

**BOLZONI S.p.A.**

**REPORT ON CORPORATE GOVERNANCE  
AND OWNERSHIP STRUCTURE**

Pursuant to article 123-*bis*  
(traditional model of administration and control)

**FINANCIAL YEAR ENDED ON  
31 DECEMBER, 2014**

**[www.bolzoni-auramo.com](http://www.bolzoni-auramo.com)**

This report on corporate governance of Bolzoni S.p.A. was approved by the Board of Directors on  
March 12, 2015

## INDEX

GLOSSARY	pg. 1
1. PROFILE OF THE ISSUER	pg. 3
1.1 Issuer's organisation	pg. 3
1.2 The activity of the Issuer and the Bolzoni Group	pg. 4
2. INFORMATION ON OWNERSHIP STRUCTURE (ex art. 123-bis, paragraph 1, TUF) on 31.12.2014	pg. 5
2.1 Structure of corporate capital (ex art. 123-bis, paragraph 1, letter a), TUF)	pg. 5
2.2 Restrictions on transfers of securities (ex art. 123-bis, paragraph 1, letter b), TUF)	pg. 5
2.3 Significant shareholding (ex art. 123-bis, paragraph 1, letter c), TUF)	pg. 5
2.4 Securities granting special rights (ex art. 123-bis, paragraph 1, letter d), TUF)	pg. 5
2.5 Shareholding of Employees: mechanism to exercise voting rights (ex art. 123-bis, paragraph 1, letter e), TUF)	pg. 5
2.6 Restrictions on voting rights (ex art. 123-bis, paragraph 1, letter f), TUF)	pg. 5
2.7 Shareholders' Agreements (ex art. 123-bis, paragraph 1, letter g), TUF)	pg. 6
2.8 Change of control clauses (ex art. 123-bis, paragraph 1, letter h), TUF)	pg. 6
2.9 Delegation of power to increase the corporate capital and authorizations for the purchase of own shares (ex art. 123-bis, paragraph 1, letter l), TUF)	pg. 6
2.10 Direction and coordination function (ex art. 2497 and subsequent of civil code)	pg. 6
2.10.1 Subject controlling the Issuer	pg. 6
2.10.2 Bolzoni Group structure	pg. 9
3. COMPLIANCE (ex art. 123-bis, paragraph 2, letter a), TUF)	pg.10
4. BOARD OF DIRECTORS	pg. 11
4.1 Appointment and replacement (ex art. 123-bis, paragraph 2, letter l), TUF)	pg. 11
4.2 Composition (ex art. 123-bis, paragraph 2, letter m), TUF)	pg. 13
4.2.1 Maximum number of offices in other companies	pg. 15
4.2.2 Induction programme	pg. 16
4.3 The role and duties of the Board of Directors (ex art. 123-bis, paragraph 2, letter d), TUF)	pg. 16
4.4 Delegated functions	pg. 18
4.4.1 Managing Directors	pg. 18
4.4.2 Chairman of the Board of Directors	pg. 19
4.4.3 Executive Committee (ex art. 123-bis, paragraph 2, letter d) TUF)	pg. 19
4.4.4 Disclosure to Board	pg. 20
4.5 Other Executive Directors	pg. 20
4.6 Independent directors	pg. 20
4.7 Lead Independent Director	pg. 22
5. PROCESSING OF CORPORATE INFORMATION	pg. 22
5.1 Procedure for processing inside information	pg. 22
5.2 Code of Conduct (Internal Dealing)	pg. 24
6. COMMITTEES WITHIN THE BOARD (ex art. 123-bis, paragraph 2, letter d), TUF)	pg. 24
7. NOMINATION COMMITTEE	pg. 24
8. REMUNERATION COMMITTEE	pg. 25
8.1 Composition and activity of the Remuneration Committee	pg. 25
8.2 Functions of the Remuneration Committee	pg. 25
9. REMUNERATION OF DIRECTORS	pg. 25
9.1 Indemnity for directors in the event of resignation, dismissal or termination of relations following a public offer of acquisition (ex art. 123-bis, paragraph 1, letter i), TUF)	pg. 25
10. AUDIT AND RISK COMMITTEE	pg. 25
10.1 Composition and activity of the Audit and Risk Committee	pg. 25
10.2 Functions of the Audit and Risk Committee	pg. 26
11. INTERNAL AUDITING AND RISK MANAGEMENT SYSTEM	pg. 27
11.1 Director in charge of internal auditing and risk management system	pg. 28

11.2	Internal Auditor	pg. 29
11.3	Organizational Model ex Legislative Decree No. 231/2001	pg. 30
11.4	Audit Firm	pg. 31
11.5	Executive responsible for the preparation of company accounts and other company roles and functions	pg. 31
11.6	Coordination between subjects involved in the internal auditing and risk management System	pg. 31
12.	INTERESTS OF DIRECTORS AND TRANSACTIONS WITH RELATED PARTIES	pg. 32
12.1	Operations with Related Parties - preliminary and approval	pg. 32
12.2	Operations with Related Parties performed through subsidiary companies	pg. 33
12.3	Exclusions and exemptions	pg. 33
13.	APPOINTMENT OF AUDITORS	pg. 34
14.	COMPOSITION AND FUNCTIONING OF THE BOARD OF STATUTORY AUDITORS (ex art. 123- <i>bis</i> , paragraph 2, letter d), TUF)	pg. 36
15.	RELATIONS WITH THE SHAREHOLDERS	pg. 38
15.1	Web site	pg. 38
15.2	Investor Relations	pg. 38
16.	SHAREHOLDERS' MEETINGS (ex art. 123- <i>bis</i> , paragraph 2, letter c), TUF)	pg. 39
17.	FURTHER CORPORATE GOVERNANCE PRACTICES (ex art. 123- <i>bis</i> , paragraph 2, letter a), TUF)	pg. 41
18.	CHANGES FROM THE END OF THE YEAR OF REFERENCE	pg. 41

#### **TABLES**

TABLE 1:	Information on ownership structure	pg. 42
TABLE 2:	Structure of the Board of Directors and Committees	pg. 43
TABLE 3:	Structure of the Board of Statutory Auditors	pg. 45

#### **APPENDIXES**

Appendix 1:	Main characteristics of risk management and internal control systems existing in relation to process of financial disclosure in compliance with art. 123- <i>bis</i> , paragraph 2, letter b), TUF)	pg. 46
Appendix 2:	List of offices held by members of the current Board of Directors	pg. 49

## GLOSSARY

<b>Board or Board of Directors</b>	Means the board of directors of Bolzoni S.p.A.
<b>Bolzoni/Company/Issuer</b>	means Bolzoni S.p.A., with registered office in Podenzano (Piacenza), Località Casoni, to which this Report refers.
<b>Borsa Rules</b>	means the rules of the markets organized and managed by <i>Borsa Italiana</i> in force as of the Date of the Report
<b>By laws</b>	means the By laws of the Issuer at the date of this report
<b>Civil code/C.C.</b>	the Civil Code
<b>Code or Governance Code</b>	means the Corporate Governance Code approved in July 2014 by the Corporate Governance Committee promoted by <i>Borsa Italiana</i> , as defined below, ABI, Ania, Assogestioni, Assonime and Confindustria
<b>Consob</b>	means the <i>Commissione Nazionale per le Società e la Borsa</i> , having registered office in Rome, via Martini No. 3.
<b>Consob's Market Rules</b>	means the Rules issued by Consob with resolution n° 16191 in 2007 (as subsequently amended) with regards to the markets
<b>Consob's Rules for Issuers</b>	Means the Rules issued by Consob with resolution n° 11971 in 1991 (as subsequently amended) with regards to issuers
<b>Consob's Rules for Related Parties</b>	means the Rules issued by Consob with resolution n° 17221 of March 12, 2010 regarding operations with related parties, as subsequently amended and completed.
<b>Date of the Report</b>	means March 12, 2015, date in which the Report – as defined below – was approved by the Board of Directors of the Issuer.
<b>Decree 231 or D.Lgs 231</b>	means the Legislative Decree No. 231 of 8 June 2001.
<b>Financial Consolidated Act or TUF</b>	means the Legislative Decree No. 58 of 24 February,
<b>Financial year</b>	means the financial year ended on December 31, 2014, to which this Report refers.
<b>Group or Bolzoni Group</b>	means, collectively, the Issuer and its subsidiaries, as of the Date of the Report, pursuant to article 2359 of the Civil Code.
<b>Instructions to the Borsa Rules</b>	means the Instructions to the <i>Borsa Rules</i> , as defined below
<b>MTA</b>	means the <i>Mercato Telematico Azionario</i> , organized and managed by <i>Borsa Italiana</i> .
<b>Report</b>	Indicates this report on corporate governance and ownership structure which companies must prepare in compliance with article 123- <i>bis</i> of TUF

## **Premises**

In compliance with the requirements of the Consolidated Act and the regulations of *Borsa Italiana* for the boards of directors of listed companies onto the MTA, to ensure fairness and transparency, this Report is intended to illustrate the corporate governance system and ownership structure of Bolzoni S.p.A.

The Report has been prepared in compliance with the provisions of the laws and on the basis of the format made available to Issuers by *Borsa Italiana* in January 2015, with the purpose of facilitating the preparation, the consultation and the comparability of the information provided.

The Company has always been convinced that the alignment of its internal structure and its corporate governance procedures to those suggested by the Code represents a valid and invaluable opportunity to enhance its reliability *vis-à-vis* the market. For this reason, since its first listing, the Company has adhered to its dispositions as best possible.

## 1. PROFILE OF THE ISSUER

Bolzoni was admitted to listing on the MTA, in the STAR segment, on May 15<sup>th</sup>, 2006.

In compliance with the contents of Leg. Decree 24/6/2014, converted to law n° 116 on 11/8/2014, Bolzoni is to be considered a small-medium issuer company (PMI) as for the last financial years it has not passed the threshold of 300 million euro of income and in the last calendar year it has not exceeded an average capitalization of 500 million euros.

### 1.1 Issuer's organisation

The organization of the Issuer, which is based on the traditional model, complies with the provisions of the legislation applicable to listed issuers and is articulated as follows:

- The Shareholders' meeting is competent to resolve at both ordinary and extraordinary levels on the matters reserved to it by law or by the By-laws;
- The Board of Directors is vested with the broadest powers for the Company, with the right to perform all actions necessary for the achievement of corporate goals, with the exception of actions reserved - by law or By-laws - to the Shareholders' meeting;
- The Board of Statutory Auditors has the mandate to monitor (i) the compliance with the law and the By-laws and respect the principles of sound administration, (ii) the adequacy of the organizational structure of the Company, the internal control system and organisational, administrative and accounting structure also with reference to the reliability of the latter to correctly represent the operations, (iii) the manners of implementation of corporate governance rules set forth by codes of conduct drawn up by management companies of regulated markets or associations, to which the Companies declares to comply with, through information to the public; and (iv) the adequacy of the provisions given to subsidiaries, in relation to the information to be provided, to meet the obligations of communication; and (v) the compliance of the Procedure regarding operations with related parties adopted by the Company to the Rules for Related Parties as well as the observance of the Procedure itself. It should be noted that, in accordance with the Legislative Decree n. 39 of January 27, 2010, the Board of Statutory Auditors has been assigned specific tasks with regards to financial disclosure, the internal control system and legal auditing;
- The Audit Firm: the legal auditing of the accounts is carried out by an audit firm, enrolled in the register held by Consob, specially appointed by the Shareholders' meeting on a proposal justified by the Board of Auditors. The audit firm chosen for Bolzoni is empowered with functions for auditing the majority of the Group companies where this is prescribed by law.

In addition to the above and in accordance with the provisions of the Code – to which Bolzoni adheres – and regulations in force, the Issuer has, *inter alia*, performed the following:

- appointment of three independent directors out of a current total of ten members of the Board of Directors, eight of which are non-executive directors;
- establishment of a Remuneration Committee composed of three non-executive directors, the majority of which are independent, operating on the basis of an internal regulation which lays down the rules of operation (see paragraph 8);

- establishment of an Audit and Risk Committee composed of three non-executive directors the majority of which are independent , operating on the basis of an internal regulation which lays down the rules of operation (see paragraph 10);
- establishment on 27 April 2012 of a Nomination Committee composed of three non-executive directors, the majority of which are independent, operating on the basis of an internal regulation which lays down the rules of operation (see paragraph 7);
- adoption of an Organization, Management and Control Model pursuant to Decree. No. 231 (see paragraph 11.3) and the creation of a Compliance Committee, in compliance with Law 231, assisted by a company manager with sufficient competence (see paragraph 11.3)
- adoption of a procedure for corporate information and a code of conduct for operations on shares by Administrators, Statutory auditors and Managers with strategic responsibilities (so-called ‘internal dealing’) (see paragraph 5.2);
- adoption of a Procedure for Operations with Related Parties pursuant to article 4 of Consob’s Rules for Related Parties (see paragraph 12);
- set up of the functions of internal auditor and investor relations and consequently appoint the Persons responsible for these functions (see paragraphs 11.2 and 15); and
- Adoption of rules for Shareholders’ meetings.

## **1.2 The activity of the Issuer and the Bolzoni Group**

The Issuer has been active since the early fifties in the design, manufacture and marketing of equipment for forklifts and industrial handling, which is a sector belonging to the broader category of logistics.

To date, the Bolzoni Group is marketing its products in over forty countries worldwide, occupying a leadership position in the European market, and is the second largest manufacturer worldwide .

As at December 31, 2014, the Group shows, at consolidated level, a turnover amounting to approximately Euro 120 million, due to the production and marketing, either through brands owned by the Group “Bolzoni”, “Auramo”, “Brudi” and “Meyer” or unbranded and therefore with the brand of the OEM, of equipment for forklifts and industrial handling intended for manufacturers of forklifts, dealers of forklift trucks and equipment for industrial handling and only marginally, to end users.

## **2. INFORMATION ON OWNERSHIP STRUCTURE (ex art. 123-bis, paragraph 1, TUF) at the date of 31.12.2014**

It is confirmed that, unless otherwise indicated, the information given below and referring to the date of the end of the financial year 2014, remains unchanged at the date of the present Report.

### **2.1 Structure of corporate capital (ex art. 123-bis, paragraph 1, letter a)TUF)**

The corporate capital of the Issuer amounts to Euro 6,498,478.75, fully subscribed and paid in.

The corporate capital is divided into no. 25,993,915 ordinary shares without par value. The shares are nominal and indivisible and give the right to one vote each.

Bolzoni has not issued other classes of shares or securities which are convertible into or exchangeable with shares.

There are no stock option plans running.

For further information on the structure of corporate capital see Table 1 in the appendix.

### **2.2 Restrictions on transfers of securities (ex art. 123-bis, paragraph 1, letter b)TUF)**

No restrictions of any type exist on the transfer of Bolzoni shares.

### **2.3 Significant shareholding (ex art. 123-bis, paragraph 1, letter c)TUF)**

Based on the results of the Shareholders' ledger, and given the reports received according to article 120 of the Consolidated Act and other information received, the persons indicated in Table 1 of the appendix hold, directly or indirectly, shares of the Company to an extent equal to or greater than the 5 % of the share capital.

### **2.4 Securities granting special rights (ex art. 123-bis, paragraph 1, letter d)TUF)**

The Company has not issued securities conferring special rights of control.

### **2.5 Shareholding of Employees: mechanism to exercise voting rights (ex art. 123-bis, paragraph 1, letter e)TUF)**

There are no special employee shareholding systems nor special mechanisms whereby voting right is exercised.

### **2.6 Restrictions on voting rights (ex art. 123-bis, paragraph 1, letter f)TUF)**

There are no restrictions or deadlines imposed for the exercise of voting rights. Neither are there financial rights, connected to the securities but separate from the possession of shares.



## **2.7 Shareholders' Agreements (ex art. 123-bis, paragraph 1, letter g)TUF)**

The Issuer is unaware of any relevant shareholders' agreements in accordance with article 122 of the Consolidated Act (corporate governance agreements) relating to shares of the Company.

## **2.8 Change of control clauses (ex art. 123-bis, paragraph 1, letter h) TUF) and statutory provisions regarding OPA (ex art. 104, paragraph 1-ter and 104-bis paragraph 1, TUF)**

The Issuer has not entered into significant agreements that become effective, or are materially modified or terminated in the event of a change of control of the Issuer itself or of the companies it controls.

An exception to the above are certain bank loans, drawn up either by the parent or by certain subsidiaries which, according to custom, included clauses for the immediate pay-back in the event of a change of control in Bolzoni S.p.A.

The By-laws do not include waivers to passivity rule as at art. 104, paragraphs 1 and 1-bis, of TUF and do not include the application of neutralization rules as at art.104-bis, paragraphs 2 and 3, of TUF.

## **2.9 Delegation of power to increase the corporate capital and authorizations for the purchase of own shares (ex art. 123-bis, paragraph 1, letter m) TUF)**

There are no delegations of power to increase the corporate capital ex art. 2443 of the Civil Code or for the issue of active financial instruments.

The Shareholders' Assembly in the meeting held on April 29, 2014 authorized the Board of Directors to purchase own shares in compliance with the provisions of the law within the maximum limit of 300,000 shares, corresponding to 1.5% of the share capital, and in any case within the overall total value of one million euros. The authorization was given in order to form a portfolio of securities aimed at extraordinary operations, such as incentive plans for company personnel or to sustain the liquidity of stock.

The authorization was given for eighteen months from the date of issue; the Board of Directors has not deemed it necessary to implement the authorization and therefore, at the date of the end of the financial year 2014 and also at the Date of the Report the Company does not have own shares in its portfolio.

## **2.10 Direction and Coordination Function (ex art. 2497 and subsequent of Civil Code)**

### **2.10.1 Subject controlling the Issuer**

The control over the company, in accordance with article 93 of the Consolidated Act, is exercised by the investment holding company Penta Holding S.p.A.

Penta Holding S.p.A. has a share capital equal to Euro 8,000,000, has registered office in Piacenza and has been registered in the Companies Register of Piacenza since May 3, 2006, with registration number 01464060332.

Penta Holding S.p.A., which is a mere investment holding company, does not exercise direction and coordination functions over the Company as provided for by articles 2497 and subsequent of the Civil Code.

According to article 2 of the modified by-laws, Penta Holding S.p.A. has the following corporate purpose: (i) the purchase, disposal and management of portion of shareholdings, shares, securities, public or private, or financial instruments and in general shareholdings in companies, consortia, associations or institutions of any kind in Italy and abroad, also listed on regulated markets, (ii) the financing, in whatever form, and the technical and administrative coordination exclusively for the benefit of companies, consortia, associations or institutions in which it participates, as well as the provision of services in favour of the same; (iii) the issuance of guarantees, patronages and other guarantees generally, real and not real, in favour and in the interest of companies, consortia, associations or organizations which it participates to. In addition, Penta Holding S.p.A. may make any financial, real estate and credit operation as well as operations on securities, which are necessary or useful to the achievement of the corporate objective (it being however expressly excluded the collection of savings from the public), as well as ancillary activities should the same allow to develop the business pursued.

Pursuant to article 7 of the by-laws of Penta Holding S.p.A., transfers of shareholdings to ascendants or descendants, spouse, brother or sister, as well as transfers of shareholdings due to death, in favour of persons other than shareholders, are free, while the shareholder who intends to transfer its shareholding, or even the sole naked property of it, to shareholders or any third party who are not shareholders, should offer such shareholding pre-emptively to other shareholders in proportion to the shareholdings held by them and with the right to increase it among themselves. If one or more shareholders have declared their intention to purchase the shares offered they may exercise the right of pre-emption at a price corresponding to the company's equity value, in turn based on, with regards to the Bolzoni shares in portfolio, the weighted average of the prices of reference measured during the last trading month, reduced by 5%.

In any case, and without prejudice to the provisions concerning the right of first refusal, the assignment in favour of a non-shareholder may be carried out only with the prior approval of the Board of Directors of Penta Holding S.p.A., which can be denied only on condition that the same Board of Directors indicates, while not accepting, the same Penta Holding as buyer or else a third party, shareholder or not, to which the shares can be transferred at the same terms of pre-emption. Failing such an indication, the consent of the Board of Directors shall be presumed.

Moreover, save for the exercise of pre-emption rights and the approval of the Board of Directors, if the pre-emptive offer of one or more shareholders involves a total of more than thirty per cent of the corporate capital of the Company, the recipients of the pre-emptive offer, if they do not exercise their pre-emption right, shall be entitled to obtain from the offeror that, under the same conditions, all their shares be bought. Each shareholder has now the right, at his own discretion, to obtain the sale of his stake to a third party or to the same Penta Holding which will, if necessary, procure the required means for purchase by disposal of part of its equity. The sale will take place at the same conditions described above.

As provided for by article 10 of the by-laws, the Assembly of shareholders decides on matters reserved to their competence by law or by the by-laws. Decisions by shareholders, in whatever form adopted, are made with the favourable vote of shareholders representing at least 60% of the share capital, unless otherwise mandatory provision of law pro tempore in force and save for different majorities specifically established by the by-laws for specific decisions.

No person exercises control over Penta Holding S.p.A. and, among its shareholders, as far as the Board of Directors of Bolzoni S.p.A. is aware, there is no shareholders' agreement or other agreement aiming at disciplining the voting rights or the circulation of shareholdings.

At the Date of the Report the share capital of Penta Holding S.p.A. is divided as follows:

PENTA HOLDING SpA		
Shareholders		
EMILIO BOLZONI	3,103,734	38.80%
FRANCO BOLZONI	1,159,816	14.50%
LUIGI PISANI	1,109,835	13.87%
PAOLO MAZZONI	469,201	5.87%
ROBERTO SCOTTI	1,476,812	18.46%
PIERLUIGI MAGNELLI	579,914	7.25%
Own Shares	100,688	1.25%
<b>TOTAL</b>	<b>8,000,000</b>	<b>100.00%</b>

Pursuant to article 20 and subsequent of its by-laws, Penta Holding S.p.A. is managed by a Board of Directors composed of six members, including non-shareholders, who may be re-appointed and are subject to the non-competition obligation under article 2390 of the Civil Code. According to article 21 of the by-laws, unless otherwise decided by the majority of all shareholders entitled to vote, the appointment of the members of the Board of Directors shall be based on lists of candidates where they will be listed in consecutive order. Each candidate may be indicated in one list, failing which he/she shall be ineligible. Each list will indicate a number of candidates at least equal to the maximum number of members to be elected. Shareholders, who, individually or together with other shareholders, represent at least five percent of the corporate capital of the company, shall have the right to submit lists. Any person entitled to vote may submit, or concur to submit, a single list and vote for only one list.

They shall be appointed as directors the first candidate of the six lists which have received the largest number of votes. Where lists submitted for the appointment are less than six, directors shall be taken from each of them, starting with the one that won the highest number of votes, up to the six directors to be appointed. Where only one list is submitted, the six directors to be appointed shall be taken from the candidates of that list.

The Board of Directors of Penta Holding S.p.A., has been appointed until the approval of the financial report at 31/12/2016 and is made up of the Chairman, Emilio Bolzoni, and the directors Roberto Scotti, Pier Luigi Magnelli, Luigi Pisani, Franco Bolzoni and Paolo Mazzoni.

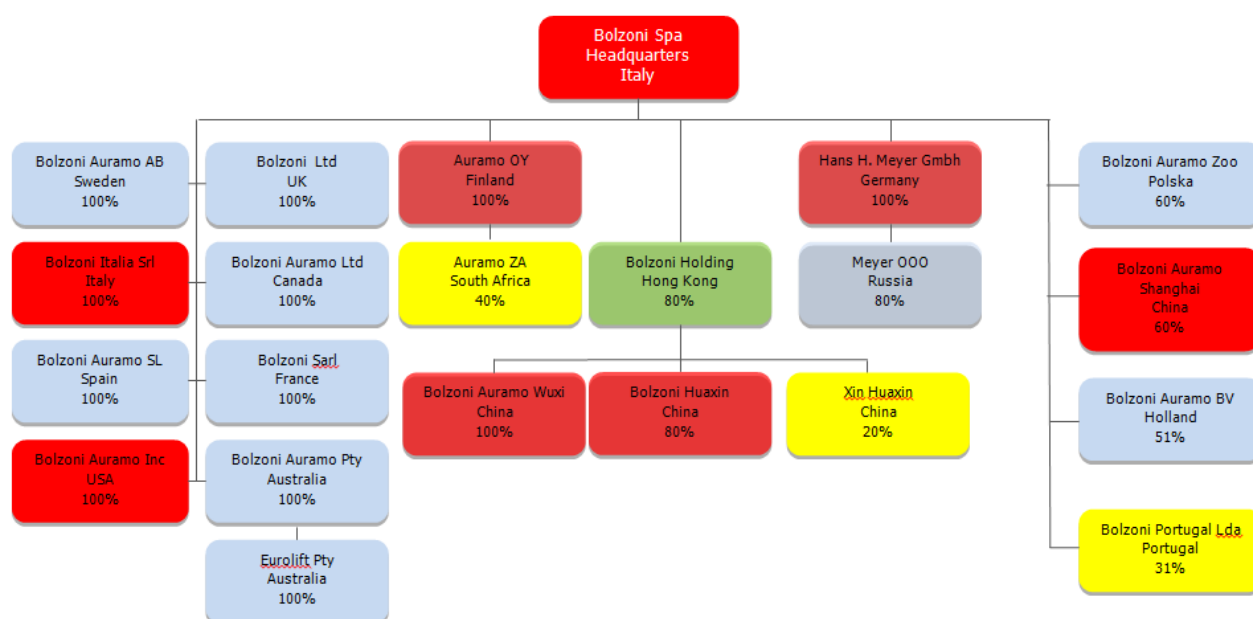
The management body is vested with the broadest powers for the ordinary and extraordinary management of Penta Holding S.p.A., without exception of any kind, with the right to perform any action, including disposals, it considers necessary for the implementation and achievement of the corporate objectives, excluding only those which are reserved by law or by-laws exclusively to the Shareholders' Assembly.

## 2.10.2 Structure of the Bolzoni Group

The Issuer controls, directly or indirectly, eighteen companies, one of which private limited companies under Italian law, which compose the Bolzoni Group and within which the Company has the right to appoint a majority of members of the Board of Directors and control bodies, where they exist.

The Company, leader of the Group, carries out management of shareholdings of control held directly or indirectly. The Company also has direction and coordination functions of the Group, pursuant to articles 2497 and subsequent (Chapter IX, Title V, Book V) of the Civil Code. Please note that the above provisions include, among other things: (i) direct liability of the company directing and coordinating *vis-à-vis* the shareholders and corporate creditors of the companies subject to the direction and coordination (in cases where the company which exercises such activities - acting in their interest or in the interest of others in violation of the principles of proper corporate management – causes prejudice to the profitability and value of shareholding or causes damages, against corporate creditors, to the integrity of company assets), (ii) a liability of the directors of the company subject to the direction and coordination who fail to fulfil the publicity obligations under article 2497-*bis* of the Civil Code, for the damages *vis-à-vis* shareholders or third parties arising out of the lack of knowledge of such facts.

The following diagram gives an overview of the structure of the Bolzoni Group as of the Date of the Report.



For the information required by article 123-*bis*, paragraph one, letter i) (any indemnity provided to directors in the event of resignation, dismissal or termination of the relationship as a result of a public offer) of TUF please see the report on remuneration prepared according to articles 123-*ter* of TUF and 84-*quater* of Rules for Issuers, available to the public on the Company's web-site ([www.bolzoni-auramo.com](http://www.bolzoni-auramo.com)) and according to the other methods established by current laws.

For the information required by article 123-*bis*, paragraph one, letter l) (rules applicable for the appointment and replacement of directors and for statutory modifications) of the TUF please see paragraph 4.1 of this Report.

### **3. COMPLIANCE**

With the resolution passed by the Board of Directors on 19 May 2006, Bolzoni has adhered to the Code (available on website of the Committee for Corporate Governance at the following pag: [http:// www.borsaitaliana.it/comitato-corporate-governance/codice/2014clean.pdf](http://www.borsaitaliana.it/comitato-corporate-governance/codice/2014clean.pdf) and has followed the recommendations within the terms indicated in this document, with the purpose of creating a transparent corporate governance system aimed at creating value for shareholders, and safeguarded by an effective internal control system.

Further measures aimed at improving the governance system are in progress and others will be evaluated to ensure the continuous compliance of the system to national and international best practice.

In compliance with applicable laws, this Report describes the “Corporate Governance” system of the Issuer and indicates the practical manners of implementation by the Company of the requirements of the Code.

Neither Issuer nor any of its subsidiaries, having strategic significance, are subject to the provisions of foreign laws having an impact on the structure of corporate governance of the Issuer.

Below are the main instruments of governance, which the Company has implemented pursuant to the latest laws and regulations, the provisions of the Code and the national and international best practice:

- By-laws;
- Code of Ethics;
- Organization, Management and Control Model according to Legislative Decree No. 231;
- Rules of the Nomination Committee;
- Rules of the Audit and Risk Committee;
- Rules of the Remuneration Committee;
- Rules of the Compliance Committee;
- Operations with related parties – procedure adopted pursuant to art. 4 of the Consob’s Rules for Related Parties;
- Regulations for the management of Inside Information and establishment of the registry of persons having access to such information;
- Internal Dealing Code; and
- Rules for Shareholders’ meetings.

These documents are available to the public on the Company’s website at [www.bolzoni-auramo.com](http://www.bolzoni-auramo.com).

The Company has prepared a document on guidelines for internal auditing, last updated in 2013, approved by the Board of Directors on March 14, 2013.

#### **4. BOARD OF DIRECTORS**

##### **4.1 Appointment and replacement of the Board of Directors (ex article 123-bis, paragraph 1 letter l), TUF)**

According to article 14 of the By-laws, to which reference should be made, the Company is managed by a Board of Directors composed of a number of members ranging from three to fifteen, according to the determination of the Shareholders' meeting.

Those who are incompatible as established by law, cannot be appointed as directors, and if appointed shall cease from office. Directors shall remain in office for three years and may be re-elected.

The ordinary Shareholders' meeting shall appoint the members of the Board of Directors, in full observance of the regulations in force at the time regarding gender equality, on the basis of lists deposited by the shareholders and the outgoing Board of Directors in the manner described below.

In addition to the outgoing Board of Directors, a list of candidates may be submitted by shareholders who, alone or together with other shareholders, hold at the time of submission of the list, the quota of ownership of the share capital established by Consob (as approved with the resolution n° 19109 passed on 28/1/2015) equivalent to 2.5%. The lists must be deposited at the Company's registered office within the twenty-fifth day before the date set for the Shareholders meeting called to appoint the members of the Board of Directors and made available to the public at the Company's registered office, on the Company's web-site and according to the other terms established by applicable laws and regulations at least twenty-one days before the date of the Shareholders Meeting, save for any possible further form of publicity established by the rules and regulations in force at the time.

Ownership of the number of shares necessary for presentation of lists, is determined on the basis of the number of shares recorded in favour of the shareholder on the day the lists are deposited at the Company's registered office. The related certification, issued pursuant with the provisions in force at the time, can be provided even after deposit as long as the document has reached the Company within the period established by the applicable rules and regulations regarding the publication of the lists by the Company. The deposit, performed in accordance with the indications given above, is also valid for the second and third call, if applicable.

Each shareholder, the shareholders belonging to a shareholders' agreement, the controlling subject, the subsidiaries and those under common control pursuant with article 93 of the Consolidation Act (Leg.Decree n° 58 of 24 February 1998) may not submit or participate in submitting, even through a third party or trust company, more than one list. Each subject entitled to vote may vote for only one list. Each candidate may candidate to only one list, failing which he/she shall be ineligible. Lists submitted and/or votes exercised in violation of these prohibitions, shall not be accepted.

Each list must separately list candidates, ordained gradually, and must include a declaration that a sufficient number of candidates as set forth by the provisions of law possess the independence requirements prescribed in the laws and regulations in force, identifying them distinctly and entering one of them at the top of the list.

The lists with three or more candidates must be composed of persons belonging to both genders so that the least represented gender is guaranteed a share of candidates at least as

established by the rules in force at the time regarding gender equality for the composition of the board of directors.

Within the period indicated above, together with each list, which must also indicate the submitting shareholders, the following shall also be filed (i) the declarations in which each candidate accepts the candidacy and certifies under own responsibility, that there are no grounds for ineligibility and incompatibility, as well as the conditions required by the laws, regulations and By-laws, and (ii) a comprehensive description of the personal and professional characteristics of the candidate indicating, if appropriate, the suitability of the candidate to qualify as independent as defined by the law.

The Directors are elected in the following way: (i) from the list that obtains the highest number of votes in the Shareholders' meeting, based on the order they are listed in the list, all members of the Board of Directors, as from time to time resolved by the meeting, are taken, except one. To this end, in the event of a tie between different lists there shall be a new vote by the Shareholders' meeting, and the one obtaining the most votes shall be the majority list, (ii) from the list that obtains the second highest number of votes in the Shareholders' meeting, and that is not related, directly or indirectly, with the shareholders who submitted or voted for the list referred to in paragraph (i), a member of the Board of Directors is taken, in the person of the first candidate in the order of that list. To this end, in the event of a tie between different lists, there shall be a new vote among the same for the appointment of the last member of the Board of Directors by the Shareholders' meeting, and the first candidate on the list that obtains the highest number of votes shall be appointed.

If, following the procedure indicated above for the election of the candidates, the composition of the board of directors is not in accordance with the rules in force at the time regarding gender equality, the candidate belonging to the most represented gender, elected last according to the progressive order of the list receiving the highest number of votes, will be replaced by the first candidate of the least represented gender not elected in the same list according to the progressive order. This replacement procedure will be repeated until the composition of the board of directors is compliant to the rules in force at the time regarding gender equality.

If only one list of candidates is submitted, all directors will be appointed from this list, provided that such list obtains a relative majority of votes. In case of failure to submit lists or where the directors are not appointed for any reason under the procedure provided above, the Shareholders' meeting decides, in observance of the minimum proportions established by the law and by rules regarding gender division and in full respect of the minimum legal number of councillors qualifying as independent, with the majority set forth by law.

If over the course of the year, one or more directors cease from their offices, article 2386 of the Civil Code applies, as follows: (i) The Board of Directors shall appoint the members replacing those ceased within the same list to which the ceased Directors belonged and the Shareholders' meeting decides, with the majority set forth by law, respecting the same principle and ensuring, in any case, the presence within the Board of Directors of the required number of members in possession of independence and gender requirements imposed by laws, (ii) if there are no candidates left in the list, who were not appointed previously, or those that remain do not possess the necessary requisites, the Board of Directors shall replace the ceased director irrespective of what is set forth in clause (i), and so shall do the Shareholders' meeting, with the majority set forth by law, and ensuring, in any case, the presence within the Board of Directors of the required number of members in possession of independence and gender requirements imposed by laws.

Should the majority of Directors resign or cease due to other causes, the entire Board of Directors shall be considered ceased and the directors remained in office shall immediately call the Shareholders' meeting for renewal of appointment. The Directors remained in office may in the meantime discharge ordinary administration. The Directors, who are appointed

during the three years, cease on the same date as those already in office at the time of their appointment.

It should be noted that on March 12, 2015 the Board of Directors did not consider it necessary to prepare succession plans for the executive Directors as it believes that the distribution of roles at top management level and the good operating organisation of the Company and the Group make it easy to face any situations of emergency that may occur and that the majority shareholders is able to timely and effectively find the necessary replacements.

#### **4.2 Composition (ex article 123-bis, paragraph 2 letter d), TUF)**

At the Date of the Report, following the resolutions of the Shareholders' meeting of the Company on 27 April 2012 and 29 April 2014, the Company is currently managed by a Board of Directors composed of ten members. The tenure of the current Board of Directors will end with the shareholders' meeting called to approve the financial statements for the year ended at 31 December 2014. On that occasion therefore, the company's shareholders' meeting will be called upon to take a resolution regarding the appointment of the new Board of Directors for the financial years 2015-2017, subject to the definition of the number of members and the related remuneration. Of the ten members of the Board of Directors of the Company, two (Emilio Bolzoni and Roberto Scotti) are executive directors and the others are non-executive directors.

Under the guidance of the Rules of *Borsa Italiana*, in the relevant Instructions and the Code, in relation to companies with shares listed on the MTA STAR Segment, the same Shareholders' meeting of the Company has appointed, from a total of ten members, three independent directors, represented by Raimondo Cinti, Giovanni Salsi and Claudio Berretti (also in compliance with the provisions of article 147-ter, paragraph four, of the Consolidated Act).

The directors Emilio Bolzoni, Roberto Scotti, Pier Luigi Magnelli, Luigi Pisani, Franco Bolzoni, Karl-Peter Staack, Claudio Berretti, Raimondo Cinti and Giovanni Salsi have been taken from the majority list presented by Penta Holding S.p.A. (at the time S.r.l.) which, at the time of the presentation of the list, owned a 50.33% share of the company's share capital and which was voted by 91,33% of shareholders

The director Paolo Mazzoni has been taken from the minority list presented by Paolo Mazzoni himself who, at the time of the presentation of the list, owned a 6.04% share of the company's share capital. During the Shareholders' meeting the candidate obtained 8.67% of votes.

In the course of the financial year 2014, two significant events have occurred:

- the board member Davide Turco resigned following the fact that Banca Intesa was no longer a shareholder of Bolzoni S.p.A.;
- Paolo Mazzoni was no longer in possession of his independence requisites.

Following the Board of Director's verification of the independence requisites of Claudio Berretti and as a consequence of the resignation of Davide Turco, on 29/4/2014 the Shareholders' Assembly

- ascertained that the minimum number of independent directors in office complied with the provisions established for STAR segment of MTA;
- approved the reduction of the number of board members from eleven to ten;



- reduced the overall amount of the fixed remuneration for the entire board; and
- confirmed the current board of directors which will remain office until the natural end of its tenure, corresponding to the date of approval of the financial statements for 2014.

Below information is given on personal and professional characteristics of the members of the Board of Directors.

Emilio Bolzoni: born in Piacenza on September 25, 1952, he graduated in 1971 as a patented mechanic. He joined Bolzoni in 1972, gaining experience in various areas. He has been Director of Bolzoni since 1972, serving as chairman on the Board of Directors since 1992. From 1996 to 1999 he was a member of the Board of Cassa di Risparmio di Parma e Piacenza and for six consecutive years from 1997 to 2003, he served as vice-chairman for the Industrial Association of Piacenza. In June 2011 he was elected Chairman of the Industrial Association of Piacenza. He also serves as chairman for almost all of the other companies of Bolzoni Group.

Roberto Scotti: born in Piacenza on February 13, 1951, he graduated in 1970 as a certified mechanical technician. From 1970 to 1973 he attended the Department of Mechanical Engineering at the University of Milan. From 1973 to 1979 he was director of Bolzoni and in 1980 founded Teko S.r.l. (a company then incorporated by Bolzoni) of which he was director until 1987. Since 1988 he has held the office of CEO of Bolzoni and other various Group companies.

Pier Luigi Magnelli: born in Fiorenzuola d'Arda (Piacenza) on August 9, 1941. He graduated as a certified industrial expert in 1958. After having worked as designer for Cesare Schiavi S.p.A. in Piacenza, he joined Bolzoni in 1973 and became the chief technical officer until 1999 when he was put in charge of quality, until 2004. Since 1985 he is a shareholder of Bolzoni S.p.A. and member of the board.

Luigi Pisani: born in Piacenza on November 29, 1950, he graduated from scientific lyceum in 1969 and in 1976 he graduated in Civil Engineering from the Politecnico University of Milan. As member of the Board of Engineers of Piacenza since 1977, he has carried out professional activities in the building sector, including several through his own companies. He joined Bolzoni in 1985 as shareholder and that same year was appointed to director.

Franco Bolzoni: born in Piacenza on August 5, 1948. He is a certified accountant and in 1967 graduated from university with a degree in Psychology. He is a professor of psychotherapy at the Italian Centre for the Study and Development of Short Term Psychotherapy at the Universities of Padua and Milan, and works as a psychotherapist. He is founder of Bolzoni and has been director of Bolzoni since 1992.

Karl-Peter Otto Staack: born in Parchim (Germany) on October 22, 1947. He graduated in 1965 from the High School of Solingen (Germany). After having worked as director of sales for Volvo BM Dietzenbach since 1972, in 1981 he founded the Auramo GmbH, the company acting as exclusive distributor of Auramo products in Germany, Austria, Switzerland, Holland and the Benelux countries. In 1988 he acquired Auramo OY which he expanded until its acquisition by Bolzoni in 2001. He has been a director of Bolzoni since 2001.

Claudio Berretti: born in Florence on 23 August 1972. In 1995 he graduated in Corporate Economics from the LIUC University – Libero Istituto Universitario Carlo Cattaneo. From 1994 to 1995 he worked at FIAT UK Ltd (London office) and subsequently at Magneti Marelli UK. In 1995 he entered Tamburi Investment Partners and became General Manager in March 2007. In addition to the Issuer, he holds the office of director in several other companies some of which are listed. Even though he was not nominated with the qualification of independent director, Claudio Berretti possesses all

the independency requisites specified under art. 148, TUF, and recommended by the Code of Governance.

Raimondo Cinti: born in Costacciaro (Perugia) on 8 November 1947. In 1973 he graduated in Electronic Engineering from the University of Bologna. He specializes in organizational processes related to the strategic repositioning and competitive business and operational management of change. He currently holds the post of managing director of Seci Energia S.p.A., a company belonging to the Bologna Maccaferri group specializing in the renewable and assimilated energies. As part of his profession, which led him to hold executive positions in several national and multinational companies, he was involved in the implementation and integration of acquisitions of companies, turn-around, production relocation and start-up of new operating entities. He holds the office of director of the Issuer and several other companies. He is a director and qualifies as independent pursuant to article 148, third paragraph, of the Consolidated Act and the Code and director who qualifies as independent pursuant to applicable law in article 148, paragraph third of the Act and the Code.

Giovanni Salsi: born in Castel San Giovanni (Piacenza) on August 7, 1940. He graduated in accounting in 1959 and later joined Polenghi Lombardo S.p.A. In January 1960 and in July 1962, he joined Bank of Piacenza where he remained until December 31, 2003. He held the office of general manager of the Bank of Piacenza from 1984 to 2003, year in which he retired. He holds the office of director of the board in the Issuer and in the *Banca of Piacenza*. He is a director and qualifies as independent pursuant to article 148, third paragraph, of the Consolidated Act and the Code.

Paolo Mazzoni: born in Pontenure (Piacenza) on May 28, 1950. He graduated as surveyor in 1969. Founding member and general manager of Hermann S.r.l., which has become one of the most important manufacturing companies not only in Piacenza but also nationally and internationally; in Hermann S.r.l. he held various offices, last of which Chairman of the Board and Managing Director. He maintained his requisites of independency pursuant to article 148 until January 30, 2014, when he informed the Company that this was no longer the case.

For further information regarding the composition and activity of the Board of Directors of the Company see Table 2 at the end of this Report.

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

The Board of Directors with resolution confirmed on March 12, 2015 does not believe it necessary to establish general criteria regarding the maximum number of administrative and control offices held in other companies considered compatible with an effective execution of the position as director, notwithstanding the duty of each director to assess the compatibility of the offices as director and statutory auditor, held in other listed companies, in financial, banking insurance companies, or other companies of a considerable dimension, with the diligent execution of the duties taken on as director of the Company as indicated in standard 1.C.3 of the Code.

The Board moreover acknowledges the full autonomy of the Shareholders Assembly in the evaluation of the prestige and the suitability of the candidates, even with regards to the availability of each candidate to adequately and responsibly undertake the role for which he accepts to be appointed. In view of the offices held by its members in other companies, the Board of Directors has in any case practically given a positive evaluation of the work load of its members, being convinced that the number and the quality of the offices held by each member is compatible with the respective role in the Company.

#### **4.2.2 Induction programme**

The Chairman makes sure that the directors can attend the meetings with adequate information and that they have at disposal a sufficient knowledge of the company dynamics, their evolution, and a picture of the rules and regulations of reference.

To this end, the CEO regularly provides the board members with continuous information, updates, and documentation during the board meetings held in the course of the financial year, particularly during the meeting where the business plans and budgets are examined and approved.

On all these occasions developments in the area of competitors, trends in the various markets, the evolution of products and technology, financial dynamics, news regarding competitors, opportunities for acquisitions, comparisons between budget and results, all these areas are regularly explored and chronologically compared.

It should be noted that among the non-executive directors, at least three have a direct and recent professional experience in the sector where the Company operates.

With regards to the above, on March 12, 2015 the Board of Directors has decided that the directors' instruments and actions are adequate.

#### **4.3 Role of the Board of Directors (ex art. 123-bis, paragraph 2 letter d), TUF)**

The By-laws provide that Board of Directors meetings are held at least quarterly. During the year, the Board of Directors met ten times, with the meetings lasting an average of about two hours. At all board meetings, as provided under article 1 of the Code, documentation and information needed to give a mindful opinion on the issues under have been provided to the Board members reasonably in advance and in any case, within the terms deemed adequate by the board.

For the financial year 2015, the calendar of corporate events notified in accordance with article 2.6.2 of *Borsa's* Rules includes 4 meetings on the following dates: March 12, May 14, August 8 and November 13, 2015. The Board of Directors expects to meet a total of seven times in the course of the financial year. At the date of the approval of this document three meetings have already been held, including the one for the approval of this report.

The calendar of the meetings of the Board of Directors for the year 2015 has been announced by the Company through a press release and published on the company website at [www.bolzoni-auramo.com](http://www.bolzoni-auramo.com) ("Financial Agenda").

The Audit and Risk Committee and the Compliance Committee, made up entirely of non-executive directors, the majority independent, systematically report to the board of directors the results of the respective activities. The financial manager also attends the board meetings, contributing to discussions with reference to issues regarding his role. In view of the limited dimensions of the company and the concentration of responsibilities among the executive directors, the Board of Directors does not usually feel it necessary to directly hear the company managers when taking related decisions.

The Board of Directors has:

- established within the Board a Nomination Committee (see paragraph 7), a Remuneration Committee (see paragraph 8) and an Audit and Risk Committee (see paragraph 10). Each panel works on the basis of the rules which lay down the proceedings of the committee;

- adopted a Procedure for Operations with related parties in accordance with art. 4 of Consob's Rules for Related Parties (see paragraph 12);
- established the corporate functions of internal auditing and investor relations and consequently appointed the heads for these functions (see paragraphs 11.2 and 15.2);
- adopted a procedure for the processing of inside information (see paragraph 5);
- approved a code of conduct (so called *internal dealing*) (see paragraph 5.2);
- approved an Organization, Management and Control Model pursuant with Decree No. 231 (see paragraph 11.3) and established a Compliance Committee (see paragraph 11.3) and
- has approved the Code of Ethics which forms an integral part of the Organization, Management and Control Model pursuant with Decree No. 231.

As per its functions, Bolzoni has a Board of Directors which, as provided by article 19 of the By-laws, is vested of the widest powers for the ordinary and extraordinary administration of the Company, as well as any other competence reserved by law or the By-laws to the same board. Therefore, it has the power to discharge all activities, including the disposal of assets, which it deems necessary or opportune for the achievement of the corporate purpose with the exclusion of those which the law and the by-laws expressly reserve for the Shareholders' meeting.

In particular, the Board of Directors, as by tradition,

- examines and approves the strategic, industrial and financial plans of the Company and Group, verifying from time to time the state of implementation;
- arranges the corporate governance system of the Company and defines the Group structure;
- assesses the adequacy of the organizational, administrative and accounting system of the Company and subsidiaries having strategic significance prepared by the Managing Director, with particular reference to the internal control system and the conflict of interest management;
- examines and approves, in advance, the operations of the Company and its subsidiaries when such operations are strategically, economically and financially significant for the Company itself;
- assesses the general trend of management, taking into particular consideration the information received from the delegated bodies and comparing the results achieved to forecasts.

In accordance with the Consob's Rules, the Board of Directors approves those Operations with Related Parties, reserved to its competence, as established by the specific Procedure prepared in accordance with laws and rules and approved by the Board of Directors on November 29, 2010. It periodically evaluates the adequacy of the system of controls, also in relation to the level of risk compatible with the strategic objectives established.

It should be noted that on March 12, 2015, the Board of Directors has positively evaluated the adequacy of the organizational, administrative and accounting system of the Company and the Group, as the criteria to which such systems are based are believed to be fully adequate to ensure the efficient and effective functioning of the internal control system.

According to article 19 of the By-laws the Board of Directors is vested with the following powers, subject to the limits of law:

- the resolution on mergers in cases referred to articles 2505 and 2505-*bis* of the Civil Code, also with reference to the division under 2506-*ter*, last paragraph, of the Civil Code, in cases where such rules are applicable;
- the establishment and the elimination of branches or subsidiaries;
- the identification of the Directors having legal representation;
- the possible capital decrease in the event of withdrawal by a Shareholder;
- the modifications of the by-laws due to regulatory provisions; *and*
- the transfer of the registered office within the national territory.

Over the course of the financial year 2014 , in addition to the approval of the financial statements for the year ended on December 31, 2013, the quarterly and half-yearly reports and the annual budget, the Board of Directors has resolved, *inter alia*, on the following:

- the business plan of the subsidiaries and the Group for the period 2014-2017;
- the ratification of Unicredit's guarantees in favour of subsidiary companies;
- the ratification of the comfort letter issued to cover the credit lines to the subsidiary Auramo Oy;
- the annual report on Corporate Governance referring to the year ended on December 31, 2013;
- the increased stake in Bolzoni Huaxin China (from 60 to 80%);
- granting of delegated powers to Emilio Bolzoni and Roberto Scotti for:
  - the merger of the two German subsidiaries (Meyer GmbH and Bolzoni Auramo GmbH);
  - the establishment of a new joint-venture in Portugal (Bolzoni's stake 31%) with two other partners;
- the subscription of one or more medium term loan contracts up to the maximum amount of 8 million euros for the maximum period of five years;
- capital increase for the Australian subsidiary – Bolzoni Auramo Pty; *and*
- capital increase for the Spanish subsidiary – Bolzoni Auramo SL;

It should be noted that there are no exceptions or waivers, either in general or preventively, to the non-competition obligations provided for in article 2390 of the Civil Code.

#### **4.4 Delegated functions**

##### **4.4.1 *Managing Director or CEO***

With the resolution passed on April 27, 2012, the Board of Directors has appointed CEO of the Company Roberto Scotti, who is granted, jointly and severally, all widest powers for the ordinary and extra-ordinary administration of the Company, of which the Board of Directors is vested according to article 19 of the By-laws and therefore, with no limitation save for those expressly reserved by the law or the By-laws to the competence of the Board of Directors or the Shareholders' meeting of the Company, as well as the subject listed as follows which are reserved for the exclusive competence of the Board of Directors, as a body:

- (i) approval of the strategic, industrial, economic and financial plans of the Company and Group;
- (ii) approval of the annual budget of the Company and the Group;
- (iii) operations of investment or divestitures, endorsements or grants of borrowings or guarantees which individually exceed the amount of Euro 2,000,000;
- (iv) operations with related parties when particularly important.

Both the Board of Directors and the CEO have traditionally interpreted in a restrictive manner their areas of autonomy with regards to strategic impact.

#### **4.4.2 Chairman of the Board of Directors**

According to article 20 of the By-laws, the Chairman has the general representation of the Company; the CEO, on his side, represents the Company within the delegated powers assigned to him. The Chairman of the Board of Directors and the CEO have the power to appoint counsellor *ad negotia* for certain acts or category of acts, within the natural range of their powers.

The Chairman of the Board of Directors is appointed by the Board itself if the Shareholders' meeting has not provided so. The office of Chairman may be combined with that of CEO.

Emilio Bolzoni has been appointed Chairman of the Board of Directors with the board resolution taken on April 27, 2012. Contextually he has been granted exactly the same delegated powers as those given to Roberto Scotti. The two Executive Directors both have the possibility of operating individually and separately.

The reason behind the attribution of executive operating powers to the Chairman of the Board of Directors is the opportunity for the Company to take advantage of Emilio Bolzoni's experience and skills, as he is one of the key figures who have significantly contributed to the Group's development.

The Chairman is not principally responsible for the management of the Company as this responsibility and task is shared with the CEO, Roberto Scotti; Emilio Bolzoni is not even officially the subject controlling the Company but the chairman and major shareholder (he owns a 38.80% stake) of Penta Holding S.p.A., the company controlling Bolzoni S.p.A.

Article 16 of the By-laws provides, among other things, that the meetings of the Board of Directors are convened by the Chairman, Vice-president, if appointed, or the CEO. The meeting notice must be given no later than three days before the date scheduled for the meeting. In matters of urgency, the notice may be shorter, even only one day, and the agenda may be communicated by telephone.

To ensure an efficient management, the meetings of the Board of Directors of the Company are chaired and coordinated by the same Chairman, or, in his absence, by a member of the Board of Directors appointed by the Board itself.

The Chairman of the Board of Directors presides over the Shareholders' meeting. According to article 10 of the By-laws, the Chairman shall verify, also through appropriate delegates, the regularity of the establishment of the meeting, the identity and entitlement of those present, and the regular proceeding of the meetings, by determining the manners of discussion, vote and results of votes.

As already mentioned, no vice-presidents have been appointed.

#### **4.4.3 Executive Committee (ex art. 123-bis, paragraph 2, let. d) TUF)**

The Company has not appointed an executive committee.

#### **4.4.4 Disclosure to Board**

In accordance with article 19 of the By-laws and as already explained, during the meetings and in any case at least every quarter, the Board of Directors and the Board of Statutory Auditors, through the delegated bodies and also with reference to the subsidiary companies, are updated on the activities performed, on the general trend of management, on the foreseeable evolution, on the more important economic, financial and capital operations, for size or features, and, if necessary, on operations in which the Directors have a personal or third party interest.

Disclosure is given during the board meetings; when advisable due to particular circumstances, it can also be given more frequently, if necessary in writing to the Chairman of the Board of Statutory Auditors and the delegated bodies must nevertheless report this during the next Board meeting.

#### **4.5 Other Executive Directors**

Oher than Emilio Bolzoni and Roberto Scotti no other executive directors operate in the Company.

#### **4.6 Independent directors**

The judgment of non-executive Directors by virtue of the reputation and competence they have, assumes a significant weight in the decision-making of the Board of Directors. Particular importance is given to the opinion of those directors qualifying as independent, according to the characteristics established alternatively by the law and the Code. The presence of independent and non-executive Directors within the administrative body of Bolzoni is aimed at the widest protection of the good management of the Company and ensures the debate and dialectics amongst all directors. The contribution of the independent directors allows the Board of Directors *inter alia* to discuss, with sufficient independence, sensitive subjects which potentially could create conflicts of interest.

To qualify as independent, in compliance with the most stringent requisites established by the Code, with more regard to the substance rather than the form, directors must not be in any of the following situations:

- (i) they control the Company, directly or indirectly, even through subsidiary companies, trust companies or through a third person; or they can exercise a considerable influence on the Company or they have entered into a corporate governance agreement by means of which one or more subjects can exercise the control or a considerable influence on the issuer;
- (ii) they are, or have been during the past three financial years, leading figures of the issuer, or of one of its strategically important subsidiaries or of a company subjected to common control with the Company, or of a company or body which,

even together with others united in a corporate governance agreement, controls the issuer or is able to exercise a considerable influence on the said company;

- (iii) they have, or have had during the last financial year, directly or indirectly (for example, through subsidiary companies or where they are leading figures, such as partners of a professional practice or as consultants) a significant commercial, financial or professional relationship;
  - with the issuer, one of its subsidiaries, or with any of the related leading figures;
  - with a subject which, even with others united in a corporate governance agreement, controls the issuer or – being a company or body – with the related leading figures;

or they are, or have been during the last three financial years, employed by one of the above subjects;

- (iv) they receive, or have received during the past three financial years, from the Company or from a company controlled by or controlling the Company, a significant additional remuneration (with respect to the ‘fixed’ fee as non-executive director of the issuer), even under the form of incentive plans linked to company results, even share-based;
- (v) they have been directors of the Company for more than nine years during the past twelve years;
- (vi) they hold the office of executive director in another company where an executive director of the Company holds the office of director;
- (vii) they are shareholders or directors of a company or an entity belonging to the network of the company appointed as legal auditors of the Company; and
- (viii) they are closely related to a person who is in one of the situations described above.

It is provided that the Board of Directors shall annually assess the independence of the Directors, taking into account the information given by each of them, verifying in accordance with application criteria 3.C.4 of the Code, the absence of situations which can or appear to compromise the autonomy of judgement and the free appreciation of the Management’s conduct. With the same frequency the Board is required to monitor the offices of director or Statutory Auditors, held by the members in other companies listed on regulated markets, including foreign markets, in banks, financial or insurance companies or companies of significant size.

The Board of Statutory Auditors has the duty to verify the correct application of the criteria and procedures adopted by the Board of Directors to ensure the independency of its members and to give its opinion regarding the conclusions reached by the Board. The independent Directors undertake to maintain their independent nature for the entire length of their tenure and, in the event of a loss of independency, to resign.

\* \* \* \* \*

The independent Directors currently in office are: Giovanni Salsi, Raimondo Cinti and Claudio Berretti. Their requisites have been assessed and confirmed by the Board of Directors during the meeting held on April 27, 2012 and March 12, 2015, both with regards to the conditions indicated in art. 147-ter, TUF, and in the Code. The Board of Statutory Auditors has periodically approve the method and base used for the assessment and has approved the results.



It is confirmed that the independent Councillors periodically make a written declaration that they are still suitable for qualification as independent in compliance with current rules and the Code of Governance.

The independent Directors normally meet at least once a year, without any other Directors present. During the financial year 2014 they met once on November 14th and on that occasion they have given their opinion on the correct functioning of the Board of Directors and the various Committees. They also pointed out that during the Board Meetings they have always been timely and fully informed regarding the outlook and the management of both Bolzoni S.p.A. and the other group companies and have always obtained, whenever requested, all the necessary explanations, thus giving them the opportunity of sharing the proposals regarding both the corporate strategies and the objectives proposed from time to time. They have evaluated the checks carried out by the Committees and have therefore considered adequate the actions taken by the company with regards to the application of Law decree 231 and in line with the company requirements.

#### **4.7 Lead independent director**

Given the provisions of the Code, the Board of Directors, with the unanimous consent of the independent Directors, has periodically confirmed its firm determination not to proceed with the appointment of a lead independent director, and this because of the following reasons: (i) the Chairman is not the prime responsible for the management of the company, which is a shared responsibility and function with the Chief Executive Officer, Roberto Scotti, and (ii) the Chairman is not the subject who controls the Company, but only the relative majority shareholder with a stake of 38.80% in the company controlling Bolzoni, that is to say Penta Holding S.p.A.

The multiple roles of strategic responsibility within the Board determine dialectics which are favourably considered by the Board itself and is behind the orderly, constructive and free involvement in decisions by all the Directors. The regular flow of information and the intensity of the Board's activities confirm that the direction taken is correct and appropriate.

## **5. THE PROCESSING OF CORPORATE INFORMATION**

### **5.1 Procedure for processing inside, or in any case confidential, information**

With resolution by the Board of Directors of March 26, 2007, and in order to uniform the Company's operations to best practice and the provisions of the Code, the Company has adopted a procedure regarding corporate information, while had already established by resolution of the Board of Directors on May 19, 2006, the register of people having access to inside information, in accordance with article 115-*bis* of the Consolidated Act.

This procedure provides rules on management of information flows within the Company (also with respect to the register of persons having access to inside information) and coordinating communication to the public of the so called inside and in any case confidential information, in order to prevent that disclosure of information concerning the Company is done selectively, untimely or incompletely or inadequately.

More specifically, the above procedure concerning the regulation of flows of information includes:

- detailed rules for the management of the register of people having access to inside information, established pursuant to article 115-*bis* of the Consolidated Act, under the

- direction of the Chairman and/or the CEO designated for the purpose, prepared by the CEO secretariat that shall update it and inform persons registered in it, without delay;
- confidentiality obligations borne by Directors and Auditors on documents and information acquired in the performance of their duties;
  - manners of approval and distribution of press releases relating to accounting data or significant facts under approval by the Board of Directors;
  - coordination by the Chairman and/ or CEO of all information flows (i) internal, (ii) inter-company and (iii) external, which have corporate value or that fall within the scope of applicability of the laws and/or regulations in force. With particular reference to the inside information, it is provided that the same may not be externally communicated without prior authorization and agreement of the Chairman or Chief Executive Officer;
  - confidentiality obligations by Executives and Employees of the Company regarding inside information which they have obtained in the performance of their duties. In particular, Employees shall process such information only using authorized channels, giving immediate communication to the Chairman or the CEO of inside information they have obtained and taking all necessary caution so as to prevent that circulation within the company of the inside information could undermine their confidentiality; and
  - the prior and explicit authorization from the Chairman/CEO regarding any relationship with the press and other media (through, for instance, press releases, interviews, speeches at conferences, etc..), as well as for all meetings with financial analysts and institutional investors and, more generally, with shareholders, aimed at document disclosure and dissemination of information concerning the Company

With reference to the figure of the investor relator (see paragraph 15.2) it is to be noted that he, under the supervision of the CEO, is responsible for the “investor relation” function, namely the management of relations, in particular, with (i) institutional Investors, (ii) Shareholders, (iii) the Press, (iv) financial Analysts, and (v) the financial markets, as trading venues of financial instruments issued by the Company. The investor relator operates in accordance with the policies set forth by the CEO for external communication, as well as the existing laws/regulations in this matter. The investor relator maintains an archive of external information on corporate matters.

The investor relator also monitors compliance by the employees and/or consultants possibly involved, with the principles of fairness on the documentation and information which (even though not falling under the confidentiality obligations regarding inside information) may be subject of external communication, as already said, without prior authorization from the Chief Executive Officer.

Regarding the dissemination of inside information outside, it is expected that this occurs in a complete, timely and appropriate manner, in order to prevent that the timing or the scope of disclosure might give rise to situations in a position to influence the course of negotiations or alter the fundamental symmetry of information between investors and the various operators in the market; the exercise of the adequate precautionary measures is the responsibility of the investor relator, under the direction of the Chairman, and/ or the CEO.

Finally note that, in accordance with the provisions of the Code, to the Members of the Management and Control bodies, and to persons who perform functions of management and to executives pursuant to Rules for Issuers, it is prohibited to conduct, directly or through intermediaries, operations of purchase, sale, exchange or subscription of shares and financial instruments linked to shares, fifteen days prior to the Board of Directors meeting called to approve the accounts of the relevant period (so-called “Black-out period”). They are not

subject to limitation the exercise of any stock options or of options relating to financial instruments, and, limited to shares arising from stock option plans, the connected transfer operations as long as they are performed simultaneously with the exercise. The limitations do not apply in the case of exceptional circumstances, provided that they are properly motivated in advance to the Company.

## **5.2 Code of Conduct (Internal Dealing)**

The Company has approved the adoption of a code of internal dealing to comply with the requirements of article 114, paragraph seventh, of the Consolidated Act and its implementing provisions contained in articles 152-*bis* and following of Rule for Issuers.

As mentioned above, the Company has established a register of people having access to inside information pursuant to article 115-*bis* of the Consolidated Act, disciplining the maintenance by the CEO secretariat, under the direction of the Chairman and/or CEO.

## **6. COMMITTEES WITHIN THE BOARD (ex art. 123-*bis*, paragraph 2, letter d) TUF)**

In order to increase the effectiveness and efficiency of the work of the Board of Directors, a Nomination Committee (see paragraph 7), an Audit and Risk Committee (see paragraph 10), a Remuneration Committee (see paragraph 8) and a Compliance Committee (see paragraph 11.3) have been established.

It should also be noted that on November 29, 2010 the then Internal Control Committee (now called the Audit and Risk Committee) was assigned the task of performing the functions of the Committee for Operations with Related Parties, in accordance with the Procedure adopted pursuant to art. 4 of the Rules for Related parties, and exercising the related powers (see paragraph 12).

## **7. NOMINATION COMMITTEE**

Following the election of the new Board of Directors, during the Shareholders' meeting held on April 27, 2012, the same Board of Directors in its first meeting held on the same day, formed the Nomination Committee, in accordance with art. 5.P.1. of the Code.

The duties of the Committee are:

- to assist the Board of Directors in the evaluation of the dimension and the composition of the Board itself and
- make suggestions regarding professional figures whose presence in the Board would be suitable, in addition to those subjects mentioned in articles 1.C.3 and 1.C.4 of the Code.

In view of the contents of article 5.P.1 of the Code which establishes that the Nomination Committee must contain mainly independent members, the independent Directors Raimondo Cinti and Giovanni Salsi and the non-executive director Pier Luigi Magnelli have been called

upon to be a part of the committee. Raimondo Cinti has been appointed chairman of the Committee.

During the financial year 2014 the Committee held one meeting. A meeting has also been scheduled for the current financial year and has been held on March 11<sup>th</sup>.

As established by the Committee Rules, meetings are regularly reported.

## **8. REMUNERATION COMMITTEE**

### **8.1 Composition and activity of the Remuneration Committee (ex article 123-bis, paragraph 2, letter d), TUF)**

Related information is given in the specific Report on Remuneration drawn up and published in accordance with art. 123-ter of TUF

### **8.2 Functions of the Remuneration Committee**

Related information is likewise given in the specific Report on Remuneration drawn up and published in accordance with art. 123-ter of TUF.

## **9. REMUNERATION OF DIRECTORS**

Information on the remuneration of Directors is provided in the Remuneration Report, prepared in accordance with articles 123-ter of TUF and 84-quarter of Rules for Issuers as well as in compliance to guidelines contained in art. 6 of the Code, available to the public on the Company's website ([www.bolzoni-auramo.com](http://www.bolzoni-auramo.com)).

### **9.1 Indemnity for Directors in the event of resignation, dismissal or termination of the relationship as a result of a public offer (ex article 123-bis, paragraph 1, letter i), TUF)**

Further information is available in the Remuneration Report, prepared in accordance with articles 123-ter of TUF and 84-quarter of Rules for Issuers as well as in compliance to guidelines contained in art. 6 of the Code, available to the public on the Company's website ([www.bolzoni-auramo.com](http://www.bolzoni-auramo.com))

## **10. AUDIT AND RISK COMMITTEE**

### **10.1 Composition and activity of the Audit and Risk Committee (ex article 123-bis, paragraph 2, letter d), TUF)**

The Board of Directors has established an audit and control Committee (“**Audit and Risk Committee**”) characterized by the functions, instruments and objectives contained in the Code.

As of the Date of the Report, the Audit and Risk Committee is composed of three non-executive Directors, namely Raimondo Cinti, Giovanni Salsi and Pierluigi Magnelli the first two independent. The Chairman of the Committee is Giovanni Salsi who has matured a significant experience in accounting and financial areas. These characteristics also emerge from his personal and professional details described at the previous point 4.2

The Company has approved rules for the functioning of the Audit and Risk Committee, according to which the Committee should meet at least twice a year and, in any case, before the approval by the Board of Directors of the draft financial report and the half-year report, reporting to the Board the results of its activity. In performing its institutional activities the Committee is allowed access to the information and company functions as is necessary or advisable in order to fulfill its tasks, and may also revert to external consultants at the expense of the Company.

## **10.2 Functions of the Audit and Risk Committee**

The Audit and Risk Committee has advisory and proposing functions aimed at assisting the Board of Directors, in particular:

- the definition of the guidelines of the internal control system;
- giving its opinion on specific aspects regarding the identification of the company's or group's main risks;
- the evaluation, at least once a year, of the adequacy, efficiency and the correct functioning of the internal control and risk management system;
- the approval, at least once a year, of the internal auditor's work plan; and
- the evaluation of the results highlighted by the legal auditing firm and the report they prepare on the fundamental questions emerging during audit

Among its specific duties, the Audit and Risk Committee performs the following:

- it evaluates, together with the Manager responsible for preparing the company's accounting documents, and having acquired the opinion of the legal auditing firm and the board of statutory auditors, the correct use of the accounting standards and their homogeneity in the preparation of the consolidated financial report;
- it provides opinions, on invitation by the executive Director specifically appointed for the task, with the purpose of enabling an increasingly better business management, on strategic, business, financial and non-conformity risks, and informs the Board of the Directors;
- it reports back to the Board of Directors, at least every six months, when the annual and interim financial reports are approved, on the activities carried out as well as on the suitability of the internal control system;
- it monitors the autonomy, adequacy, effectiveness and efficiency of the internal auditing function, also examining the periodic reports;
- it asks the internal auditing function – if necessary – to make checks on specific operating areas, immediately notifying the Chairman of the Statutory Auditors thereof;
- it carries out other duties conferred by the Board of Directors; and

- it carries out the duties of the Committee for Operations with Related Parties, as in the Procedure adopted pursuant to art. 4 of the Rules for Related Parties, exercising the related powers.

During the financial year 2014, the Audit and Risk Committee met three times , with all members present. The meetings lasted an average of 2 hours. All the meetings were reported; the presences of each member are indicated in Table 2.

During the financial period the Audit and Risk Committee:

- has expressed its opinion in favour of the approval, by the Board of Directors, of the work plan drawn up by the internal auditor, verifying its implementation through the examination of the reports prepared;
- has verified the autonomy, the effectiveness and the efficiency of internal auditing;
- has met the C.E.O., entrusted with the direction of the risk management system, for a combined examination of the structure and management of the internal auditing and risk management system and the company's operating, financial, market and compliance risks;
- has verified, together with the Manager responsible for the preparation of the accounting documents, and having heard the opinion of the Board of Statutory auditors and the legal Audit Firm, the correct application of the accounting standards;
- has examined relations with related parties and evaluated the criteria and procedures established for their identification, assessment and approval; and
- has reported to the Board of Directors, each semester during the approval of the annual and the half year financial statements, on the activities performed and on the adequacy of the internal auditing system.

The following have been invited to attend the Committee meetings: the Chairman of the Board of Statutory Auditors Giorgio Picone and the effective auditor Maria Gabriella Anelli. The Internal Auditor, Mattia Dordoni, regularly attends the Committee meetings. From time to time, the following have been invited to attend the Committee meetings in relation to specific issues: Marco Bisagni (Financial Officer and manager responsible for the preparation of the accounting documents) and Roberto Scotti (CEO responsible for the direction of the control system). Some of the members of the legal auditing company Deloitte & Touche have also attended (dott.ssa Valeria Brambilla and dott. Marco Rossi).

For the financial year 2015 four meetings have been scheduled. At the date of this report one meeting had already taken place.

## **11. INTERNAL AUDITING AND RISK MANAGEMENT SYSTEM**

The internal auditing and risk management system is the set of processes aimed at monitoring the efficiency of business operations, the reliability of financial reporting, compliance with laws and regulations and the protection of corporate assets.

The internal auditing and risk management system satisfies the need to safeguard a healthy and efficient management of the company , as well as identifying, preventing and handling, as

far as possible, risks of a financial and operating nature and frauds to the detriment of the Company.

Responsibility for the internal auditing and risk management system belongs to the Board of Directors which establishes guidelines and confers the proxies for its management periodically verifying its regular functioning with the assistance of the Audit and Risk Committee and the internal auditor. The appointment of the Audit and Risk Committee indeed does not entail a waiver from the Board of Directors' tasks and responsibilities, with regard to the duty of supervising general performance of management and internal control. These two aspects are inseparable. Indeed, an effective internal auditing and risk management system contributes to ensuring the protection of the company assets, the efficiency and the efficacy of the company's operations, the reliability of financial information, the observance of laws and regulations.

The guidelines of the internal auditing and risk management system are defined by the Board of Directors in a specific document establishing the criteria for the identification of the principal risks pertinent to the Issuer and its subsidiaries, appropriately measured, handled and monitored, establishing the compatibility of these risks with the management of a company in line with the identified strategic objectives. The guidelines also define the higher level roles and responsibilities conferred in view of the management and control of the system.

The Board of Directors annually approves the work plan of the Internal Auditor, once the Board of Statutory Auditors and the director in charge of the direction of the internal auditing and risk management system have been consulted. Every six months the Audit and Risk Committee presents the Board of Directors (which assesses the conclusions) a report on its activity confirming the adequacy and effectiveness of the internal auditing and risk management system in relation to the corporate characteristics and the risk profile undertaken. On the basis of the information provided by the Committee and the information collected directly or indirectly from the Director in charge, the Internal Auditor, the Manager responsible for the preparation of the company accounting documents, the Compliance Committee, the Board of Statutory Auditors and the Audit Firm, the Board of Directors forms its opinion on the adequacy of the internal control and risk management system. In this way, the Board of Directors assures, in particular, that its evaluations and decisions regarding the system of controls are supported by an adequate investigation activity.

On this basis, in relation to the corporate characteristics, the Board of Directors of the company believes that the current internal control and risk management system is adequate, as last officially resolved on March 12, 2015.

For further information on the main characteristics of the risk management and internal auditing system applied to the financial disclosure process, also consolidated, please refer to Appendix 1.

### **11.1 Director in charge of internal auditing and risk management system**

The CEO, Roberto Scotti, is charged with the duty to define the manners and means of implementing the system, pursuant to the guidelines established by the Board of Directors; the same director ensures the adequacy, the concrete functionality and adaptation to changes in operating conditions and legislative and regulatory framework. In particular, he identifies, monitors and manages the main business risks of a strategic, operating, financial and compliance nature, which he periodically submits to the Board of Directors.

Furthermore, the director in charge of the internal auditing system has shared the results of checks on specific operating areas and on the observation of internal rules and procedures with regards to the corporate operations with the Internal Auditor, the Chairman of the Board of Directors, the Chairman of the Audit and Risk Committee and the Chairman of the Board

of Statutory Auditors. In the fulfilment of his duties the Director in charge of internal auditing and risk management system, careful to the systematic recognition of the adequacy and effectiveness of the administration of the most important risks, also taking into consideration the operating and regulatory dynamics in which Bolzoni operates, has not encountered any particular problems or critical situations requiring to be reported to the Board of Directors or to the Committee.

## **11.2 Internal Auditor**

On March 14, 2013 the Board of Directors following the favourable opinion of the Audit and Risk Committee, has appointed the employee Mattia Dordoni as Internal Auditor, in the framework of a rationalisation of roles in the department. In this role, for the functions performed regarding internal control, Mattia Dordoni is independent hierarchically from any areas of operational responsibility, and reports directly to the Board of Directors, working closely with the director responsible for the internal control system, the Audit and Risk Committee and the Board of Statutory Auditors. According to the assessment made by the Board of Directors on March 12, 2015, he has been provided with adequate resources to effectively conduct his auditing functions, in consideration of the corporate dimensions, the risk profile undertaken, the extent of the risks to be dealt with. The Internal Auditor has all the necessary professional requisites and receives a fee considered adequate for his role and responsibilities and coherent with the company policies.

The Internal Auditor, endowed with the appropriate professional requisites for the role he must perform, is guaranteed access to all the relevant information necessary for the performance of his duties.

During the financial year the Internal Auditor, in addition to discharging auditing functions connected to management, carries out activities for monitoring the principal risks connected to the various corporate activities and trains personnel on the main issues regarding the Company's internal auditing system so that staff is aware of its rules, principles and values. Within the area of the auditing plan approved by the Board, the Internal Auditor verifies the reliability of the IT and accounting systems.

The Internal Auditor also assists the manager responsible for the preparation of the accounting documents, stimulating the continuous improvement of accounting procedures. The Internal Auditor also attends, as a rule, the meetings of the Audit and Risk Committee, in close collaboration, submitting his work plan to the Committee and updating it on all the internal audit activities implemented during the financial year.

The Internal Auditor has not been assigned specific financial resources as, in the performance of his duties he uses the resources and structures of the Company on an on-going basis, which, as already mentioned, the Board of Directors considers adequate. If he should so request, the Board of Directors may provide specific investments for advisors or training, if they are considered opportune.

During the financial year 2014 the following main activities have been carried out by the Internal Auditor:

- the update of the risk matrix for each single function and the 2014 work plan;
- the verification, within his audit plan, of the reliability of the IT systems, including the accounting system;
- the analysis, together with the manager responsible for the preparation of the company's accounting documents, of the system of internal controls related to financial disclosure process (actions L. 262);



- the monitoring and periodical updating of the company benchmark indicators and periodical monitoring of the subsidiaries' (domestic and foreign) actual results compared to forecasted results;
- periodic report to the Audit and Risk Committee and indirectly to the Board of Directors and the Board of Statutory Auditors on the activities performed, results obtained and points emerged;
- check on the compliance of certain important areas such as the management of inside information, the correct updating of register of persons with access to inside information and related notification of entry (actions against market abuse);
- analysis of procedures for managing the IT system, disaster recovery and programmatic safety document and check of compliance with Organisation Model 231; check of the IT controls regarding access to systems and to privileged information both regarding financial statements and Staff;
- support to the Compliance Committee ex Decree 231/2001, also periodically checking the email box dedicated to possible warnings or requests, as established by the same Decree 231.

### **11.3 Organization Model ex Leg.D. No. 231/2001**

In execution of the resolution of the Board of Directors on September 20, 2007, the Company has launched over the course of 2007, and completed in the first quarter of 2008, the project for the preparation and implementation of the Organization Model under Decree 231.

The Company continues in its review of the sensitive business operations, in order to monitor the areas of risk in connection with the commission of crimes which are presupposed by this law. In parallel, the business functions which are more involved in such activities at risk are stimulated to oversee the related controls.

The Organization model was approved and, consequently, implemented with the approval of the Board of Directors on March 26, 2008. The Organizational Model provides a set of behavioural protocols aimed at preventing the commission, or at least reducing the risk of commission, of those crimes which are referred to by the Decree 231, in the interest or benefit of the Company, by Directors, Managers, Employees of the Company or third parties, who are in any case subject to the supervision or control of the Company.

At the same time the Organization Model was approved, the Company nominated a Compliance Committee, equipped with the requisites of autonomy and independence, with the task of constantly supervising the effectiveness, the efficiency and the adequacy of the Organization Model with respect to the company's reality. The Model is available for consultation on the company website, in the Governance section, Codes and Manuals.

It should be noted that the Company has adopted a Code of Ethics extended to all the Group companies, even abroad. This is also available on the company web-site.

\* \* \* \*

At the Date of the Report the members of the Compliance Committee, whose remain in office until the current Board of Directors is renewed are Giovanni Salsi, Raimondo Cinti (independent Directors of the Issuer) and Pier Luigi Magnelli. Mattia Dordoni, Internal Auditor, assists the Directors during the meetings of the Compliance Committee.

In the course of the financial year the Compliance Committee met four times, under the chairmanship of Raimondo Cinti, in order to verify the adequacy of the Organisation Model

following changes in the rules, legal interpretations and possible changes in the configuration of company risks.

During the meetings the Compliance Committee:

- in certain areas of common interest, has examined the work plan prepared by the Internal Auditor and has verified its implementation through the examination of the periodic reports prepared by the Internal Auditing function regarding its activities;
- it has studied the quarterly reports prepared during the year by the manager in charge of safety and health at work;
- has verified the functioning and the observance of the Organisation, Management and Control Model;
- has held periodic meetings with some of the managers responsible for the functions involved in the application of Model ex D.Lgs. 231/01;
- has reported to the Board of Directors on its work and provided a plan of the activities it intends performing during the year.

The meetings of the Compliance Committee have been regularly reported.

The Compliance Committee has been assigned by default annual financial resources amounting to 10,000 Euros. In the event of need or if suitable, the Committee has the right to ask the Board of Directors for a further amount for consultants or expert opinions.

#### **11.4 Audit Firm**

The legal auditing of the accounts is performed by Deloitte & Touche S.p.A., a company registered with Consob, appointed for the financial years 2012-2020, by the ordinary Shareholders' meeting on April 27, 2012 on the reasoned proposal made by the Board of Statutory Auditors.

#### **11.5 Executive responsible for the preparation of company accounts**

According to article 25-*bis* of the By-laws, the Board of Directors has appointed, after consulting the Board of Statutory Auditors, in accordance with article 154-*bis* of the Consolidated Act, the Executive responsible for the preparation of company accounts, who shall have specific professional expertise in the field of administration, finance and control.

The Board of Directors, in the meeting on April 27, 2007, noted the favourable opinion expressed by the Board of Statutory Auditors and verified the existence of the requirements of professionalism provided by the By-laws, appointed Marco Bisagni as executive responsible for the preparation of company accounts under article 154-*bis* of the Financial Consolidated Act:

Marco Bisagni is currently the Director of Finance of the Company and, in that capacity, has ample powers and resources to carry out his tasks.

#### **11.6 Coordination between subjects involved in internal auditing and risk management system**

The activity of the Audit and Risk Committee is a favourable moment for coordination between the various actors involved in internal auditing. As previously explained, during the financial year both the Chairman of the Board of Statutory Auditors and the Internal Auditor have regularly attended the meetings of the Committee. On specific invitation by the

Chairman, also on the basis of the suitable coordination of the respective activities, the following have also participated providing a contribution to the various points in discussion: the director in charge of Audit and Risk System, the manager responsible for the preparation of the company accounting documents, the Health and Safety Manager and some members of the external Audit Firm.

It should be remembered that the members of the Committee are also members of the Compliance Committee, constituted in accordance with art. 6, Leg. Decree 231/01 and in their office may therefore take advantage of the know-how acquired in the different areas.

## **12. INTERESTS OF DIRECTORS AND TRANSACTIONS WITH RELATED PARTIES**

The Procedure regarding operations with related parties ( the “Procedure”) was unanimously approved by the Company’s Board of Directors on November 29, 2010 following the positive opinion unanimously expressed by the Committee for Related Parties (identified by the Procedure with the current Committee for Audit and Risk created pursuant to principle 7.P.3 of the Code), pursuant to art. 2391-*bis* of the Italian civil code and art.4, paragraphs 1 and 3, of Consob’s Rules for Related Parties.

The purpose of the Procedure, available on the Company’s web site [www.bolzonauramo.com](http://www.bolzonauramo.com), in the Governance Section, Codes and Manuals, is to define the rules, the terms and the standards aimed at ensuring transparency and substantial fairness of operations with related parties performed by the Company, directly or through its subsidiaries.

### **12.1 Operations with Related Parties – inquiry and approval**

As a ‘company of minor dimensions’ in accordance with article 3, paragraph 1, letter f), of the Rules for Related Parties, the Company has chosen, as per article 10 of the said Rules , to apply to Operations with Related Parties of Greater Relevance the procedure established for Operations with Related Parties of Minor Relevance described below and contained in article 5 of the Procedure.

The Company’s Board of Directors, that is to say the competent Delegated Body approves the Operations with Related Parties, following the non-binding and justified opinion of the Committee for Operations with Related Parties, on the interests of the Company regarding the execution of the Operation as well as the advantage and the substantial fairness of the related conditions.

In order to enable the Committee for Operations with Related Parties to provide a justified opinion on the subject:

- (i) the Responsible Function must give the Management sufficiently in advance, complete and adequate information on the Operation with Related Parties. In particular, this information must cover the nature of the correlation, the fundamental terms and conditions of the Operation, the timetable, the reasons underlying the Operation together with possible risks for the Company and its subsidiaries. The Management will take care of transmitting the information to the Committee; and
- (ii) if the Committee for Operations with Related Parties considers it to be necessary or appropriate, it can revert to one or more independent advisors or experts of its own choice. The experts should be selected among subjects known for their professional skills, independence and competence in the specific matter.

The Committee for Operations with Related Parties should express its opinion in due time for the approval of the Operation with Related Parties by the competent Body and provide adequate information on the procedures, precautions and conclusions of the inquiry carried out. This information should cover at least the nature of the correlation, the terms and the conditions of the Operation, timetable, the assessment procedure followed and the reasons underlying the Operation as well as possible risks for the Company and its subsidiaries and any further specific precautions to be taken. The Committee should also pass on to the body qualified to decide on the Operation any other opinions required and obtained in relation to the Operation itself.

If the Operation falls under the competence of the Board of Directors, the minutes of the approval resolutions should include adequate justification regarding the Company's interest towards the Operation being performed as well as the advantage and the substantial fairness of the related conditions.

Regarding Operations with Related Parties under the competence of the Shareholders Assembly or requiring its authorisation under article 2364, paragraph 1, n. 5 of the Italian Civil Code, for the negotiation phase, the inquiry phase and the approval phase of the proposed resolution to be submitted to the Shareholders Assembly, the provisions indicated in this article 5 are applicable.

If the Board of Directors intends submitting the Operations of Greater Relevance to the Shareholders Assembly, despite the contrary opinion or however, without taking into account the observation of the Committee for Operations with Related Parties, the Operation cannot be performed if the majority of unrelated voting Shareholders votes against the Operation, provided however that the unrelated Shareholders present in the Assembly represent at least 10% of the share capital with voting right.

Subsequent to the decision by the competent Body with regards to the Operation, the Management informs the Responsible Function and the Committee for Operations with Related Parties of the result of this resolution without delay.

## **12.2 Operations with Related Parties performed through subsidiary companies**

Operations performed through subsidiary companies must be submitted to the prior non-binding opinion of the Committee for Operations with Related Parties, which must provide its opinion in time to allow the competent Body to authorise or examine or assess the Operation.

## **12.3 Exclusions and exemptions**

Without prejudice to the cases of exemption established under article 13, paragraphs 1 and 4, of the Rules, the Procedure is likewise not applied to:

- (a) operations related to remunerations schemes based on financial instruments approved by the Shareholders' Assembly according to art. 114 *bis* of the Consolidated Act and related executory operations;
- (b) resolutions regarding the remuneration of Directors with special offices, other than those indicated in art. 13, paragraph 1, of the Rules for Related Parties, and of other Directors with strategic responsibilities, providing that the requisites indicated in art. 13 of the Rules for Related Parties are observed;
- (c) Small Amount Operations (as defined by the Procedures, those for amounts under € 60,000);

- (d) Ordinary Operations concluded at conditions equivalent to those of the market or standard (i.e. conditions similar to those usually applied towards unrelated parties for operations of corresponding nature, entity and risk, or based on controlled rates or fixed prices, or applied to subject with whom the company is obliged by law to do business at a certain consideration) as per article 13, paragraph 3, letter c) of the Rules for Related Parties within the limits therein;
- (e) Urgent operations as per article 13, paragraph 6, of Rules for Related Parties within the limits and the terms established therein;
- (f) operations with or between subsidiary companies, even jointly, of the Company, or operations with the Company's associated companies, if there are no Significant Interests belonging to other Related Parties of the Company in the subsidiary or associated companies who are counterparts in the operation;

without prejudice to the disclosure obligations applicable in accordance with art. 11 of the Procedure.

These possible exemptions are also applicable, *mutatis mutandis*, to operations performed through subsidiary companies. With specific regards to the exemption for ordinary operations, with the purpose of evaluation the ordinary nature of the operation, the activity of the subsidiary company will count, except when the subsidiary is a special purpose entity established for the execution of this Operation, in which case the verification of the ordinary nature must also be performed on at least one of the activities carried out by the Bolzoni Group.

### **13. APPOINTMENT OF STATUTORY AUDITORS**

According to article 22 of the By-laws, the Board of Statutory Auditors consists of three effective Auditors and two alternates, who may be re-elected, and operates in compliance with the law.

Those who are not eligible or do not possess professionalism, good repute and independence as required by law, may not be appointed, and if so cease from office. Without prejudice to the ineligibility prescribed by law, those who hold positions of director and audit in excess of the limits set by the law and regulation in force may not be appointed as statutory auditors, and if so cease from office. The gender composition of the board of statutory auditors must respect the provisions of the law in force from time to time and in any case, both the effective auditors in office and the alternate auditors must represent both genders. Upon appointment of the auditors, the Shareholders' meeting determines their annual remuneration. The auditors shall be reimbursed of expenses incurred in the performance of their duties.

The appointment of auditors is made on the basis of slate voting according to the following procedures aimed at ensuring the appointment of an effective auditor and an alternate auditor nominated by minority shareholders. Lists to be submitted shall be composed of two sections: one for the appointment of effective auditors and the other for the appointment of alternate auditors. Each list must indicate at least one candidate in the effective auditor section and at least one candidate in the alternate auditor section. The lists must contain a number of candidates not exceeding the number of members to be elected, listed in numerical order. The current By-laws have been updated on April 29, 2014 to include the provisions of art. 1, paragraph 3, law n° 120 of July 20, 2011 regarding the necessary gender balance in the composition of the Board of Statutory Auditors in listed companies. If made up of a number of candidates higher than the prescribed minimum, each section of each list must include, in

the first and only two positions, candidates of different genders. Each candidate may appear on one list, failing which he/she shall be ineligible.

Shareholders who, alone or together with other shareholders, hold at the time of submission of the list, a total portion of the share capital consisting of shares having voting rights in ordinary Shareholders' meeting, as determined in accordance with the provisions established by laws and regulations, and currently equal to 2.5% (Consob resolution n° 19109 of 28/1/2015) of the share capital shall be entitled to submit a list of candidates. Each shareholder may compete for only one list failing which the votes he/she may receive shall not be taken into account in any of the lists.

The lists, undersigned by those who have presented them, must be deposited at the registered office of the Company at least twenty-five days before the date scheduled for the Shareholders' meeting on first call, summoned for the appointment of members of the Board of Statutory Auditors; the lists must be made available to the public at the Company's registered office, on its web-site and as specified by Consob at least twenty-one days before the date of the Shareholders' Meeting.

Ownership of the minimum amount of shares required for presentation of the lists is determined on the basis of the shares registered in favour of the shareholder on the day the lists are presented at the Company's registered office. The related certification, issued according to the regulations in force at the time, may be produced even after presentation as long as it reaches the Company within the date established by the rules or regulations in force at the time with regards to the publication of the lists by the Company. Presentation is valid also for the second and third call, where applicable, when executed as above.

According to the law, if only one list has been presented within the twenty-fifth day prior to the Shareholders' meeting, or if only lists are presented by the shareholders connected to each other, the minimum stake established for presenting the lists is reduced by a half.

In order to be validly presented, the lists must contain (i) information on the identity of shareholders who have submitted them, indicating the percentage of shareholding held and a certification as to the ownership of such shareholding, (ii) a statement of shareholders other than those holding, separately or jointly, a controlling shareholding or of relative majority, stating the absence of the relationships provided for by the laws with the former, and (iii) a comprehensive information on the personal and professional characteristics of the candidates, as well as a statement certifying that candidates meet the requirements set by law and their acceptance to the candidacy. Each shareholder has the right to vote for only one list.

The first two candidates on the list who receive the largest number of votes and the first candidate on the list proved to be the second by number of votes shall be appointed as effective auditors. The first candidate on the list receiving the largest number of votes and the first candidate on the list proved to be the second by number of votes, shall be appointed as alternate auditors. In case of a tie between two or more lists, candidates younger in age up to the positions to be allocated, shall be appointed as auditors.

The Chairman of the Board of Statutory Auditors is appointed by the Shareholders' meeting among the effective auditors nominated by the minority; if two or more lists receive the same number of votes, the above procedure shall apply.

If, with the above indicated procedure, the composition of the board of statutory auditors for the alternate members is not guaranteed to be in compliance with the rules in force at the time regarding gender equality, the necessary substitution must be made from the alternate auditor candidates in the list with the highest votes.

Where the requirements set by law or the By-laws are not met after appointment, the Auditor ceases from office.

In the event of cease of office of an auditor, the alternate auditor belonging to the same list as the one ceased replaces such auditor until the next Shareholders' meeting, unless, to respect the applicable gender equality, it becomes necessary for the other alternate auditor to be chosen. For replacements of the Chairman, the chair is taken until the next Shareholders' meeting by the alternate auditor, who is drawn from the list to which the ceased Chairman belonged. If the Shareholders' meeting is called to provide under law to the appointment of effective auditors and/or alternate auditors and/or Chairman as necessary to the integration of the Board, due to the replacements above, the following procedure applies:

- should it be needed to replace the effective auditor and/or alternate auditor appointed from the list that was second highest in terms of number of votes, candidates are respectively the effective auditor and alternate auditor, who were not appointed, listed in the relevant sections of same list as the auditor to replace. He/she, who receives the largest number of votes, is appointed;
- should no names be proposed under the previous paragraph, or when the above chosen candidates do not possess the necessary gender requisites for the regular integration of the board of statutory auditors and in any case when it is necessary to replace effective auditors and/or alternate auditors from the list that received the highest number of votes, the provisions of the Civil Code shall apply and the Shareholders' meeting shall resolve with the majority of voters, excluding from the calculation those abstaining from voting, in compliance with the provisions in force at the time with regards to gender equality.

Where only one list is submitted, the Shareholders' meeting shall resolve with by a majority of voters, excluding from the calculation those abstaining from voting and the chair shall be given to the candidate listed at the top of the section of the list for candidates to the office of effective auditor. In the event that an auditor or the Chairman ceases from office, they are replaced by an alternate auditor and an effective auditor as indicated in progressive order in the relevant section of the list, until the next Shareholders' meeting, unless, in order to respect gender equality, it becomes necessary to replace them with another alternate auditor from the same list. If the Shareholders' meeting is called to provide according by law for the appointment of effective auditors and/or alternate auditors and the Chairman, as necessary for the integration of the Board as a result of above ceases from office, the provisions of the Civil Code apply and the Shareholders' meeting resolves with the majority of voters, excluding from the calculation those abstaining from voting, in respect of the provisions in force at the time regarding gender equality. The provisions of article 13 shall apply if no list is presented, again in observance of the provisions in force at the time regarding gender equality.

#### **14. STATUTORY AUDITORS (*ex article 123-bis, paragraph 2 letter d*), TUF)**

Pursuant to article 22 of the By-laws, the Board of Statutory Auditors is composed of three effective Auditors and two alternate Auditors, who may be re-elected, and functions in compliance with the law.

The Board of Statutory Auditors currently in office has been appointed by the Shareholders' meeting on April 29, 2013 and will remain in office for three financial years, until the approval of the financial statements as of December 31, 2015.

It should be noted that the appointment of the Board of Statutory Auditors in office at the Date of this Report took place in compliance with the mechanisms set forth by the Law and the By-laws described in previous Paragraph 13. Following the committed subscription by the majority shareholder, the legal obligations regarding gender equality among the members elected have also been observed.

On that occasion two lists were presented: one by Penta Holding S.p.A. the majority shareholder and the second list by Paolo Mazzoni, at the time not connected to the majority and which received 19.26% of the votes. From this list the following were appointed: Giorgio Picone, Chairman of this Board, and Andrea Foschi, alternate auditor.

The remaining members of the Board of Statutory Auditors, namely Carlo Baldi and Maria Gabriella Anelli (effective auditors) and Claudia Catellani (alternate auditor), were appointed from the list submitted by the majority shareholder Penta Holding which received 80.49% of votes in the Shareholders' meeting.

The composition of the Board of Statutory Auditors has not changed since its election.

It is possible to consult all the documentation regarding the lists, their composition, the shareholders presenting them, and the members elected on the company website: [www.bolzoni-auramo.com](http://www.bolzoni-auramo.com), Governance section, Shareholders' Meeting documentation 2013.

Information on personal and professional characteristics of the professionals who are members of the Board of Statutory Auditors is given below:

Giorgio Picone: born in Eboli (SA) on April 29, 1945. In 1971 he graduated in Business Administration from the University of Parma. He is a certified accountant and auditor and continues practice at his firm in Parma.

Carlo Baldi: born in Reggio Emilia (RE) on April 29, 1939. In 1964 he graduated in Business Administration from the University of Parma. He is a certified accountant and auditor and continues to practice at his firm in Reggio Emilia.

Maria Gabriella Anelli: born in Piacenza on September 29, 1956. In 1980 she graduated in Business Administration from the University of Parma. She is a certified accountant and auditor, and continues to practice at her firm in Piacenza.

Claudia Catellani: born in Reggio Emilia (RE) on November 3, 1971. In 1996 she graduated in Business Administration from the University of Modena. She is a certified accountant and auditor and continues to practice in Reggio Emilia; *and*

Andrea Foschi: born in Parma on October 13, 1964. In 1989 he graduated in Business Administration from the University of Parma. He is a certified accountant and auditor and continues to practice at his firm in Parma.

In the performance of its activity, the Board of Statutory Auditors: (i) has supervised the independency of the audit firm, verifying both the observance of the related rules and the nature and entity of those services other than accounting audits provided by the Audit Firm and by its branches to the Company and to its subsidiaries and (ii) has coordinated its work with the internal audit department and the Internal Control Committee through specific meetings and (iii) together with the Manager responsible for the preparation of the company accounting documents and with the external Auditors, has evaluated the correct application of the accounting principles and their uniformity with regards to the preparation of the consolidated financial report.

For further information on the composition of the Company's Board of Statutory Auditors and its activities, please see Table 3 at the end of this Report.

In the course of the financial year, the Board of Statutory Auditors met nine times. The meetings lasted an average of two and a half hours. For the financial year 2015, in addition to the meetings already held on February 5 and March 9 the following meetings have been scheduled: March 27, April 15, July 15 and October 12, in observance of the provision to meet at least every ninety days.



Auditors act with autonomy and independence and, therefore, are not "representatives" of the majority or minority shareholders who have nominated or appointed them.

The Board of Statutory Auditors has assessed the independency of its members when appointed and thereafter that the independency requisites have been maintained. In the execution of the above assessment the Board has applied all the principles established by the Code in relation to the independency of the Directors.

In the event of the Board of Statutory Auditors or one of its members holding any interest, both on behalf of itself or for third parties, in conflict with those of the Company, the fact and the circumstances must be reported to the Board of Directors before each resolution is passed.

In the performance of their duties, the Auditors may, even individually, ask the Directors for updates and explanations on the information they have been given and more in general, on the performance of company operations or on specific business, as well as carrying out inspections and controls at any moment. The Board of Statutory Auditors and the Audit Firm exchange figures and information relevant to the execution of their duties. In carrying out its activities, the Board of Statutory Auditors has kept in contact with both the Internal Auditor and the Audit and Risk Committee.

## **15. RELATIONS WITH THE SHAREHOLDERS**

### **15.1 Website**

Bolzoni has set up a special section (called "Investor relations") as part of its Internet website ([www.bolzoni-auramo.com](http://www.bolzoni-auramo.com)), which is easily identifiable and accessible, where information on the Issuer that is relevant to the Shareholders as to enable them to a conscious exercise of their rights, are made available.

### **15.2 Investor Relations**

The Company has appointed Eleonora Palumbo as the person responsible for relations with institutional Investors and other Shareholders (*i.e.* Investor Relator), with the task of facilitating their knowledge of the Company and the exercise of their rights. In any case she may not give communications on relevant facts prior to the communication to market, given that the Investor Relator is subject to the provisions governing the procedure for the processing of inside information referred to in Paragraph 5.1. ensuring the similar disclosure of information to the entire market.

The Company is very committed to the development and updating of its web-site, not only as a vehicle for official and legal communications but also as an instrument for drawing Investors and the Public towards the Company.

## 16. SHAREHOLDERS' MEETINGS (*ex art. 123-bis*, paragraph 2 letter c), TUF)

It should be remembered that the Legislative Decree n. 27 of January 27, 2010 – which in Italy implemented the directive 2007/36/CE on Shareholders' Rights – has considerably modified the terms for attending the Shareholders' meetings, establishing, among other things, new rules on the how and when the meeting is called as well as the legitimation of participation and the exercise of voting right. The provisions so introduced are aimed at facilitating attendance and shareholders' rights, particularly during the shareholders' meetings. Bolzoni has implemented these provisions and adjusted its By-laws accordingly with the resolution passed on November 29, 2010 by the Board of Directors.

Pursuant to the current article 8 of the By-laws, the Shareholders' meeting is called by means of a notice of convocation to be published on the Company's web-site ([www.bolzoni-auramo.com](http://www.bolzoni-auramo.com)) and in the manner and within the terms set out by current regulations. The notice of convocation may also contain a different date for a possible second call and, in the cases provided by applicable law, a third call may also be fixed. If the date of the second or third call is not indicated in the notice, the second or third call of the Shareholders' Meeting shall be convened within thirty days, of the first or second call respectively, by a notice published at least ten days before the date set for the meeting.

As laid down by the law, the notice of convocation of the Shareholders' meeting must be published at least thirty days before the date of the meeting itself, except for meetings convened for (i) the election of the members of the company bodies, in which case the term is forty days; (ii) the approval of defensive measures in the event of public offer acquisition offer, in which case the term is reduced to fifteen days; and (iii) the approval of a reduction in share capital or for the appointment of a liquidator, in which case the term is twenty-one days.

Pursuant to article 9 of the By-laws, the Shareholders' meeting can also be called each year by the Board of Directors, or rather by the person designated by the Board, at the Company's registered office or in another place in Italy or even abroad, as long as within the European Union, within one hundred and twenty days from the end of the financial year. In special cases, in accordance with the law, the shareholders' meeting can be called within one hundred and eighty days from the end of the financial year.

To attend or be represented in the Shareholders' meetings the provisions of law apply. Pursuant to article 83-*sexies* of Leg. D. n° 58 /1998, to legitimately attend the shareholders' meeting it is necessary for the Company to have received a notification issued by a qualified broker in accordance with applicable protocol, certifying ownership of the shares based on evidence contained in the accounting entries at the end of the accounting day of the **seventh day of open market prior to the first call of the shareholder's meeting** (so-called "record date"). Shares owned after the record date do not entitle the owner to attend or vote.

Pursuant to article 10 of the By-laws the broker's notification must reach the Company within the end of the third day of open market prior to the date fixed for the Shareholder meeting (first call) or within a different deadline fixed by the current applicable regulations. Attendance and voting right are still legitimate even if notification reaches the Company after the terms indicated in this paragraph but, in any case, before the start of the Shareholders' meeting.

Pursuant to the article 127-*ter* of the Consolidated Financial Act, shareholders may ask questions regarding the Agenda even prior to the Shareholders' meeting provided within the terms indicated in the notice of convocation. Questions received before the Shareholders' meeting are given a reply during the meeting at the latest. No reply is due if the information requested is already available in the form of Q&A in a specific area of the Company's web-site.

Those with voting rights can be represented at the Shareholders' meeting, as established by law, by means of a written proxy given in compliance to the procedure laid down by the existing regulations. The proxy can be notified via computer using the specific section of the company's web site, according to the procedure indicated in the notice of convocation or by certified e-mail to the address indicated each time in the notice of convocation.

Unless the By-laws establish differently, the Company may appoint a subject to which the subjects legitimized to exercise voting right may confer a proxy with instructions for voting on the proposals contained in the Meeting's Agenda. To further facilitate the attendance of legitimized subjects, Bolzoni has decided not to exclude from its By-laws the appointment of the representative therefore, the legitimized subjects may confer a proxy to the Representative designated by the Company, at no expense.

According to art. 13 of the By-laws, the Shareholders' meeting quorum and the quorum for passing resolutions are those established by the law.

There are no multiple votes or plus votes.

The powers of the shareholders' assembly are as established by the law; apart from these, the By-laws do not establish that the shareholders' assembly must authorize the execution of specific acts by the directors; vice-versa, in application of article 2365, paragraph two, c.c. and as previously described in paragraph 4.3 the board of directors has the following special competences:

- the resolution on mergers in the cases covered by articles 2505 and 2505-*bis* of the Civil Code, even those mentioned for demergers as in article 2506-*ter*, last paragraph of the Civil Code, where these rules are applicable;
- the constitution and closing down of branches;
- the indication of which directors have the authority to legally represent the company;
- any reduction in share capital in the event of withdrawal by a shareholder;
- the adjustment of the by-laws to regulatory provisions;
- transfer of headquarters in Italy.

\* \* \* \* \*

The Company has adopted, with resolution passed on January 23, 2006, the Rules for the Shareholders' meeting to govern the conduct of ordinary and extraordinary Shareholders' meetings of Bolzoni, amended to the provisions regarding Shareholder rights on April 29, 2011 with the resolution passed by the Shareholders' meeting. This regulation is available in downloadable format on the Company's website at [www.bolzoni-auramo.com](http://www.bolzoni-auramo.com). (Governance section/Codes and Manuals).

The Chairman of the Shareholders' meeting, even by means of appropriate delegates, shall verify the regularity of the constitution, the identity and entitlement of the attendees, and regulate the meeting establishing procedures for discussion and voting and ascertain the results of the vote.

All Directors shall on an ordinary basis participate at the Shareholders' meeting. The most recent Shareholders' meeting held on April 29, 2014 was attended by seven directors.

Shareholders are allowed to take part in the discussions during the meeting by simple request, according to the procedure established in the above-mentioned Rules (art. 6).

At least during the approval of the company financial report, the Board reports to the Assembly of Shareholders on the activities performed and scheduled and, in any case, each

time it believes it advisable. In order to enable the shareholders to take decisions during the Shareholders' Meeting, with full knowledge of the facts, the Board of Directors publishes, as established by the law, a detailed report on each point in the Business of the Day. This report is also made available in time on the Company's web site at the address: [www.bolzoni-auramo.com](http://www.bolzoni-auramo.com). (Governance section/Shareholders's Meeting Documentation).

Based on the information available to the Company, during the financial year there have not been any significant variations in the company structure. The share value during the period under examination has increased from 2.950 € on 2/1/2014 to 3.152 € on 11/3/2015.

**17. FURTHER CORPORATE GOVERNANCE PRACTICES (ex art. 123-bis, paragraph 2 letter a), TUF)**

At the date of this Report no particular corporate governance practices have been adopted other than those already indicated in this Report.

**18. CHANGES FROM THE END OF THE YEAR OF REFERENCE**

Save for what specified in the Report, from 31 December, 2014, to the Date of the Report, there have been no changes in the structure of the Issuer's corporate governance.

Podenzano, 12<sup>th</sup> March 2015

on behalf of the Board of Directors

The Chairman

Emilio Bolzoni

**TABLE 1: INFORMATION ON OWNERSHIP STRUCTURE**

<b>SHARE CAPITAL STRUCTURE</b>				
	<b>N° of Shares</b>	<b>% of the corporate capital</b>	<b>Listed (indicate market)/ not listed</b>	<b>Rights and duties</b>
<b>Ordinary shares</b>	25,993,915	100	MTA STAR Segment	Voting rights in the ordinary and extraordinary shareholders' meeting, dividends rights and reimbursement of capital in case of liquidation.
<b>Shares with multiple voting rights</b>	-	-	-	-
<b>Shares with limited voting rights</b>	-	-	-	-
<b>Shares without voting rights</b>	-	-	-	-
<b>Others</b>	-	-	-	-

<b>OTHER FINANCIAL INSTRUMENTS</b> (giving right to subscribe newly issued shares)				
	<b>Listed (indicate market)/ not listed</b>	<b>N° of instruments in circulation</b>	<b>Category of shares for conversion/exercise</b>	<b>N° of shares for conversion/exercise</b>
Convertible bonds	-	-	-	-
Warrant	-	-	-	-

<b>IMPORTANT SHAREHOLDERS</b>				
<b>Subject making the declaration</b>	<b>Direct Shareholder</b>		<b>% quota on the ordinary capital</b>	<b>% quota on the voting capital</b>
Tamburi Investment Partners S.p.A.	Tamburi Investment Partners S.p.A.		7.90	7.90
	<b>Total</b>		<b>7.90</b>	<b>7.90</b>
Lazard Frères Gestion	Lazard Frères Gestion		6.27	6.27
	<b>Total</b>		<b>6.27</b>	<b>6.27</b>
Penta Holding S.p.A.	Penta Holding S.p.A.		50.27	50.27
	<b>Total</b>		<b>50.27</b>	<b>50.27</b>

**TABLE 2: STRUCTURE OF THE BOARD OF DIRECTORS AND COMMITTEES**

BOARD OF DIRECTORS													Audit & Risk Committee		Remun. Committee		Nomin. Committee		
Office	Member	Year of birth	First appointed	In office since	In office until	List (M/m) *	Exec.	Non-Exec.	Indep. acc.to Code	Indep. acc. to TUF	(*)	N° of other offices **	(*)	(**)	(*)	(**)	(*)	(**)	
<b>Chairman</b>	Emilio Bolzoni	1952	2.8.72	27.4.2012	Appr.Fin. Rep. at 31.12.2014	M	X				10/10	1							
<b>CEO</b>	Roberto Scotti	1951	15.6.87	27.4.2012	Appr.Fin. Rep. at 31.12.2014	M	X				10/10	1							
<b>Director</b>	P. Luigi Magnelli	1941	16.2.85	27.4.2012	Appr.Fin. Rep. at 31.12.2014	M		X			10/10	1	3/3	M	1/1	M	1/1	M	
<b>Director</b>	Luigi Pisani	1950	15.10.85	27.4.2012	Appr.Fin. Rep. at 31.12.2014	M		X			10/10	1							
<b>Director</b>	Franco Bolzoni	1948	2.8.72	27.4.2012	Appr.Fin. Rep. at 31.12.2014	M		X			7/10	1							
<b>Director</b>	Karl-Peter Staack	1947	28.11.01	27.4.2012	Appr.Fin. Rep. at 31.12.2014	M		X			5/10	0							
<b>Director</b>	Claudio Berretti###	1972	27.4.12	27.4.2012	Appr.Fin.Rep. at 31.12.2014	M		X	X	X	9/10	7							
<b>Director</b>	Raimondo Cinti	1947	23.3.06	27.4.2012	Appr.Fin. Rep. at 31.12.2014	M		X	X	X	8/10	10	2/3	M	1/1	M	1/1	C	
<b>Director</b>	Giovanni Salsi	1940	23.3.06	27.4.2012	Appr.Fin. Rep. at 31.12.2014	M		X	X	X	9/10	1	3/3	C	1/1	C	1/1	M	
<b>Director</b>	Paolo Mazzoni##	1950	21.4.09	27.4.2012	Appr.Fin. Rep. at 31.12.2014	m		X			7/10	4							
<b>***** DIRECTORS WHO HAVE CEASED OFFICE DURING THE FINANCIAL YEAR OF REFERENCE*****</b>																			
<b>Director</b>	Davide Turco #	1966	2.2.01	27.4.2012	Appr.Fin. Rep. at 31.12.2014	M		X			3/3	8							
<b>Quorum required for presentation of lists by minority shareholders for election of one or more members (ex art. 147-ter TUF): 2.5%</b>																			
<i>Number of meetings held over the course of the year of reference</i>				<i>Board of Directors:10</i>				<i>Audit and Risk Committee: 3</i>				<i>Remuneration Committee: 1</i>				<i>Nomination Committee: 1</i>			

- # resigned as board member on March 13, 2014 (effective from the date of the Bolzoni Shareholders' Assembly 29 April 2014)
- ## no longer independent as of 30/1/2014
- ### recognised as independent as of March 13, 2014 by resolution of the Board of Directors

## ***NOTES***

- \* This column indicates M/m depending on whether member was elected from list voted by majority (M) or minority (m).
  - \*\* This column indicates the number of offices as director or statutory auditor held by the member in other listed companies, Italian and foreign, financial companies, banks, insurance companies or companies of significant dimensions. These are indicated in detail in the Corporate Governance Report.
  - (\*) This column indicates attendance of either Board or Committee meetings (i.e. n° of meetings attended with respect to total n° of meetings held)
  - (\*\*) This column indicates the role of the director within the Committee: "C": chairman; "M": member.
-

**TABLE 3: STRUCTURE OF THE BOARD OF STATUTORY AUDITORS**

<b>BOARD OF STATUTORY AUDITORS</b>									
<b>Office</b>	<b>Member</b>	<b>Year of birth</b>	<b>First appointed</b>	<b>In office since</b>	<b>In office until</b>	<b>List (M/m) *</b>	<b>Indep. acc. to Code</b>	<b>Presence in meetings of the Board **</b>	<b>N° of other Offices ***</b>
<b>Chairman</b>	Giorgio Picone	1945	2.2.2001	29.04.2013	Appr.Fin. Rep. at 31.12.2015	m	X	9/9	11
<b>Effective Auditor</b>	Carlo Baldi	1939	29.4.2010	29.04.2013	Appr.Fin. Rep. at 31.12.2015	M	X	8/9	10
<b>Effective Auditor</b>	Maria Gabriella Anelli	1956	2.2.2001	29.04.2013	Appr.Fin. Rep. at 31.12.2015	M	X	9/9	2
<b>Alternate Auditor</b>	Claudia Catellani	1971	29.4.2013	29.04.2013	Appr.Fin. Rep. at 31.12.2015	M	X	N.A.	7
<b>Alternate Auditor</b>	Andrea Foschi	1964	27.4.2007	29.04.2013	Appr.Fin. Rep. at 31.12.2015	m	X	N.A.	24
<b>Quorum required for presentation of lists during last election: 2.5%</b>									
<b>Number of meetings during the year of reference: 9</b>									

**NOTES**

- \* This column indicates M/m depending on whether member was elected from list voted by majority (M) or minority (m).
- \*\* This column shows the member's attendance to the meetings of the Statutory Board of Auditors (n° of presences/n° of meetings during the member's period of office)
- \*\*\* This column indicates the number of offices as director or statutory auditor held by the member in compliance with article 148 *bis* TUF. The complete and updated list of offices is made available by Consob, on its web site, in accordance with art. 144-*quinquiesdecies* Issuer Rules.



## APPENDIX 1

### **Paragraph on the “ Main characteristics of the risk management and internal control systems existing with regards to the financial disclosure process” in compliance with art. 123-bis, paragraph 2, letter b), TUF**

#### Introduction:

Bolzoni is continuing the process of alignment to the main models of reference and to the best practice with regards to the implementation of the internal control systems, confirming the focus the Company places on risk management and on the accuracy of financial disclosure, also in view of the continuous changes at a macro-economic level and the difficulties deriving from the persisting global crisis.

The risks are identified through a periodical risk assessment process involving the entire management : the chief operating officers, through a detailed analysis of their activities, clearly express the company risks under their control and consequently undertake to enact an appropriate risk management policy.

The risks are therefore examined and placed in order of priority according to the Company's objectives and in relation to the combination of probabilities and the potential impact of the risks themselves.

The monitoring phase completes the risk analysis process, with the purpose of invalidating the actions aimed at their prevention or the reduction of the related effects.

The mapping of risks and the implementation of procedures for application and monitoring of Bolzoni's internal control system consists in the following main points:

- Check of internal risks (operating effectiveness/efficiency, organisation);
- Check of external risks (market, rulings, political-social context);
- Check of risks inherent to financial disclosure.

As also reaffirmed in the guidelines for the internal control system updated and approved by the Board of Directors on 14 March 2013, the peculiarity of Bolzoni's internal control system is that it is based on managerial figures where the direction of the company control is inseparably combined with the concrete application of the most important aspects of the control, namely those regarding the strategic choices of the activity, the procedure for drawing up the accounting reports, the responsibility of the company's compliance to the provisions of laws and rulings and preservation of corporate assets.

With regards to financial disclosure, risk management should therefore be seen as a basic element of the entire risk management system operating in the company.

Below is a description of the main characteristics of the existing systems for the risk management and internal control with regards to financial disclosure process, i.e. the process supporting the preparation and the diffusion to the public of the “Financial Reporting”.

This risk management system is structured to guarantee a financial disclosure which is well-founded, accurate, reliable and timely.

## **Main characteristics of the risk management and internal control systems existing with regards to financial disclosure process**

Through the Manager responsible for the preparation of the company's accounting documents, the Bolzoni Group has implemented a system of administrative and accounting procedures for the creation of the company and consolidated financial statements and the periodical financial reports.

### **The phases of the risk management and internal control systems existing with regards to financial disclosure process**

As concerns the project for adjusting the internal control system to the dictates of Law 262/2005, it should be noted that a scoping activity was carried out in the initial phase, aimed at identifying the substantial and significant entities and accounts and their underlying processes.

Scoping is revised each year to check its suitability and the need for measures to be taken in view of the continuing corporate evolution and of the significance of the single items in the financial statement.

For each process defined in scope a number of activities have been set up, and in particular:

- Mapping of the process with identification of the risks and key checks;
- Evaluation of the structure of the checks with reference to each of the objectives highlighted above and the identification of the main gaps with respect to the targeted checks;
- Identification of remediation actions with the purpose of implementing possible compensatory checks or modifications to the process, to ensure the correct control of the areas in question; and
- Verification of the execution of the same checks carried out by the Manager in charge, in addition to the independent checks carried out by the Internal Auditor

The results of these testing activities, duly filed in the office of the Manager in charge, are examined quarterly by the Manager in Charge and the Internal Auditor and the results of the tests are then presented to the Audit and Risk Committee.

The analysis of the checks focuses on both the checks at a corporate level (so-called "Entity level controls") and on the overall management of the disclosure systems employed in the processes relevant to financial reporting and the related IT environment as well as the controls at each single process level.

Following the extension and updating of the control structure during the previous years, in the course of the financial year 2014 it was not deemed necessary to make any further amendments to the said structure.

Together with the figures for the preparation of the quarterly consolidated financial statement, the persons in charge of administration, finance and control for each subsidiary also send the Company a specific letter of statement, also signed by the Head of the Subsidiary, confirming that the figures being sent correspond to the accounting entries and results, that they are accurate and in line with the specific accounting standards, and that they comply to all the regulations.

Furthermore, as a fundamental protection of the objective regarding the reliability of figures, a management control system has been implemented based on a budget-actual mechanism with checks usually on a monthly basis (more frequently when the estimated risk requires so) and detailed analyses of substantial variances. This system covers both Bolzoni and all the Group companies, both production and sales subsidiaries.

The level of detail and frequency of the checks is conveniently balanced between Bolzoni, the Group's production plants and the entirely commercial companies.

On the basis of the above, the Company feels it satisfies the requirements established by the rules of reference, guaranteeing that financial disclosure is complete, accurate, competent, reliable, on-time and trustworthy.

Offices and positions involved:

The risk management system regarding financial disclosure is presided over by various company bodies/functions operating with different and defined positions and responsibilities, as described below.

The sharing and the integration of all information generated in the various areas is ensured by a constant flow of information.

- *The Board of Directors:* it has nominated the Manager responsible for the preparation of the company's accounting documents, has approved the Guidelines for internal control and is periodically updated by the Audit and Risk Committee on its activities.
- *The Manager responsible for the preparation of the company's accounting documents:* his activity is to continuously implement and evolutionary maintain the risk management system and internal control system existing in relation to the financial disclosure process, checking each quarter the state of the activities and the results of the testing activities. Finally, he evaluates any critical situations and, in agreement with the Internal Auditor, defines the possible necessary actions.
- *Internal Auditor :* he collaborates with the Manager in the continuous implementation and evolutionary maintenance of the risk management and internal control systems existing in relation to the financial disclosure process and, on request and in support of the Manager responsible for the preparation of the company's accounting documents, periodically checks the state of the activities and the results of the testing activities. Together with the Manager responsible for the preparation of the company's accounting documents, he evaluates any critical situations in the system and makes proposals for improvements. He also periodically reports to the Audit and Risk Committee and to the Board of Statutory Auditors on the activities performed.
- *Branch managers and the Officers responsible for Administration, Finance and Control of the subsidiaries controlled directly or indirectly:* they have been delegated with the responsibility for operation and quality of financial disclosure regarding the subsidiary companies. When figures are sent for the preparation of the quarterly consolidated financial statement they also send the Company a special letter of statement confirming that the figures sent correspond to the accounting entries and results, that they are accurate and in line with the specific accounting standards, and that they comply with all the regulations.

## APPENDIX 2

### List of the offices held by the current members of the Board of Directors

#### Offices held by Emilio Bolzoni

Company	Office	Status
Penta Holding S.p.A.	Chairman of the Board	Active

#### Offices held by Roberto Scotti

Company	Office	Status
Penta Holding S.p.A.	Director	Active

#### Offices held by Pierluigi Magnelli

Company	Office	Status
Penta Holding S.p.A.	Director	Active

#### Offices held by Luigi Pisani

Company	Office	Status
Penta Holding S.p.A.	Director	Active

#### Offices held by Franco Bolzoni

Company	Office	Status
Penta Holding S.p.A.	Director	Active

#### Offices held by Raimondo Cinti

Company	Office	Status
Enerray S.p.A.	Managing Director	Active
Exergy S.p.A.	Chairman of the Board of Directors	Active
Nimax S.p.A.	Chairman	Active
Officine Maccaferri	Director	Active
PowerCrop S.r.l.	Chairman of the Board of Directors	Active
S.E.C.I. S.p.A.	Director	Active
Sebigas S.p.A.	Chairman of the Board of Directors	Active
Seci Energia S.p.A.	Managing Director	Active
Termica Celano S.p.A.	Chairman of the Board of Directors	Active
Termica Colleferro S.p.A.	Chairman of the Board of Directors	Active

### Offices held by Giovanni Salsi

Company	Office	Status
Banca di Piacenza	Director	Active

### Offices held by Paolo Mazzoni

Company	Office	Status
SIMA S.r.l.	Sole Director	Active
Airbank S.r.l.	Managing Director	Active
Italtherm S.r.l.	Chairman of the Board of Directors and Managing Director	Active
Penta Holding S.p.A.	Director	Active

### Offices held by Claudio Berretti

Company	Office	Status
Tamburi Investment Partners S.p.A.	Managing Director and General Manager	Active
Be Think, Solve, Execute S.p.A.	Director	Active
Be Consulting Think, Project & Plan S.p.A.	Director	Active
Be Solutions Solve, Realize & Control S.p.A.	Director	Active
Data Holding 2007 S.r.l.	Director	Active
Venice Shipping & Logistic S.p.A.	Director	Active
NoemaLife S.p.A.	Director	Active