with propositional and consultative functions in relation to the adoption of corporate governance rules by the Company and the Group and renamed it the Internal Control and Corporate Governance Committee.

The Committee's rules cover the appointment of its members, its composition and working.

The rules can be consulted on the Company's website ([www.autogrill.com](http://www.autogrill.com)).

On 23 April 2008, the Board appointed the following non-executive directors to the Internal Control and Corporate Governance Committee: Giorgio Brunetti (independent director), Alfredo Malguzzi (independent director) and Paolo Roverato; and appointed Giorgio Brunetti as its chair. As is also shown in the CVs included in this Report, Giorgio Brunetti, Alfredo Malguzzi and Paolo Roverato have appropriate experience in accounting and finance, assessed by the board of directors upon their appointment.

### **Functions assigned to the Internal Control and Corporate Governance Committee**

The Committee's mandate is to assist the board of directors with consultation and proposals, and specifically to:

- a) formulate internal control system guidelines, such that the main corporate risks are identified, measured, managed and monitored appropriately to determine whether such risks are compatible with sound and correct management;
- b) nominate an executive director charged with supervising the internal control system;
- c) describe the essential features of the internal control system in its Corporate Governance Report and assess its overall adequacy, effectiveness and actual workings.
- d) ensure that the corporate governance rules are adopted in the Company and the Group.

The Internal Control and Corporate Governance Committee shall also:

- a) on request by the board of directors, express an opinion on the appointment or removal of one or more persons responsible for internal auditing and determine their compensation in line with Company policy, procedure and capacities;
- b) on request by the executive director appointed for the purpose, give its opinion on aspects of the identification of the main corporate risks and the planning, performance and management of the internal control system;
- c) assess the adequacy of the accounting principles in use and their uniformity for the purposes of the preparation of the consolidated accounts; this is done together with the Manager charged with drafting the Company's financial reports and the audit firm and after consulting the statutory auditors;
- d) oversee the effectiveness of the external auditing process.
- e) review the work plan prepared by the Head of Internal Auditing and the latter's quarterly (or more frequent) reports on the auditing performed;

- f) review any negative findings noted in internal audit reports, or signalled by the board of statutory auditors or individual members thereof, or contained in the audit firm's reports or management letter;
- g) carry out other internal control tasks assigned to it by the board of directors;
- h) report to the board of directors, at least half-yearly, on the occasion of the approval of the annual Accounts and half-yearly Report, on activities undertaken by and the adequacy of the internal control system.

In 2010, the Internal Control and Corporate Governance Committee met ten times (average length of meeting: 2.5 hours), had proper access to the corporate information it required and chiefly examined:

- the 2010 audit plan and reports drafted by Internal Auditing in 2010;
- the correctness of the accounting principles, in agreement with the Manager charged with preparing the Company's financial reports and the board of statutory auditors, after consulting the accounting firm;
- the annual report on the functioning of the internal control system and the report on the organizational, administrative and accounting structures;

In 2011, the Committee has so far met twice and discussed the following:

- the impairment test for the 2010 financial statements;
- together with the Manager charged with preparing the Company's financial reports and the statutory auditors, after consulting KPMG SpA, the adequacy of the accounting standards used and their homogeneity for the purposes of drafting the 2010 financial statements;
- the 2010 report on the activities of the Internal Audit department and the 2011 annual Audit Plan;
- and approved the Report on the Committees' activities in 2010.

All meetings are minuted.

Committee meetings are attended by the head of Group Internal Audit and, at the chairman's invitation, the Group's senior managers are involved in discussions of specific topics. The full Board of Statutory Auditors also usually takes part.

Actual attendance of meetings by each of the directors is detailed (%) in Table 1 of the annexes.

Eight meetings are planned for 2011 (two of which already took place before the drafting of this Report).

For the fulfilment of its tasks over the year, the Committee had a fund of €15,000 allocated by the board of directors meeting on 16 December 2009.



## 9. INTERNAL CONTROL SYSTEM

The internal control system used by Autogrill is the sum of the rules, procedures and organizational structures designed to promote – by means of an appropriate system of identification, measurement, management and monitoring of the main risks – company management that is sound, correct and in line with objectives.

The system works through:

- identification of the corporate governance rules with which all staff's everyday conduct must comply;
- creation and adoption of a continuous control system by management through operating procedures and advanced planning and control systems;
- drawing up a scheme of delegated powers, functions and signing powers capable of promoting conduct in line with the organizational structure.

As laid down in its Code of Ethics, Autogrill takes measures aimed at developing the principle of responsibility vested in all controlled subjects and setting up a control system appropriate to its business, wherever it operates.

Autogrill takes steps to promulgate throughout the Group and at all levels the idea that a proper internal control system is an indispensable condition for the attainment of its business objectives.

Autogrill has developed Group-wide procedures to ensure governance and control of the main decision-making processes and compliance with specific regulations, in subsidiaries as well as the Parent. The main procedures – in addition to those mentioned in this Report – regard investments, financial policy, financial risk hedging and the financial reporting package.

Further, Autogrill is involving the various corporate levels, and co-ordinating the entire Group to ensure a uniform and organic development of the risk identification and management model (Enterprise Risk Management) that integrates the internal control system to focus on the risk analysis component in a more risk-oriented approach in terms of both business risks and financial reporting risks.

### **Main characteristics of existing risk management and internal control systems in relation to the financial reporting process**

#### **Introduction**

#### **Purpose and objectives**

Within the internal control system, the Administrative-Accounting Organization Model (the "Model") is a key component with respect to financial reporting. The Model was implemented when the Group's internal control system was modified to meet the requirements of law 262/05 and regularly updated following new legislation and changes in the Group structure.

The paragraphs below will illustrate how Autogrill defined its risk management and internal control systems in relation to the financial reporting process. The system aims to significantly reduce the risks threatening the reliability, trustworthiness, accuracy and timeliness of Autogrill Group's financial reporting.

### **Main reference legislation and models**

The reference model adopted by Autogrill when implementing its internal control system is in line with national and international best practice, such as the COSO framework (COSO report), the COBIT for SOX (IT control) and the Confindustria Guidelines. The Model plays a fundamental role in ensuring compliance with the provisions of law by which Autogrill is bound as a company listed on a regulated market, including law 262/2005 ("Investor Protection"), articles 154 bis and 123 bis transcribed from said law into the Consolidated Finance Acts, legislative decree 195/07 (the so-called "Transparency decree"), and with the recommendations of the Corporate Governance Code.

### **Roles and functions**

Autogrill Group's organizational structure provides for the following divisions of activities involved in the implementation, maintenance and development of the control model for the purposes of financial reporting:

Officer responsible for drafting the Company's accounting documents and CEO

- ensure diffusion of the internal control system for the purposes of financial reporting, providing the Group with policies and co-ordination
- sign the attestation relating to the preparation of the Company's financial reports.

Law 262 Compliance Office

- provides methodological co-ordination;
- periodically updates the operating perimeter;
- defines and communicates the annual plan of activities and timings for the individual Reporting Units to all subjects concerned;
- makes an overall assessment of the results of the activities carried out by the Group for the purposes of compliance with law 262 and co-ordinates any remedial or optimization action proposed by the Reporting Units.

Finance Manager/Country Manager of Reporting Units:

- ensure the implementation and maintenance of the internal control system for the purposes of financial reporting

- ensure scheduled testing of the control system as per the annual plan and in the manner communicated by the Manager charged with preparing the Company's financial reports
- issue attestations to the Manager charged with preparing the Company's financial reports and to the CEO

#### Internal Audit Function:

- assists the Officer responsible for drafting the Company's accounting documents, and in particular with the testing of controls and co-ordination of work groups that do testing in the Reporting Units;
- suggests improvements to the design of the financial reporting control system and to action to remedy any shortcomings in the control system itself, to be co-ordinated with the Reporting Units;
- communicates the results of activities to the law 262 Compliance Office and the Manager charged with preparing the Company's financial reports in specific reports.

The operating roles carried out by the functions listed above are part of the wider context of the Company's governance system, in which various officers have control functions, such as the board of directors, which approves the policies of the Internal Control System and makes sure that the Officer responsible for drafting the Company's accounting documents has adequate powers and means; the Internal Control Committee, which regularly organizes meetings with the Officer responsible for drafting the Company's accounting documents to define the content of action, also involving the board of statutory auditors to assess the compliance of the work of the Officer responsible for drafting the Company's accounting documents with the provisions of law and identify any consequences for the Company's administrative-accounting system.

#### **Methodological approach**

Every year, Autogrill updates the perimeter of analysis of the administrative-accounting controls and the monitoring of the underlying processes to ensure it is able to cover the risks attaching to the financial reporting of the more significant balance sheet items in the consolidation perimeter as specified in greater detail in the section on risk & control analysis.

In line with national and international best practice, Autogrill Group has adopted a methodological approach regarding the analyses that each of the Reporting Units has to carry out. The approach is in following main steps:

- a) Entity Level and General IT Controls
- b) Risk & Control Analysis:

- c) Testing and reporting on Internal Controls
- d) Monitoring

### **System elements**

#### *a) Mapping of Entity Level Controls and IT General Controls*

The design of the internal control system is based on two types of analysis:

- synthetic and overall analysis, at Group holding company and Group level, of the control system (at functional/organizational level) and of information systems;
- analysis at the level of the single process using a matrix that correlates processes/balance sheet-financial reporting items, identification of risks and assessment of controls; this level is described in b) Risk & Control Analysis hereunder.

An annual assessment is made of the adequacy of the design of the control system and corrective action is identified where necessary. In particular, the elements of the internal control system, considered for the purposes of assessing Entity Level Controls are in line with the elements in the COSO Report and are:

- control culture within the organization (internal environment);
- the process of assessing risks that may jeopardize achievement of business objectives (risk assessment);
- control activities mitigating risks (control activities);
- the information system and information flows between top management and operating personnel (information & communication);
- constant monitoring of the quality and results of the internal controls carried out (monitoring).

The IT General Controls focus on processes in the Information Technology area, linked to the production environment, and are designed to ensure a reliable IT environment supporting the efficacy of the applications controls.

The environments addressed by these controls include:

- software development;
- modifications to programmes;
- access to programmes and data;
- IT infrastructure.

The mapping and assessment perimeter for IT General Controls also includes any integrations and/or modifications made to IT systems in terms of new applications or substantial changes to existing applications.

To enable IT General Control analysis to be carried out, checklists were drawn up to map the control system at Corporate and Reporting Unit level. These checklists are sent to the referents in the Reporting Units to be compiled and documented.

#### b) Risk & Control Analysis

The analysis perimeter is determined by the degree of significance of each Reporting Unit in the Group for the consolidated accounts and the importance of significant accounts and related administrative/accounting processes (quantitative analysis). The results of this analysis are then corroborated and where necessary integrated with qualitative analysis which also takes into consideration the Group's structure and the characteristics of specific balance sheet items.

The quantitative parameters used are:

- reporting units' level of contribution to the consolidated accounts;
- degree of relevance (planning materiality) for the purpose of identifying consolidated account items;
- the level of coverage of individual accounts.

Once the processes feeding the main consolidated and reporting package accounts are identified by the Group holding company during the planning process, the Reporting Units identify at individual process level any major risks that may compromise the truthfulness and correctness of financial reporting.

This objective is achieved by adequate understanding of the key activities associated with each process and assessment of the "balance sheet assertions" (existence and occurrence, completeness, rights and obligations, assessment and registration, format and notes) and "other control objectives" (eg. observance of authorized limits, separation of incompatible tasks, checks on the physical security and existence of assets, documentation and traceability of transactions, etc).

#### c) Testing and Report on Internal Controls

Testing is done to ascertain whether the controls designed for the risks identified work effectively and in line with the provisions of the relevant administrative/accounting procedures.

The final phase of testing consists of an assessment of the results of the operating phase and definition of corrective action and/or improvement plans.

The test results are consolidated by the Group Internal Audit function in a report submitted to the Manager charged with preparing the Company's financial reports, along with the controls compensating critical areas and any remedial plans proposed

by the Reporting Unit, and, for the purposes of Internal Audit's reporting activities, to the CEO, the Internal Control and Corporate Governance Committee and the statutory auditors.

#### c) Monitoring

The objective of the monitoring phase is to check on the implementation of corrective action taken or being taken to address observations made during analysis of the system's design and operating effectiveness and which are reviewed with the process managers.

### **9.1. EXECUTIVE DIRECTOR RESPONSIBLE FOR THE INTERNAL CONTROL SYSTEM**

The Board periodically checks the effectiveness of the internal control system with the assistance of the Internal Control and Corporate Governance Committee and Internal Audit function.

The CEO oversees the working of the internal control system and the identification of the main business risks, thus assuring that the "risk and control management system policy" is applied in all Group companies. The Internal Audit function verifies its actuation and makes quarterly reports on the adequacy, efficacy and efficiency of the existing control system.

The CEO is promptly updated by the compliance and control functions regarding new legal and regulatory developments so that processes and functions involved may be adjusted accordingly.

### **9.2. PERSON RESPONSIBLE FOR INTERNAL CONTROL**

On the proposal of the CEO and with the favourable opinion of the Internal Control and Corporate Governance Committee, the board meeting held on 12 December 2007 appointed Silvio de Girolamo, head of Group Internal Auditing and CSR as the Person responsible for Internal Control. This office reports to the CEO and has no operational responsibilities; the Person responsible for Internal Control carries out the tasks specified in the Corporate Governance Code, reporting on them to the Internal Control and Corporate Governance Committee and to the board of Statutory Auditors. The Person responsible for Internal Control carries out tasks requested by the Manager charged with preparing the Company's financial reports. The board of directors asked the CEO, having consulted the appropriate Committees, to set the compensation of the Person responsible for Internal Control in line with company compensation policies. The Person responsible for Internal Control has an annual budget of financial and human resources.

The Officer has access to all the data and information necessary for carrying out his or her tasks.

The roles and responsibilities of the internal control system are identified in the Group's "Risk and control management system policy". The system works through:

- “primary line controls” of Company processes by each unit and Group company; responsibility for these controls lies with the management and is an integral part of each process;
- “secondary controls” by compliance functions supporting the management for the good functioning of the system;
- the Internal Audit Department, identified in the Person responsible for Internal Control, who is head of Internal Audit, which analyses risk across all the operations and processes mapped within each Group company and monitors primary and secondary line controls:
  - by means of specific audits;
  - by following up corrective action recommended during an audit to improve the internal control system.

Within the Company's internal control system there are staff functions charged with monitoring the factors that are useful in ensuring continuous information on economic and market trends and events and in being able to manage potential risk and intercept opportunities.

The area of reference is everywhere the Group operates, with special focus on emerging markets.

The results of all internal audits are promptly brought to the attention of the CEO, senior management and, at least on a quarterly basis, the Internal Control and Corporate Governance Committee and the board of statutory auditors, who are required by §149, T.U.F., to monitor the adequacy of the internal control system.

In a meeting on 15 December 2010, the Board approved the Internal Audit Policy, which provides guidelines for all Group Internal Audit activities and procedures for reporting to the management and control bodies.

### **9.3. ORGANIZATION MODEL pursuant to legislative decree 231/2001**

In 2003, the board of directors adopted the organization, management and control model pursuant to Legislative Decree 231/2001 (hereafter the “D.lgs 231/01 Organization Model”) and appointed the Supervisory Body.

To this end, the Company took steps to map the activities for which each organizational structure was responsible, to identify the corporate functions involved in activity most exposed to risks, and to set up a corporate archive of ‘sensitive’ activities. For each sensitive activity identified a risk assessment schedule was prepared containing:

- (i) details of the types of offence contemplated by the law and the main ways in which they may be committed;
- (ii) details of the system of preventive measures;
- (iii) an assessment of the adequacy of such measures.

The Model includes policies and measures designed to ensure that business is conducted legally and to identify and eliminate situations at risk, and also to penalize failure to observe its prescriptions.

The Model is on one General Part and 11 Special Parts:

- A. Code of Ethics
- B. Assignment and delegation of powers
- C. The disciplinary system
- D. Offences against the public administration
- E. Company law offences
- F. Offences of terrorism or subversion of democratic order
- G. Offences against the person
- H. Market abuse
- I. Accidental killing or serious/very serious accidental injury in breach of workplace health and safety regulations
- L. Computer crime and illegal processing of data
- M. Handling stolen goods, money laundering and use of goods of illicit origin
- N. Offences against industry and trade and forgery of identification marks
- O. Breach of copyright.

A periodic check leading to changes to the Model is envisaged when there is evidence of risk, including potential risk, ie. when changes are made to the organization or its business or to the relevant legislation or regulations.

Currently the O.D.V. comprises an economics and finance expert, Marco Desiderato, Group Chief HR & Organisation Officer Alessandro Preda and the head of Group Internal Audit & CSR Silvio de Girolamo.

The O.D.V. met five times in 2010 and reported to the board of directors and the statutory auditors half-yearly on the level of implementation of and compliance with the Model.

The “D.lgs 231/01 Organization Model”) can be consulted on the Company’s website ([www.autogrill.com](http://www.autogrill.com)).

#### **9.4. AUDIT FIRM**

On 29 July 2005, the board of directors adopted a Group-wide procedure for the selection of audit firms of Autogrill and its subsidiaries. The procedure ensures that the Parent’s audit firm is also responsible for audits of subsidiaries of Autogrill. Use of firms other than that indicated by the Parent shall be properly justified and agreed in advance with the Internal Control and Corporate Governance Committee.



The procedure also aims to guarantee the independence of the audit firm in respect of the appointing auditee. To this end mandates for services incompatible with the audit role may not be given to the audit firm, in accordance with current regulations.

The first application of this procedure occurred at the shareholders' meeting held on 27 April 2006, which appointed KPMG S.p.A., Milan, as the Company's audit firm for 2006-2011 financial years.

## **9.5. MANAGER CHARGED WITH PREPARING THE COMPANY'S FINANCIAL REPORTS**

Under §18 of the by-laws, the board of directors, acting on the CEO's proposal and having noted the non-binding opinion of the board of statutory auditors, appoints the Manager charged with preparing the Company's financial reports. This officer must have a university education and at least five years' experience in accounting, economics and finance, together with any further requisites laid down by the board of directors or the law or regulations. In addition to the aforementioned requisites, the board of directors determined that the Financial Reporting Officer should be subject to the provisions of eligibility and termination of office in §2382, Italian Civil Code.

On 27 August 2008, the board of directors, with the approval of the board of statutory auditors and the Internal Control and Corporate Governance Committee, appointed Mario Zanini (Group Chief Administration Officer) as the Manager charged with preparing the Company's financial reports, as of 1 September 2008. The Manager charged with preparing the Company's financial reports was informed and vested with powers enabling performance of such duties, also with reference to the provisions of the Rules disciplining the role of Manager charged with preparing the Company's financial reports approved by the Board on 18 March 2008. To carry out his/her tasks, the Manager charged with preparing the Company's financial reports has an annual budget of financial and human resources proposed by him/herself and approved by the board of directors.

## **10. DIRECTORS' INTERESTS AND RELATED-PARTY TRANSACTIONS**

On 29 November 2010, the Board approved the Related-Party Transaction Procedure ("RPT") pursuant to Consob Regulation 17221/2010, which replaced as of 1 January 2011 the procedure adopted by resolution on 24 January 2006.

On the same date the Board appointed a Related-Party Transaction Committee comprising three independent directors: Giorgio Brunetti, Claudio Costamagna and Francesco Giavazzi.

The Related-Party Transaction Procedure can be consulted on the Company's website ([www.autogrill.com](http://www.autogrill.com) - Governance section).

## 11. APPOINTMENT OF STATUTORY AUDITORS

Under art. 20 of the By-laws, the board of statutory auditors is made up of three standing auditors and two reserve auditors. Statutory auditors may be re-elected.

Minority interests are reserved the right to elect one standing auditor and two reserve auditor.

The powers, duties and term of office of the board of statutory auditors are as required by law.

Persons already holding positions in administration and control in other companies in excess of the numerical limit, or who do not have the statutory or legal requisites to hold office may not be elected standing auditors and if elected forfeit office.

The Board of Statutory Auditors is appointed by the shareholders' meeting – which and also fixes its remuneration - on the basis of lists presented by shareholders in accordance with laws and regulation from time to time in force containing a number of candidates not to exceed the number of auditors to elect, listed with a progressive number. The list comprises two sections, one for standing auditor candidates and the other for alternate auditor candidates.

Each Shareholder, singly or with others, may only present one list and no candidate may run in more than one list, on pain of ineligibility.

Only Shareholders who singly or together hold shares amounting to at least 1.5% of the share capital or any lower percentage fixed by law or regulations are entitled to present lists.

Statements by the candidates that they accept candidacy, that there are no causes of ineligibility or incompatibility and that they possess the requisites for holding the post prescribed by law and the by-laws must be filed along with each list. A list which does not comply with the provisions illustrated above is considered as having not been presented

A CV of each candidate adequately illustrating his or her professional and personal characteristics must be filed along with the statements.

Statutory auditors are elected as follows:

- a) 2 (two) standing auditors and 1 (one) alternate auditor are taken from the list obtaining the highest number of votes cast at the shareholders' meeting and in the progressive order in which they appear in the sections of the list;
- b) the remaining standing auditor and the other alternate auditor are drawn from the list which obtained the second highest number of votes and is not connected in any way, even indirectly, with the shareholders that presented or voted the list that obtained the highest number of votes, in the progressive order in which they are indicated in the sections of the list. If more than one minority list obtain the same number of votes, the senior candidates by age in the standing and alternate sections of the list are elected;

c) if only one list is submitted, the board of statutory auditors is drawn entirely from that list.

The chairman of the board of statutory auditors is appointed by the shareholders' meeting in accordance with the provisions of current law.

If a statutory auditor's requisites under the law and the by-laws cease to obtain, he or she shall forfeit office.

If a statutory auditor has to be substituted for, he or she is replaced by the alternate auditor from the same list and may also, if necessary, assume the functions of chair.

The foregoing provisions disciplining the election of statutory auditors do not apply in shareholders' meetings called on to appoint standing and/or alternate auditors or the chair, as allowed by law, as a result of substitution or forfeiture. In such cases, the shareholders pass a resolution on a relative majority, subject to the principle indicated in art. 20, clause 2, By-laws.

## 12. STATUTORY AUDITORS

The current board of statutory auditors was elected by list vote at the Shareholders' Meeting on 21 April 2009 and will remain in office until approval of the financial statements at 31/12/2011. The Board's members voted from the only list, submitted by the majority shareholder Schematrentaquattro S.r.l., with votes representing 65.4% of the share capital, are the standing auditors Luigi Biscozzi (chairman), Ettore Maria Tosi and Eugenio Colucci, and alternate auditors Giuseppe Angiolini and Giorgio Silva.

The above mentioned composition of the board of statutory auditors has not changed as of the date of this Report. As resolved at the shareholders' meeting held on 21 April 2009, each statutory auditor is entitled to the minimum compensation specified in the professional tables of the "dottori commercialisti" (qualified accountants' register). The Company's annual accounts state the amount of compensation paid to each statutory auditor.

Further details on the board of statutory auditors can be found in Table 2 in the annexes.

Career profiles of the statutory auditors are given below.

### **Luigi Biscozzi**

#### **Standing auditor - Chairman**

Born in Salice Trentino (Lecce) in 1934, he graduated in economics and business from the Bocconi University in Milan. He has been on the roll of chartered accountants of Milan since 1966 and Official Auditor since 1972. From 1961 to 1972 he was manager and partner of the tax section of KPMG Peat Marwick in Milan. He was a founding partner of the tax law firm L. Biscozzi - A. Fantozzi (now Biscozzi Nobili), and is an expert in tax law, corporate, company law and tax

advisory for Italian and foreign companies. He has been chairman of the board of statutory auditors of Autogrill S.p.A. since 2006, and holds the same office in Costa Crociere S.p.A., New Mood S.p.A., Il Sole 24 Ore S.p.A. and Nuova Sidap S.r.l. He is a standing auditor of Indesit Company S.p.A. Touring Servizi S.r.l., Touring Vacanze S.r.l., Electrolux Italia S.p.A. and Electrolux Home Products Italy S.p.A..

## **Eugenio Colucci**

### **Standing auditor**

Born in Lucera (FG) in 1946, he graduated in economics and business studies at Università L. Bocconi in Milan.

He has been on the Register of accounting auditors ("Registro dei Revisori Contabili") since it was formed (and no longer in the "Albo dei Dottori Commercialisti" having applied to be taken off it as of 1<sup>st</sup> January 2007).

He started his career in 1969, with Arthur Andersen, where he became a partner in 1982 and was Audit Partner, chairman of the Committee on Professional Standards, Practice Director for Italy (1989 onwards), for Luxembourg (1994 onwards) and for Greece. He was also Professional Practice Director in the company formed by the integration of Arthur Andersen and Deloitte, which he left on 1<sup>st</sup> June 2004 to work independently. From May 2002 to April 2005 he was a member of the Executive Committee of the Organismo Italiano di Contabilità (Italian accounting standards organization).

He has been a statutory auditor at Autogrill S.p.A. since 2009 and holds the same office in Nuova Sidap S.r.l. He is chairman of the statutory auditors at Assicurazioni Generali S.p.A and a director of EXOR S.p.A., where he is also chairman of the Internal Control Committee.

## **Ettore Maria Tosi**

### **Statutory Auditor**

Born in 1946 in Angera (Varese), he graduated in economics and business from the Bocconi University in Milan. He has been on the roll of chartered accountants since 1974, initially in the Busto Arsizio Order and subsequently in that of Milan. He is also on the roll of technical advisors to the Courts of Milan. His experience covers tax law and corporate and fiscal consulting. He is a member of the board of statutory auditors of Autogrill S.p.A., Nuova Sidap S.r.l., Hay Group S.r.l. and chairman of the statutory auditors at Fiera Milano Editore S.p.A. and Dasit S.p.A. He was a standing auditor at Banca Popolare di Milano S.c.ar.l. and Alenia Aermacchi S.p.A. and has been an auditor for Ente Morale Associazione Amici del Centro Dino Ferrari since 1996.

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Pursuant to §3, Decree 162 (30 March 2000) issued by the Justice Minister in concert with the Treasury Minister, the Board has ascertained that the current members of the board of Statutory Auditors are in possession of the requisites laid down in §1 and §2 of the above Decree. Specifically, the statutory auditors are enrolled in the register of “revisori contabili” (‘accounting auditors’) and have exercised the profession for at least three years.

On 7 March 2009, the board of statutory auditors ascertained that all its members were in possession of the independence requisites pursuant to 10.C.2 of the Corporate Governance Code.

On 12 December 2007, the board of directors voted that statutory auditors shall have the same independence requisites as those applied to the directors.

On carrying out the aforementioned assessment of the independence requisites of its members, the board of statutory auditors thus applied the criteria provided for in the Code regarding the independence requisites of directors, as assimilated by the board of directors.

The board of statutory auditors monitors the independence of the audit firm, in accordance with Company procedure, with special reference to appointments that are incompatible with external auditing. In addition, in the performance of its duties the board of statutory auditors liaises with the Internal Control and Corporate Governance Committee and avail itself of the support of the Group’s Internal Audit department.

The average length of the 12 meeting of the statutory auditors in 2010 was around two hours. Ten meetings are scheduled for 2011, two of which have already been held.

### 13. INVESTOR RELATIONS

The Company set up its investor relations function in 1997 with the aim of initiating and maintaining continuous dialogue with shareholders in general and institutional investors and analysts in particular. Suitably funded and resourced, the unit works in compliance with the policy for disclosing price sensitive information and in line with senior management's decisions by promptly making information on business performance and significant events available to the public, providing continuous telephone contact and periodical meetings with investors and analysts and publishing additional information in further explanation of the Group’s strategic and operating decisions. Information of particular relevance to shareholders, Company’s accounting documents, financial releases, procedures, codes and any other relevant information regarding the Company are posted in the Investor Relations section of the Company’s website ([www.autogrill.com](http://www.autogrill.com)).

The Investor Relations Manager is Elisabetta Cugnasca.

In 2010, investor relations activities included:

- 220 meetings with investors (one-to-one or conference calls);

- 7 road-shows;
- participation in 6 conferences organized by brokers/financial institutions;
- 1 analysts meeting on publication of the financial report for 2009;
- 3 conference calls on publication of financial reports (1<sup>st</sup> and 3<sup>rd</sup> quarters and 1<sup>st</sup> half 2010 reports).

The following meetings by corporate bodies to examine and approve accounts are scheduled for 2011:

- 8 March 2011: consolidated financial statements and draft separate financial statements at 31 December 2010
- 21 April 2011: shareholders' meeting to approve the 2010 accounts (1<sup>st</sup> call)
- 28 April 2011: shareholders' meeting to approve the 2010 accounts (2<sup>nd</sup> call)
- 10 May 2011: interim report on operations as at 31 March 2011
- 29 July 2011: first half report on operations as at 30 June 2011
- 10 November 2011: interim report on operations as at 30 September 2011.

## 14. SHAREHOLDERS' MEETINGS

Notice of Meeting, quorums, validity of resolutions voted, eligibility to participate and proxy voting are disciplined by the law.

Pursuant to art. 7, By-laws, Shareholders' Meetings are called by posting a notice on the Company's website and in the manner required by law and regulations from time to time in force, with prior notice that may not be less than the minimum required by law in respect of the date fixed for the Shareholders' Meeting.

Shareholders representing at least 2.5% of the share capital, whether singly or jointly, may apply to the Company in the manner required by the law and regulations from time to time in force to add items to the agenda and must indicate in their written application the matters they propose discussing.

Notice of any additions proposed in accordance with current law is announced as and when required by the law and regulations from time to time in force.

Meetings are conducted according to the rule laid down in the Rules for Shareholders' Meetings approved by the Shareholders' Meeting, on a motion by the board of directors, on 27 April 2004 and posted on the Company's website ([www.autogrill.com/governance/regolamentiprocedura](http://www.autogrill.com/governance/regolamentiprocedura)).

In particular, such Rules require that upon the opening of a Shareholders' Meeting the chairman of the Meeting must fix the maximum duration of each intervention, usually 15 minutes. Requests to address the Meeting on individual items on the agenda may be made to the chairman's office upon constitution of the Meeting and up to such time as the chairman of the Meeting opens discussion on each item on the agenda. A shareholder may only speak once on each item on the agenda.

The Shareholders' Meeting is the official opportunity to meet and discuss matters between the directors and the shareholders. In the 2010 Meeting, information was provided, at the request of the shareholders, on the Company's performance and on the items on the agenda. The documents and information (already made public) required by applicable law were delivered to the shareholders within the legal term at the registered office and secondary headquarters of the Company, at Borsa Italiana S.p.A. and on the Company's website ([www.autogrill.com](http://www.autogrill.com)).

## **15. CHANGES AFTER THE CLOSE OF 2010**

No changes to the corporate governance structure have occurred since the close of 2010.

## TABLES

**TABLE 1: STRUCTURE OF BOARD OF DIRECTORS AND ITS COMMITTEES**

Board of Directors											Internal control & corp. gov. Committee	Human Resources Committee
Office	Members	In office since	In office till	List (M/m) *	Exec.	Non exec.	Indep. for Code **	Indep. for T.U.F.	% ***	Number of other offices ****	*****	*****
Chairman	Benetton Gilberto	23/4/08	Approval of accounts at 31.12.2010	M		X			100	3		
Director Delegato	Tondato Da Ruos Gianmario	23/4/08	Approval of accounts at 31.12.2010	M	X				100	1		
Director	Benetton Alessandro	23/4/08	Approval of accounts at 31.12.2010	M		X			41,6	-		
Director	Brunetti Giorgio	23/4/08	Approval of accounts at 31.12.2010	M		X	X		100; 100	-	X	
Director	Bulgheroni Antonio	23/4/08	Approval of accounts at 31.12.2010	M		X	X	X	75; 83,3	2		X
Director	Camuffo Arnaldo	23/4/08	Approval of accounts at 31.12.2010	M		X	X	X	75; 100	1		X
Director	Costamagna Claudio	23/4/08	Approval of accounts at 31.12.2010	M		X	X	X	83,3; 33,3	5		X
Director	Giavazzi Francesco	23/4/08	Approval of accounts at 31.12.2010	M		X	X	X	66,6	-		
Director	Gómez-Navarro Javier	23/4/08	Approval of accounts at 31.12.2010	M		X			100	1		
Director	Malguzzi Alfredo	23/4/08	Approval of accounts at 31.12.2010	M		X	X		100; 100; 100	4	X	X
Director	Mion Gianni	23/4/08	Approval of accounts at 31.12.2010	M		X			91,6; 100	1		X
Director	Roverato Paolo	23/4/08	Approval of accounts at 31.12.2010	M		X			100; 100	-	X	
----- DIRECTORS LEAVING OFFICE IN REFERENCE PERIOD-----												
-	-											

Quorum for presenting lists at last appointment: 1.5%.

No. meetings held in reference period: BoD: 12; I.C.C.: 10; H.R.C.: 6.

### NOTES

\* Elected from majority list (M) or minority list (m).

\*\* Independent as defined in the Corporate Governance Code as modified by resolution of the board of directors on 12 December 2007.



\*\*\* Attendance (%) at meetings of the BoD and its committees (# of meetings actually attended out of total meetings held during period in office).

\*\*\*\* Number of directorships or statutory auditorships held in other companies according to the criteria adopted by resolution of Autogrill's Board on 12 December 2007, as indicated in section 3.2 of this Report.

\*\*\*\*\* "X" = membership of Committee.

### List of offices held by directors

Detailed below are the posts held by the directors, as of the date of this Report, in other companies on the basis of the criteria adopted by Autogrill's board of directors on 12 December 2007, as indicated in section 3.2 of this Report.

Director	Office	Company
Gilberto Benetton	Director	Allianz S.p.A.
	Director	Mediobanca S.p.A.
	Director	Pirelli & C. S.p.A.
	Director	Atlantia S.p.A. (gruppo Edizione S.r.l.)
	Director	Benetton Group S.p.A. (gruppo Edizione S.r.l.)
Gianmario Tondato	Director	Lottomatica S.p.A.
Alessandro Benetton	Executive vice-chairman	Benetton Group S.p.A. (gruppo Edizione S.r.l.)
	Director and Chairman BoD without executive powers	21 Investimenti SGR S.p.A. (gruppo Edizione S.r.l.)
	Chairman of the Supervisory Board	21 Centrale Partners SA (gruppo Edizione S.r.l.)
	Chairman BoD without executive powers	Schemaquattordici S.p.A. (gruppo Edizione S.r.l.)
	Chairman BoD with powers	21 Partners S.p.A. (gruppo Edizione S.r.l.)
Giorgio Brunetti	Director	Benetton Group S.p.A. (gruppo Edizione S.r.l.)
Antonio Bulgheroni S.p.A.	Chairman	Banca Popolare Commercio and Industria
	Director	Lindt & Sprüngli Holding
Arnaldo Camuffo	Director	Carraro S.p.A.
Claudio Costamagna	Director	Bulgari S.p.A.
	Director	Dea Capital S.p.A.
	Director	Luxottica Group S.p.A.
	Director	Virgin Group Holding Limited
	Chairman BoD	Virtualadvise SIM
Francesco Giavazzi	-	
Javier Gómez-Navarro	Director	Tecnicas Reunidas
Gianni Mion	Director	Luxottica Group S.p.A.
	Director	Atlantia S.p.A. (gruppo Edizione S.r.l.)
	Director	Benetton Group S.p.A. (gruppo Edizione S.r.l.)
Alfredo Malguzzi	Chairman, board of statutory auditors	Consilium SGR S.p.A.
	Director	FinecoBank S.p.A.
	Standing auditor	Interpump Group S.p.A.
	Standing auditor	BNP PARIBAS Lease Group S.p.A.
	Director	Benetton Group S.p.A. (gruppo Edizione S.r.l.)
	Paolo Roverato	-

**TABLE 2: STRUCTURE OF THE BOARD OF STATUTORY AUDITORS**

**Board of statutory auditors**

Office	Member	In office since	In office till	List (M/m)*	Independence as per Code**	*** %
Chairman	Luigi Biscozzi	21.4.2009	Approval of accounts at 31.12.2011	M	X	100%
Standing auditor	Eugenio Colucci	21.4.2009	Approval of accounts at 31.12.2011	M	X	100%
Standing auditor	Ettore Maria Tosi	21.4.2009	Approval of accounts at 31.12.2011	M	X	100%
Reserve auditor	Giuseppe Angiolini	21.4.2009	Approval of accounts at 31.12.2011	M	X	
Reserve auditor	Giorgio Silva	21.4.2009	Approval of accounts at 31.12.2011	M	X	

-----**STATUTORY AUDITORS LEAVING OFFICE IN REFERENCE PERIOD**-----

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Quorum for presenting lists at last appointment: 1.5%.

No. meetings held in reference period: 12.

\* Elected from majority list (M) or minority list (m)

\*\* Independent as defined in the Corporate Governance Code as modified by resolution of the board of directors on 12 December 2007.

\*\*\* Attendance (%) at meetings of the Board of Statutory Auditors (# of meetings actually attended out of total meetings held during period in office).

Information on administration and control offices held by the statutory auditors can be found on Consob's website.