



**Annual Report on
Corporate Governance**

MISSION

EXOR is a responsible shareholder, uniting an entrepreneurial approach with solid financial discipline, focusing its attention on the development of its companies so as to improve their competitive position and profitability. In its investments it concentrates on global companies in a variety of sectors, predominantly in Europe and the USA, with a long-term time horizon.





Società per Azioni
Share capital Euro 246,229,850 fully paid
Registered office in Turin – Via Nizza 250

ANNUAL REPORT ON THE COMPANY'S CORPORATE GOVERNANCE AND OWNERSHIP STRUCTURE

Pursuant to article 123-*bis* of the Consolidated Law on Finance

(Traditional administration and control model)

This Report refers to the financial year 2014 and is available on the Company's website at: www.exor.com

Date of approval: meeting of the Board of Directors held on April 14 2015

LEGAL NOTICE

This document is an informal courtesy translation of the original Italian document and has been prepared for reference purposes only. The only official document is the document in the Italian language. Please note that in case of any inconsistency between this version in English and the original document in Italian, the latter will prevail.

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GLOSSARY

Shareholders' Meeting	The EXOR shareholders in meeting
Shareholders	The EXOR shareholders
Corporate Governance Code	<p>The Code of Conduct for Italian Listed Companies (Corporate Governance Code) approved in July 2014 by the Committee for Corporate Governance and promoted by Borsa Italiana S.p.A., ABI, Ania, Assogestioni, Assonime and Confindustria.</p> <p>The Corporate Governance Code is available on the website of Borsa Italiana S.p.A. (www.borsaitaliana.it).</p> <p>.</p>
Code of Ethics	The Code of Ethics adopted by EXOR
Board of Statutory Auditors	The Board of Statutory Auditors of EXOR
Internal Control and Risks Committee	The Committee constituted within the Board of Directors having a consulting and proposing role for matters relating to internal control and risk management.
Compensation and Nominating Committee	The Committee constituted within the Board of Directors having responsibility for the definition of the Company's compensation policy.
Strategy Committee	The Committee constituted within the Board of Directors having consultative functions in support of the Board of Directors on strategic matters.
Board	The Board of Directors of EXOR.
Decree 231/2001	Legislative Decree no. 231 dated June 8, 2001, as subsequently amended ("regulation of the administrative responsibility of legal entities, companies and associations, also unincorporated, in accordance with article 11 of Law no. 300 dated September 29, 2000").
Manager Responsible	The Manager responsible for the preparation of the Company's financial reports appointed by the Board of Directors in compliance with article 154-bis of the Consolidated Law on Finance, introduced by the Law on Savings .



Informative Document	The document prepared pursuant to article 114-bis paragraph 1 of the Regulation on Issuers and in conformity with Schedule 7 of Attachment 3A to the aforesaid Regulation on Issuers.
Financial year	The financial period to which the Report refers.
Law on Savings	Law no. 262 dated December 28, 2005 ("Dispositions for the protection of savings and the regulation of the financial markets").
Model	The Organizational, Management and Control Model provided for under Decree 231/2001, adopted by the Board of Directors, as subsequently amended and integrated.
Supervisory Body	The Supervisory Body responsible for monitoring the operation and observance of the Model instituted by the Board of Directors pursuant to Decree 231/2001
Incentive Plan	The Long-term Incentive Plan approved at the meeting of shareholders held on May 29, 2012.
Stock Option Plan	The Stock Option Plan approved at the ordinary meeting of Shareholders held on May 13, 2008 and subsequently corrected by the Board of Directors at the meeting held on March 2, 2009.
Related Party Transactions Procedures	The internal procedures for related party transactions approved by the Board of Directors pursuant to Consob's Regulations on Related Parties, in force since November 12, 2010 and last updated on February 10, 2015.
Regulations for Shareholders' Meetings	EXOR's internal procedure which has the purpose of assuring orderly and effective proceedings at meetings of Shareholders.
Regulation on Issuers	II Regulation issued by Consob in 1999 with resolution No. 11971 (as subsequently amended) regarding issuers.
Market Regulations	Regulation issued by Consob in 2007 with resolution No. 16191 (as subsequently amended) regarding markets.

Consob Regulation on Related Parties

Regulation issued by Consob with resolution No.17221 dated March 12, 2010 (as subsequently amended) regarding related party transactions.

Compensation Report

The Compensation Report prepared pursuant to article 123-ter of the Consolidated Law on Finance and article 84-quater of the Regulation on Issuers and in conformity with schedule 7-bis of Attachment 3A of the aforesaid Regulation on Issuers.

Head of Internal Audit

The person in charge of EXOR's internal audit function, appointed by the Board of Directors in compliance with application criterion 7.C.1 of the Corporate Governance Code.

Company/Issuer

EXOR S.p.A., the Securities issuer to which this Report relates.

By-laws

The corporate By-laws, last updated on February 10, 2015, which define the administration and control model adopted and set out the fundamental lines for the composition and division of the powers of the corporate bodies and for the relations between such bodies.

Consolidated Law on Finance

Legislative Decree No. 58 dated February 24, 1998 (Testo Unico della Finanza), as subsequently integrated and amended.



1 THE COMPANY

1.1 Introduction

This Report provides, also for the purposes of article 123-bis paragraphs 1, 2 and 3 of the Consolidated Law on Finance, information on the following:

- the ownership structure according to the dispositions set out in paragraph 1 of the aforesaid article 123-bis of the Consolidated Law on Finance;
- the overall system of corporate governance adopted by EXOR S.p.A (hereafter also EXOR) and the modes of observing and effectively applying the individual recommendations contained in the principles and in the application criteria of the Corporate Governance Code. Indication is also given of the specific recommendations which the Company has decided not to follow, with a description of the related grounds and, where applicable, of any measures adopted in place of the recommendation which has not been followed;
- the principal characteristics of the internal control and risk management system in place, described both in general terms and with specific reference to the financial reporting process including the consolidated information;

With regard to the above the Report comprises four sections:

1. The Company
2. The ownership structure
3. The governance model adopted by the Company and a description of the modes of effectively observing the recommendations of the Corporate Governance Code. This section contains, inter alia, in addition to the aforesaid description of the internal control and risk management system including that relating to financial reporting, information on: (i) the composition and functioning of the Board of Directors, the internal committees and the control bodies (ii) the methods of operation and the principal powers of the shareholders in meeting, the rights of shareholders and the manner of exercising those rights.
4. Tables of detailed and summary information

In addition the corporate By-laws are included as an attachment.

The information in this Report refers to the financial year 2014 except for specific matters updated to the date of the meeting of the Board of Directors which approved it. As indicated in paragraph 3.9, there have been no significant changes to the corporate governance structure after December 31, 2014.

This Report is available in the Governance section of the Company's website - www.exor.com.

1.2 Information on the Issuer

EXOR is one of the principal investment companies in Europe, having its headquarters in Turin; its shares are listed on the Mercato Telematico Azionario operated by Borsa Italiana S.p.A.
The Company is controlled by Giovanni Agnelli e C. S.a.p.az.

EXOR has a Net Asset Value of about Euro 10 billion at December 31, 2014 and its objective is to achieve growth in Net Asset Value in excess of the MSCI World share Index in Euro.



NET ASSET VALUE (NAV) OF EXOR

€ millions	Dec 31, 2013	Dec 31, 2014	Change	
			Amount	%
Gross asset value (GAV)	10,313	12,005	1,692	16.4%
Gross indebtedness	(1,291)	(1,671)	(380)	29.4%
Ordinary structure costs for 10 years	(170)	(170)	0	0.00%
Net Asset Value (NAV)	8,852	10,064	1,312	14.8%

EXOR concentrates its investments in global companies in a variety of sectors predominantly in Europe and the USA applying a long-term time horizon.

As of the date of this Report the Company's main investments are:

- **Fiat Chrysler Automobiles (“FCA”)** (a 29.19% economic interest) is listed on the NYSE market in New York and on the “Mercato Telematico Azionario” market operated by Borsa Italiana (MTA) and is included in the FTSE MIB index. FCA is the holding company of the FIAT Chrysler Group and came into existence on October 12, 2014 on completion of the merger of FIAT S.p.A into Fiat Investments N.V., which company at the same time adopted the name Fiat Chrysler Automobiles N.V. (FCA). FCA, the seventh largest global auto builder, designs, develops, manufactures and markets throughout the world automobiles, commercial vehicles, components and production systems. The Group operates in the automobile market through the Abarth, Alfa Romeo, Chrysler, Dodge, Fiat, Fiat Professional, Jeep, Lancia, Ram, Ferrari and Maserati brands as well as SRT the sports division dedicated to high performance vehicles and Mopar, the brand which offers post-sales services and replacement parts. The activities of FCA also include Comau (production systems), Magneti Marelli (components) and Teksid (foundries). FCA's industrial activities in the auto industry are conducted through companies located in 40 countries and it has commercial relationships with customers in about 150 countries. The operations of FCA's generalist brands (automobiles, commercial vehicles, replacement parts and services) are organized on a regional basis and are assigned to four “regions” which represent four geographical areas: NAFTA (the USA, Canada and Mexico), LATAM (South America and Central America except Mexico) APAC (Asia and the Pacific) and EMEA (Europe, Russia, the Middle East and Africa). At December 31, 2014 FCA had a presence across the world of 165 plants and 232,165 employees.
- **CNH Industrial** (26.97% economic interest, in addition FCA has a 1.18% economic interest) is quoted on the NYSE market in New York and on the “Mercato Telematico Azionario” operated by Borsa Italiana (MTA) and is included in the FTSE MIB index. It became operational on September 29, 2013 on the completion of the merger of Fiat Industrial S.p.A. and CNH Global N.V. CNH Industrial's object is the strategic development of its businesses. Its broad industrial base, extensive range of products and geographic presence across the world make CNH Industrial a global leader in the capital goods sector. Through its brands the company designs, manufactures and markets trucks, industrial vehicles, buses, special vehicles (Iveco), agricultural and earth-moving machinery (the brand families Case and New Holland), as well as the related engines and transmissions and engines for marine applications (FPT Industrial). Each of the group's brands is a major international player in its respective industrial sector. At December 31, 2014 CNH Industrial had a presence in 190 countries with more than 69,000 employees and enjoyed an exclusive competitive position through its 12 brands, 64 manufacturing plants and 49 R&D centers.
- **C&W Group** (80.89% of share capital) which provides commercial services to the real estate sector has its headquarters in New York where it was founded in 1917. C&W provides consultancy services and represents clients in every aspect of real estate investment and management and has attained a significant position in the world's principal markets. Currently it is present in 58 countries with 248 offices and more than 16,000 employees.
- **Almacantar** (38.29% of share capital): is a property investment and development company which invests in and develops commercial property opportunities for office and residential use in London.
- **Juventus Football Club** (63.77% of share capital): is listed on the MTA operated by Borsa Italiana. Founded in 1897, it is one of the principal international professional football companies.
- **Banca Leonardo** (17.37% of share capital): a private and independent international investment bank, it offers advisory and private banking services and other services related to the financial markets.

- **Banijay Holding** (17.09% of share capital): has its headquarters in Paris and is engaged in the television production sector working through a network of companies specializing in the production and distribution of multimedia content.
- **The Economist Group** (4.72% of share capital): is a company headquartered in London that controls the publishing group which produces the Economist, the weekly which, with a worldwide circulation of more than a million copies, is one of the main sources of analysis of international affairs.

The Code of Ethics

EXOR seeks to establish a relationship of trust with its stakeholders who are defined as the categories of individuals, groups or institutions which have an interest in the achievement of its Mission.

The EXOR reference values are set out in the Code of Ethics, the most recent update of which was approved by the Board of Directors on April 16, 2013 and observance of which is required of all EXOR's corporate bodies, officers and employees as well as of all those who work for the achievement of the Company's objectives, each in the context of the particular functions and responsibilities assigned.

The Code of Ethics sets out the principles of conduct to be applied in operating the Company's activities, identifying also the undertakings and responsibilities of the Company's staff.

The Code of Ethics, together with all the other norms, policies and dispositions issued by the Company, constitute the program to ensure effective prevention and detection of any violation of the law.

The Code of Ethics represents, also, a mandatory principle of the Model of Organization, Management and Control adopted by EXOR pursuant to Decree 231/2001. The Board of Directors has assigned to the Supervisory Body, an institution formed pursuant to that same Decree, the duty of overseeing the Ethical Code. In particular, to the supervisory Body may be addressed requests for clarification and interpretation of the principles and contents of the Code of Ethics, for suggestions about the application of the Code of Ethics and for the communication of any information about violations, whether acquired directly or indirectly.

The Code of Ethics is available on the Company's website: <http://www.exor.com>.

1.3 Governance structure

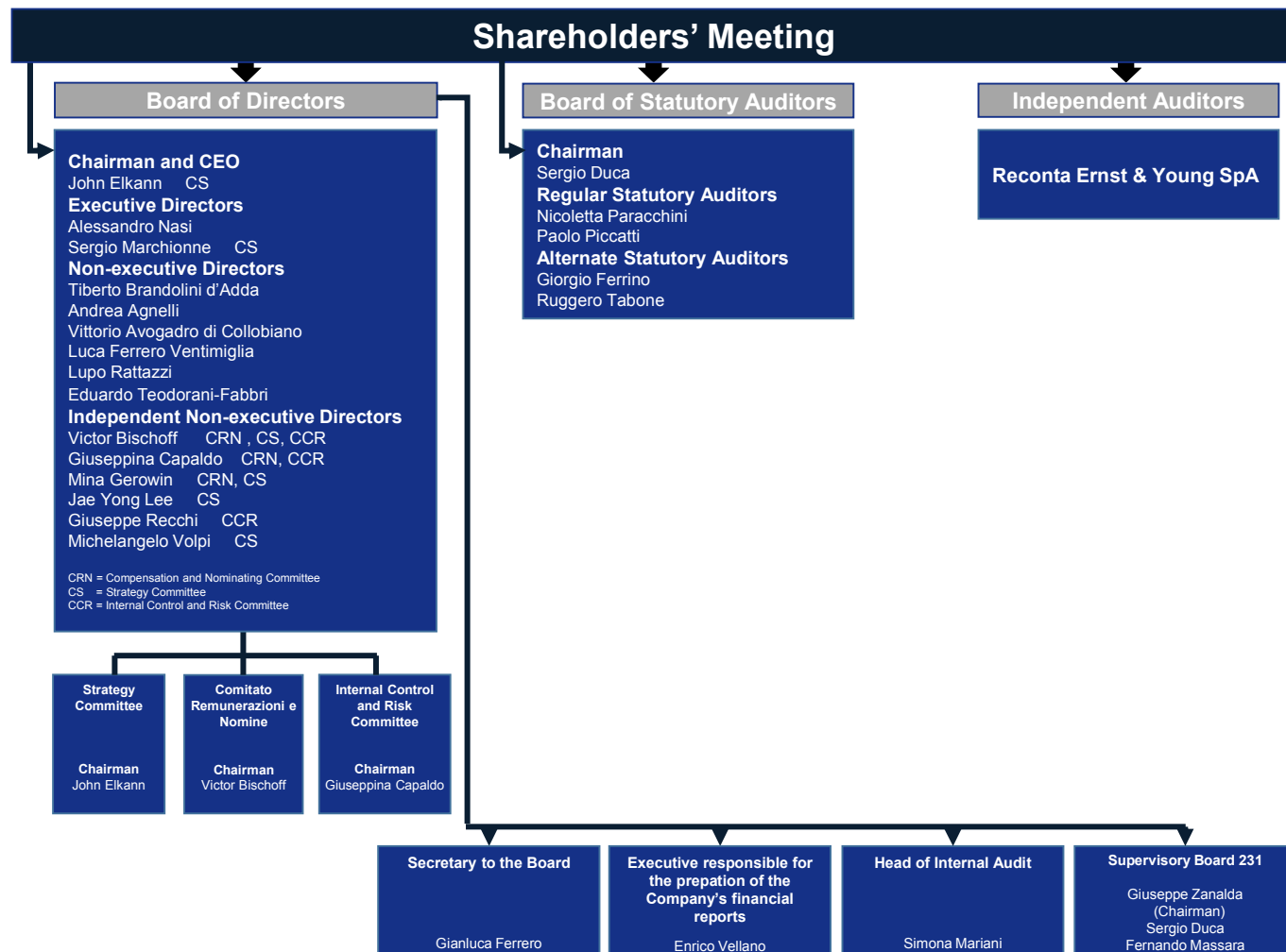
EXOR's system of corporate governance, the body of rules and methodologies for planning, management and control which are necessary for the functioning of the Company, was designed by the Board of Directors in compliance with the regulations applicable to the Company as a listed Issuer and in observance of the Corporate Governance Code and of the national and international best practices identified by the Company.

The Issuer has adopted a traditional model of administration which, without prejudice to the duties belonging to the Shareholders Meeting, entrusts strategic management to the Board of Directors, the hub of the system of corporate governance, and the oversight function to the Board of Statutory Auditors.

In accordance with the provisions of the By-laws, the Board of Directors has appointed a Managing Director (also known as "Chief Executive Officer") to whom it has delegated the powers for the management of operations as described in greater detail in paragraph 3.2 below. The Board of Directors however retains the exclusive powers, as described in greater detail in paragraph 3.2 below regarding the functions and responsibilities relating to the determination of the Company's strategy and organization.

Further, the Issuer has established, within the Board of Directors, three committees having the function of giving proposing and consulting support to the Board in their respective areas of competence: the Strategy Committee, the Internal Control and Risk Committee and the Compensation and Nominating Committee. The Internal Control and Risk Committee and the Compensation and Nominating Committee also exercise in their respective fields the function of related parties committee as disciplined by Consob Regulation no. 17221.

The Board of Directors, at the proposal of the Chief Executive officer and with the favorable opinion of the Board of Statutory Auditors has appointed as the Manager Responsible for the preparation of the Company's Financial Reports the Chief Financial Officer of the Company.



2 OWNERSHIP STRUCTURE

2.1 Capital structure

2.1.1 Structure of share capital

The Issuer's share capital amounts to Euro 246,229,850 fully subscribed and paid, consisting of 246,229,850 ordinary shares of par value Euro 1 each.

All the Company's shares are listed on the "Mercato Telematico Azionario" organized and managed by Borsa Italiana S.p.A.

The ordinary shares are registered shares, freely transferable and are issued in electronic form, in the centralized management system of Monte Titoli S.p.A

STRUCTURE OF SHARE CAPITAL

Share class	Number of shares	Listing market	Rights and obligations
Ordinary shares	246,229,850	MTA	The ordinary shares are registered shares, freely transferable and issued in electronic form.

Rights and obligations

Each ordinary share entitles its holder to one vote at all Shareholders' Meetings – ordinary and extraordinary – as well as to all economic and administrative rights according to the applicable provisions of law and of the Company's By-laws.

With reference to the apportionment of profit and the dissolution of the Company, article 26 and article 29, paragraph 2 of the Issuer's By-laws are set out below:

Under article 26: *"The profits of each year will be apportioned as follows:*

- *5% to the legal reserve, until it reaches one-fifth of share capital;*
- *the remaining profit to the shares, as dividend, unless otherwise resolved upon by the shareholders' meeting.*

During the year, to the extent that the Board of Directors deems it expedient and feasible in consideration of the results of the year and if permitted under applicable law, the Board of Directors can resolve to pay interim dividends for the year."

Under article 29, paragraph 2 of the By-laws: *"In the event of a winding up, the corporate net assets are apportioned among the shares in equal measure."*

2.1.2 Restrictions on the transfer of securities

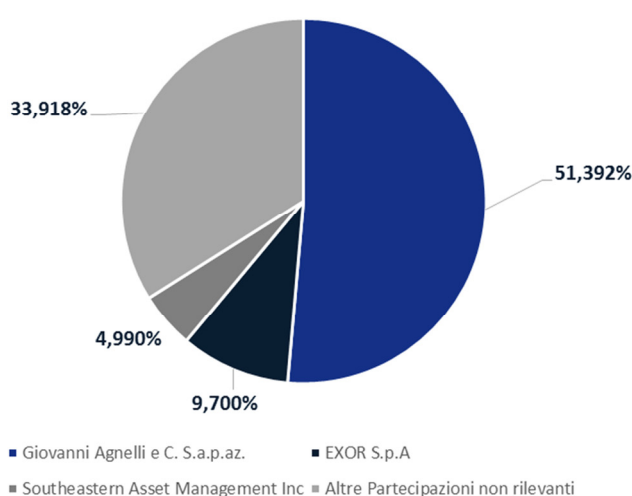
There are no restrictions on the transfer of the securities of the Issuer, no limitations on ownership of shares and no clauses requiring acceptance on the part of the Company or of other holders of the securities of a transfer of shares.

2.2 Shareholders

2.2.1 Significant shareholdings

Today, the Shareholders who hold more than 2% of the share capital carrying voting rights are, according to the Register of Shareholders as updated by the communications received pursuant to article 120 of the Consolidated Law on Finance and other information available, Giovanni Agnelli e C. S.a.p.az. with 51.39% of share capital and Southeastern Asset Management Inc. with 4.99% of share capital. Further, EXOR itself owns 23,883,746 ordinary shares representing 9.7% of share capital.

Partecipazioni rilevanti nel capitale sociale



2.2.2 Securities with special rights

No securities carrying special controlling rights have been issued.

2.2.3 Employee shareholdings: system for the exercise of voting rights

A specific mechanism for the exercise of voting rights applicable to employees' shareholdings does not exist. In particular the voting rights on shares deriving from the vesting of shares or from the exercise of option rights under the Stock Option Plan or the Incentive Plan, for information on which reference should be made to paragraph 3.2.6 below, are not subject to any form of restriction and are directly exercisable by the beneficiaries.

2.2.4 Restrictions on voting rights

There are no restrictions on voting rights.

2.2.5 Shareholder agreements

Pursuant to article 122 of the Consolidated Law on Finance, there are no significant shareholder agreements concerning either the exercise of the rights attaching to the company's shares or the transfer of the shares.

2.2.6 Change of control clauses and By-law provisions relevant to a public offer

Any change in control of the Issuer¹ would entitle subscribers of the following bonds to demand early repayment.

- Non-convertible bond issue 2007/2017 of Euro 750 million (following cancellation of a nominal amount of Euro 310 million, the residual nominal amount of this issue is now Euro 440 million);
- Non-convertible bond issue 2012/2019 of Euro 150 million;
- Non-convertible bond issue 2013/2020 of Euro 200 million;
- Non-convertible bond issue 2014/2024 of Euro 650 million;
- Non-convertible bond issue 2012/2025 of Euro 100 million;
- Non-convertible bond issue 2011/2031 of Yen 10 billion (approx. Euro 69 million).

In addition, three lending banks would have the right to demand the cancellation of four irrevocable lines of credit totaling Euro 325 million, which, however, were unutilized as of December 31, 2014.

Except for the aforesaid, as of the date of this Report, there are no significant agreements to which the Issuer is a party that would become effective, be amended or be extinguished on a change of control of the contracting Company.

The Company's By-laws do not provide for derogations from the passivity rule or for the application of the breakthrough rule contemplated in the legislation on public offers.

2.2.7 Powers to increase share capital and authorizations for the purchase of own shares

The Directors have the power, granted by a resolution passed at the shareholders' Meeting held on May30, 2013 to increase share capital, in one or more instances, also in divisible form, up to an amount of Euro 500,000,000 and to issue in one or more instances convertible bonds, with a corresponding increase of share capital to service the conversion, up to an amount of Euro 1,000,000,000 but not exceeding the limits set, from time to time, by the law.

The ordinary Shareholders' Meeting held on May 22, 2014 approved the purchase, over the 18 month period from the date of the Shareholders resolution, of the Company's own shares of par value Euro 1 each to a maximum number not exceeding that allowed by law, setting the maximum amount to be used for the purchase of own shares at Euro 450,000,000.

2.3 Other information

2.3.1 Direction and coordination activities

The Issuer is not subject to direction and coordination activities pursuant to article 2497 of the Italian Civil Code by the parent company Giovanni Agnelli e C. S.a.p.az., since Giovanni Agnelli e C. S.a.p.az. does not participate in the management of the Company's business and by its nature limits its role to that of shareholder, holding and managing its controlling interest in the Company, as required by its own corporate object; in fact, there are no indications of any direction or coordination activities (since, among other things, the Company has full and autonomous powers for negotiating with third parties and no centralized treasury relationship exists); furthermore, the number and the experience of the independent Directors of EXOR – the concept of independence is defined pursuant to the requisites set out in the Corporate Governance Code and to article 147-ter paragraph 4 of the Consolidated law on Finance - are adequate in relation to the size of the Board of Directors and the Company's activity. The Board of Directors of the Issuer has formally evidenced such evaluation.

¹ The by-laws of the parent company Giovanni Agnelli e C. S.a.p.az. include a condition that requires the advance approval of all general partners and of the shareholders' meeting with a majority of more than two thirds of ordinary share capital for any disposal of ordinary shares in EXOR which does not leave at least 51% of the ordinary share capital of EXOR in the full ownership of Giovanni Agnelli e C. S.a.p.az..

The Issuer does not exercise direction or coordination activities over the Italian subsidiary company Juventus Football Club S.p.A. This company defines autonomously its general strategic and operating plans. The Board of Directors of the Issuer and that of the subsidiary have formally evidenced such evaluation. The Issuer exercises direction and coordination activities over Arenella Immobiliare s.r.l...

2.3.2 Agreements for the indemnification of Directors

There are no agreements between the Company and its Directors that provide for the payment of indemnities in the event of resignation or dismissal with good cause or of cessation of the relationship following a public offer.

2.3.3 Rules for the appointment and replacement of Directors and for amendments to the By-laws

Reference should be made to the information provided later in this Report and in the attachments.



3 GOVERNANCE MODEL ADOPTED BY THE COMPANY

3.1 Meetings of shareholders and rights of shareholders

The shareholders' Meeting is the body which, by its resolutions, expresses the will of the shareholders. Resolutions made in accordance with the law and with the Company's By-laws are binding on all shareholders, including those not attending the Meeting or who dissent, subject to the limits set by the By-laws.

The shareholders' Meeting resolves on the matters which the law has assigned to its competence, principally, in ordinary meeting, on the financial statements and on the allocation of the profit or loss for the year, the appointment and revocation of Directors; the appointment of the statutory auditors and of the independent auditors; also, in extraordinary meeting, on modifications to the Company's By-laws except those involving modifications to adapt to new legislation and, unless specifically attributed to the Board of Directors, on increases in share capital and the issuing of convertible bonds and the approval of merger or de-merger projects.

The Company's By-laws do not attribute to Shareholders any rights additional to those attributed by Law nor do they contemplate modes of exercising Shareholders rights which differ from those established by the applicable laws and regulations.

Shareholders' Meetings are important occasions for the communication of information about the Company to the Shareholders, having due regard to the regulations disciplining the handling of inside information.

3.1.1 Calling of meetings

As provided for by the Company's By-laws, the Meeting for the approval of the annual financial statements is convened by the Board of Directors in the municipal district in which the registered office is located or in another location, also overseas so long as it is in the territory of a European Union country, every year within 180 days of the close of the financial year, the Company being required to prepare consolidated financial statements. An ordinary or extraordinary meeting is also called whenever the Board of Directors considers it appropriate and whenever required by law.

The Meeting is called by a notice published, in accordance with the law, on the Company's website www.exor.com and by the other media provided for by the applicable regulations and contains all the information required by those regulations. The notice may provide for a single call or for a first, second and, for extraordinary meetings only, a third call.

The notice calling the Meeting must include the following information:

- the day, hour and place of the meeting, with the indication of the days for any subsequent calls;
- the list of matters to be examined and a description of the procedure to be followed for attendance at the meeting and for the casting of votes, also by means of a proxy;
- the identity of the person designated by the Company for the purposes of appointing a proxy and the procedure to be followed for appointing the proxy;
- the indication of the date as of which subjects must be owners of shares in order to be admissible for attendance and voting at the meeting;
- information on the share capital and on the manner of accessing the text of the proposed shareholder resolutions, the illustrative reports prepared by the Directors and the documents to be submitted to the shareholders at the meeting.
- procedure and deadlines for the update/integration of the meeting agenda.

To facilitate Shareholders' attendance at meetings the Company pays the utmost attention to the selection of the location, the date and the time of day of the meetings.

In the pre-meeting documents prepared by the Board of Directors in compliance with the applicable regulations and made available on the Company's website www.exor.com, shareholders are provided with all the information

necessary for them to make informed decisions on the matters submitted for resolution and also with the information about the manner in which the Compensation and Nominating Committee performs its functions.

3.1.2 Conduct of meetings

The By-law clauses which regulate the conduct of Shareholders' meetings are approved and modified by the Shareholders in extraordinary meeting.

The Company has also adopted a set of Regulations for Shareholders' meetings whose purpose is to make them orderly and functional; the Regulations are available on the Company's website at www.exor.com.

The Board of Directors and the Board of Statutory Auditors are represented at meetings of Shareholders. In particular, meetings are attended by those Directors who, in virtue of their Board responsibilities, can make a useful contribution to discussion at the Shareholders' meeting.

During the year a Meeting of Shareholders was held on May 22, 2014 in ordinary session to approve the 2013 financial statements and two executive Directors and two Statutory Auditors were present. On that occasion the Chairman and Chief Executive Officer reported on activities in the financial year 2013.

The Chairman of the Board of Directors acts as chairman of the Shareholders' Meeting. In his absence the duty is performed by the Vice Chairman or in the event of there being more than one Vice Chairman by the deputy Vice Chairman and, in his absence, by one of the other Vice Chairmen in order of age.

All those entitled to vote are entitled to attend meetings. Such persons may be represented at the Meeting in the ways provided for by the law and in accordance with the Company's Regulations for Meetings of Shareholders.

The clauses of the Company's By-laws which regulate attendance at Shareholders' Meetings are the following:

- each ordinary share entitles its holder to one vote;
- individuals having the right to vote may attend the meeting;
- such individuals may arrange to be represented at the meeting in the ways provided for by the law;
- the entitlement to attend a meeting and to exercise the right to vote are confirmed by a statement provided to the Company by an appointed intermediary in the ways and terms provided for in the applicable regulations;
- the Board of Directors may implement procedures to allow the vote to be made by electronic means;
- proxies for representation and for the exercise of the right to vote at meetings may be delivered by electronic means in conformity with the applicable regulations;
- proxies may be notified electronically following the procedures set out in the notice convening the meeting, through use of an appropriate section of the Company's website www.exor.com or through use of a message to the certified electronic mail address indicated in that notice;
- the Company may, through the centralized share administration service, request that intermediaries provide details of the identity of Shareholders and the number of shares registered to them on a particular date.

The resolutions made at the Shareholders' Meeting are recorded in written minutes signed by the Chairman of the meeting and by the Secretary.

In the circumstances established by law and whenever the chairman of the meeting deems it necessary, the minutes of the meeting are prepared by a public notary chosen by the Chairman himself; in these circumstances there is no need to appoint a secretary.

In the 2014 financial year no significant changes have occurred in the composition of the ownership of the Company.



3.2 Board of Directors

3.2.1 Role of the Board of Directors

The system of governance adopted by EXOR, for matters of operational and corporate organization, gives the central role to the Board of Directors. The Board, under the Company's By-laws, holds all the broad powers of ordinary and extraordinary administration of the Company with the exception of those powers which the law reserves exclusively for the Shareholders' meeting; the Board is reported to by the heads of functions and has responsibility for decisions relating to the Company's strategic policy and organization.

In particular, while reference should be made to later paragraphs for the presentation of the detailed information, the Board of Directors:

- examines and approves the general strategic and financial direction of the Company presented by the Chairman and Chief Executive Officer, verifying their realization; with regard in particular to its monitoring activity, it is consolidated practice for the Board to compare the results obtained with those planned, generally at the time of approving each quarter's financial reports
- examines and approves the Company's corporate governance system and the structure of the Group;
- defines, with the support of and on the basis of the indications of the competent committee, the general direction of the Internal Control and Risk Management System determining the degree of compatibility of the risks with a conduct of the business consistent with the identified strategic objectives; assesses at intervals not exceeding one year the adequacy of the Internal Control and Risk Management System in relation to the characteristics of the business and the risk profile adopted and also the System's effectiveness; in particular EXOR has developed an integrated corporate risk management model based on the international principles of Enterprise Risk Management (framework C.o.S.O. E.R.M.), for the identification, evaluation and management of the priority risks of the business as more fully specified in the paragraph "Internal Control and Risk management System". With specific reference to risk management, the Board of Directors, also through the activities of the Internal Control and Risk Committee, is systematically informed about and shares the results of the analyses performed using the risk management model adopted;
- examines and evaluates periodically, generally at the time of the approval of the annual and half-year financial reports and also through the preparatory analysis activity of the Internal Control and Risk Committee and the checks performed by the Board of Statutory Auditors, the adequacy of the organizational, administrative and accounting structure. The Board of Directors, in application of the Civil Code and of the Corporate Governance Code, in its meeting held on April 14, 2015 concluded that the organizational, administrative and accounting structure was adequate in relation to the present dimensions of EXOR and to the type of activities in which it is engaged;
- approves, at least once a year, the work plan prepared by the Head of Internal Audit, having taken account of the views of the Board of Statutory Auditors and of the Director in charge of the Internal Control and Risk Management System;
- appoints and dismisses the Head of Internal Audit, on the basis of a proposal made by the Director in charge of the Internal Control and Risk Management System and subject to the favorable opinion of the Internal Control and Risk Committee and having taken account of the views of the Board of Statutory Auditors;
- evaluates, having taken account of the views of the Board of Statutory Auditors, the findings submitted by the independent auditors in any letter of recommendations and in the report on the fundamental issues which emerged in the course of the legal audit;
- approves each year on the basis of a proposal and of the supporting analysis of the Compensation and Nominating Committee, the compensation policy for Directors and for any executives with strategic responsibilities and the related procedures for its adoption and application; evaluates, again with the supporting analysis of the Compensation and Nominating Committee, the conformity of its effective application to the policy's reference principles.

- confers and revokes the powers of the Chairman and Chief Executive Officer setting their limits and the mode of exercising them and determines, on the basis of a proposal of the Compensation and Nominating Committee and having taken account of the views of the Board of Statutory Auditors in conformity with article 2389 of the Civil Code, the compensation of the Chief Executive Officer and of the other Directors with particular board responsibilities, and, if the Shareholders' meeting has not already resolved on the matter, the sub-division of the global remuneration due to the Directors and to the members of the Compensation and Nominating Committee, the Internal Control and Risk Committee and the Strategy Committee;
- evaluates, on the basis of information received from the Chairman and Chief Executive Officer, at intervals not exceeding three months, the Company's general operating performance, also comparing the actual results obtained with those planned. Further, as required by the Code as well as by the law (article 150 of the Consolidated Law on Finance and article 2381 of the Civil Code) and by the Company's By-laws, the Chairman and Chief Executive Officer, at intervals not exceeding three months, reports to the Board of Directors and to the Board of Statutory Auditors on the activity undertaken in the exercise of the powers conferred;
- approves in advance any Company transaction of economic or financial significance. In particular the Board of Directors, notwithstanding the powers of the Chairman and Chief Executive Officer, considering the nature of the Company's operations, the asset values, capitalization and NAV, has set the threshold of significance for transactions requiring submission to the Board for advance examination at Euro 250 million. Further, it should be noted that, notwithstanding the above, all transactions of strategic, economic or financial importance for the Issuer are brought to the attention of the Board of Directors, also in cases in which the value of the transactions is less than Euro 250 million.

In accordance with the Company's By-laws, the administration of the Company is entrusted to a Board of Directors composed of from seven to nineteen members as determined by the Shareholders' Meeting. The Directors remain in office for a maximum of three financial years and their term of office expires at the date of Shareholders' Meeting convened to approve the financial statements for the last year of their term of office; Directors may be re-elected. The appointments to the Board are made on the basis of lists of candidates.

The Board elects one of the Directors as Chairman unless the Shareholders' Meeting has already made the appointment, and, if it considers it appropriate, one or more Vice Chairmen including a deputy Vice Chairman and one or more Managing Directors. The Board has instituted internally the Compensation and Nominating Committee and the Internal Control and Risk Committee with a consultative and proposing role. In addition a Strategy Committee has been instituted having consultative and support functions for the Board of Directors.

As detailed in paragraph 3.2.3 below, the Board of Directors in office at the date of this Report was appointed at the Shareholders' Meeting held on May 29, 2012 and will remain in office until the approval of the 2014 annual financial statements.

Finally it should be noted that the Shareholders' Meeting which appointed the Directors currently in office authorized in general and advance terms the derogation of the non-competition rules provided for under article 2390 of the Civil Code. In this regard, as of the present date, no critical matters have come to light.

3.2.2 Appointment and replacement of Directors

According to article 15 of the By-laws, the Board of Directors is appointed using lists of candidates which must be filed at the Company's place of business at least twenty five days prior to the Shareholders' Meeting.

If more than one list is submitted, one member of the Board of Directors is chosen from the list that has obtained the second highest number of votes.

Lists may be presented only by those Shareholders holding voting shares who, individually or together with others, in aggregate own voting shares representing the percentage established for the Company under the applicable regulations. This ownership percentage must be evidenced in appropriate communications which must reach the Company at least twenty one days prior to the date of the Shareholders' Meeting. These matters are set out in the notice of meeting. The ownership percentage required for the presentation of lists of candidates for the appointment of the Board of Directors and the Board of Statutory Auditors of EXOR in pursuance of the provisions of article 144-quater of the Regulation on Issuers has been established by Consob to be 1.0% of ordinary share capital.



A single Shareholder cannot, directly or through a third party or through trustee companies, present more than one list of candidates, or vote for different lists. Shareholders belonging to the same group and shareholders who signed a shareholders' agreement regarding the shares of the Company may not, either through a third party or through trustee companies, present more than one list of candidates, or vote for different lists. Each candidate may be included in one list only, under penalty of ineligibility.

The candidates included in the lists must be indicated in numerical order and must possess the integrity requisites imposed by law. The candidate who is indicated at number one on the list in numerical order must also possess the requisites of independence set forth by law as well as those of the Corporate Governance Code to which the Company has declared its adherence.

The lists which present a number of candidates equal to or exceeding three must also include candidates of differing gender so as to permit a composition of the Board of Directors compliant with the applicable laws on gender balance.

Together with each list must also be filed an exhaustive disclosure regarding the candidates' personal and professional characteristics as well as declarations in which the individual candidates accept the candidature and, on their own responsibility, state that they satisfy the envisaged requirements. The candidates for whom these rules have not been respected are ineligible. The lists together with the above information are also published on the Company's website www.exor.com.

Once the Shareholders' Meeting has determined the number of Directors to be elected, the following procedure shall be followed:

1. all the Directors except one shall be elected from the list that has obtained the highest number of votes, on the basis of the numerical order in which they appear on the list;
2. as provided by law, one Director shall be elected from the list that obtained the second highest number of votes, on the basis of the numerical order in which the candidates appear on the list.

Lists that received a percentage of votes at the Shareholders' Meeting that is less than half of the number required for the presentation of lists of candidates shall not be taken into account.

If the outcome of the above process is that the composition of the Board is not compliant with the applicable laws on gender balance, the last elected candidates from the list which obtained the highest number of votes, by reference to their numerical order, are replaced in the number required to ensure compliance with the aforesaid laws by the first unelected candidates of the less represented gender from the same list. In the absence of candidates of the other gender the Shareholders' Meeting makes the consequent necessary resolutions.

The foregoing rules for the election of the Board of Directors do not apply if at least two lists are not submitted or voted on, nor do they apply at the Shareholders' Meetings which must replace Directors during the Board's term of office. In these cases, the Shareholders' Meeting shall decide on the basis of a relative majority.

Term of office, cessation and lapse

The Directors remain in office for a maximum of three financial years and their term of office expires at the date of the Shareholders' Meeting convened to approve the financial statements for the last year of their term of office; Directors may be re-elected.

It is in the power of the Board to replace the Directors who have left the Board during the term of office, as provided for by article 2386 of the Italian Civil Code.

If, due to resignation or to other causes, the majority of Directors appointed at the Shareholders' Meeting should leave office, the whole Board will be deemed to have left office and the remaining Directors shall urgently call a Shareholders' Meeting for the appointment of a new Board.

Furthermore, the term of office of any Director appointed by the Shareholders' Meeting in the course of the term of office shall expire concurrently with that of Directors in office at the time of the appointment.

With regard to the integrity requisites for Directors set out in article 147-quinquies of the Consolidated Law on Finance the Board of Directors periodically verifies that such requisites are satisfied for all of its members. In the event that in respect of a Director the declared and legally prescribed requisites of independence or integrity are

not present or cease to be present or there are circumstances of ineligibility or incompatibility, the Board declares the Director's appointment to have lapsed and arranges for a replacement Director or requests the Director to bring about the cessation of the causes of incompatibility within a set period of time, failing which the appointment lapses.

3.2.3 Composition of the Board of Directors

As set out in the company's By-laws, the Board of Directors is composed of from seven to nineteen members as determined by the Shareholders' Meeting

The Board of Directors now in office was appointed by the Shareholders at the Meeting held on May 29, 2012. On that occasion only one list of candidates was submitted on the part of the majority shareholder Giovanni Agnelli e C. S.p.A. owner of 59.10% of the Company's ordinary shares. The list together with the documentation for its submission required under the By-laws was made available on the Company website www.exor.com, where it remains available for consultation.

The total number of Directors set by the Shareholders' Meeting is fifteen of whom twelve have been qualified by the Board of Directors as non-executive, six of which were also independent. The concept of independence is defined by reference to the requisites set out in the Corporate Governance Code and article 147-ter paragraph 4 of the Consolidated Law on Finance.

The composition of the Board of Directors and the qualifications of each Director are set out below:

Office	Member	Exec.ve	Non Exec.ve	Independent *	Number of Director- ships **	Committees		
						I.C. & Risk ***	Compensation e Nominating ***	Strategy ***
Chairman and CEO	John Elkann	X			8			P
Vice Chairman	Tiberto Brandolini d'Adda		X		4			
Vice Chairman	Alessandro Nasi	x			2			
Director	Andrea Agnelli		X		3			
Director	Vittorio Avogadro di Collobiano		X		-			
Director	Luca Ferrero Ventimiglia		X		2			
Director	Sergio Marchionne	x			9			M
Director	Lupo Rattazzi		X		5			
Director	Eduardo Teodorani-Fabbri		X		5			
Director	Victor Bischoff		X	x	-	M	P	M
Lead Independent Director	Giuseppina Capaldo		X	x	2	P	M	
Director	Mina Gerowin		X	x	2		M	M
Director	Jae Yong Lee		X	x	1			M
Director	Giuseppe Recchi		X	x	2	M		
Director	Michelangelo Volpi		X	x	1			M

(*) In this column is indicated with an X the possession of the requisites of independence set by the Corporate Governance Code and under article 147-ter, para 4 of the Consolidated Law on Finance.

(**) In this column is indicated the number of appointments held as director or statutory auditor of companies listed on regulated markets, also outside Italy, in finance companies, banks, insurance companies or other large corporations.

(***) In this column are indicated with a 'P' (President/Chairman) and 'M' (Member), the membership and appointment on the Committee.

The term of office of the Board of Directors expires on the date of the Shareholders' Meeting for the approval of the 2014 financial statements.

The professional profiles of the members of the Board of Directors are available for review on the Company's website www.exor.com. Information on the positions held by the Directors at other listed companies or companies of significant interest is provided in the attached table no. 1.

The Board of Directors of the Company has reviewed and confirmed possession of the independence requisites, applying the criteria adopted by the Company which are set out later in this Report. Such criteria reflect the requisites set forth in article 147-ter, paragraph 4 of the Consolidated Law on Finance and conform to those in the Corporate Governance Code.

In conformity with Criterion 1.C.2 of the Corporate Governance Code, the Directors accept appointment when they deem that they can devote the necessary time to the diligent performance of their duties, also taking into account the commitments arising from their work and professional activities and the number of appointments as Director or Statutory Auditor held at other companies listed on regulated markets (including foreign markets), at finance companies, banks, insurance companies or large corporations.

Taking into consideration the aforementioned indications, as of the date of this Report, the Board of Directors has not defined general criteria as regards the maximum number of Director and Statutory Auditor appointments at other companies which may be considered as compatible with an efficient performance as a Director of the Issuer.

The Board of Directors at the meeting held on April 14, 2015 examined case by case the Directors' current appointments at other companies and concluded that the number and the quality of the positions held do not interfere with and are compatible with an efficient performance as a Director of the Issuer, considering also the involvement of the Directors in the Board's internal Committees.

It should be noted that although the legislation for gender balance (article 147-ter paragraph 1-ter of the Consolidated Law on Finance) was not yet applicable, at their May 29, 2012 Meeting EXOR's shareholders recognized the advantages which could arise from the presence on the Board of gender diversity and accordingly appointed Directors of the less represented gender. Further, the composition of the current Board provides an adequate balance also in terms of the seniority of Directors with an average age of about 51 years.

Honorary Chairmen

The Meeting of the Board of Directors of EXOR held on May 29, 2012 appointed Dr. Pio Teodorani-Fabbri as an honorary chairman, in addition to Dr. Gianluigi Gabetti. The honorary chairmen do not have executive powers but are invited to attend meetings of the Board of Directors.

Chairman and chief Executive Officer

The Board of Directors at its meeting held on May 29, 2012 elected from its members Mr. John Elkann as Chairman also appointing him as Chief Executive Officer.

With regard to the concentration of the offices Chairman and Chief Executive Officer the Board of Directors has appointed a Lead Independent Director as described below.

Under the company's By-laws (article 20) the Chairman of the Board of Directors is the legal representative of the Company, also in judicial matters, and holds the signatory powers. The Chairman exercises his powers and prerogatives in the conduct of the Issuers' business activities.

Under the Company's By-laws, the Chairman convenes the meetings of the Board of Directors, coordinating the work and conducting the business of its meetings.

The Chairman and Chief Executive Officer is the person primarily responsible for the management of the Company. In this connection it is confirmed that the so-called "interlocking directorates" situation set out in Criterion 2.C.5 of the Corporate Governance Code is not present. This rules that the chief executive officer of issuer (i) shall not take office as a director of another issuer (ii) not belonging to the same group, if the chief executive officer of this issuer (ii) is a director of issuer (i).

The Board of Directors has decided not to adopt a succession plan for the position of Chairman and Chief Executive Officer and in general for all the executive directors. This decision is based on consideration of the high degree of concentration and stability in the controlling ownership of the Company which facilitate the response to situations of discontinuity also in terms of the succession of directors.

Vice Chairmen

At the meeting of the Board of Directors held on May 29, 2012 Dr. Alessandro Nasi was appointed a Vice Chairman in addition to the already appointed Vice Chairman Mr. Tiberto Brandolini d'Adda.

Executive Directors

Besides the Chairman and Chief Executive the other executive Directors are:

- Dr. Sergio Marchionne, in conformity with Application Criterion 2.C.1. of the Corporate Governance Code, qualifies as an executive Director in virtue of the fact that he holds the appointments as managing director of Fiat Chrysler Automobiles N.V. and as chairman of the board of directors of CHN Industrial N.V.;
- the Vice Chairman Alessandro Nasi also qualifies as an executive Director since he has been entrusted with certain specific responsibilities.

Independent Directors

The Board of directors includes six independent Directors who possess the independence requisites established by the Corporate Governance Code. Also, the independent component is in compliance with article 147-ter of the Consolidated Law on Finance.

The independence requisites applied for a Director are:

- a) *he/she is not the spouse, close relative and related by blood or marriage up to the fourth degree to another Director of the Company;*
- b) *he/she is not a Director, the spouse, close relative and related by blood or marriage up to the fourth degree to a Director of a subsidiary, a holding company or a company under common control with the Company;*
- c) *he/she has no relationship with the Company or companies controlled by it or to companies which control it or to companies under common control or with the other Directors and individuals indicated in the previous subparagraphs a) and b) as outside independent consultant or employee or other relationship of a professional or equity nature;*
- d) *he/she does not control, directly or indirectly, the Company also through subsidiaries, trustees or through a third party, or is not able to exercise over the Company dominant influence, or participate in a Shareholder agreement through which one or more persons may exercise control or considerable influence over the Company;*
- e) *he/she is not, or has not been in the preceding three financial years, a prominent representative of the Company, of a subsidiary having strategic relevance or of a company under common control with the Company, or of a company or entity controlling the Company or able to exercise over the same a considerable influence, also jointly with others through a shareholder agreement;*
- f) *he/she has not, or did not have in the preceding financial year, directly or indirectly (e.g. through subsidiaries or companies of which he/she is a prominent representative, or in the capacity as partner of a professional firm or of a consulting company) a significant commercial, financial or professional relationship:*
 - 1. *with the Company, one of its subsidiaries, or any of its significant representatives;*
 - 2. *with a subject who, jointly with others through a shareholder agreement, controls the Company, or – in the case of a company or an entity – with its prominent representatives;*
- g) *he/she is not, or has not been in the preceding three financial years, an employee of one of the above mentioned subjects;*
- h) *he/she does not receive, or has not received in the preceding three financial years, from the Company or a subsidiary or holding company of the Company, a significant compensation in addition to the "fixed" remuneration as non-executive Director of the Company, including the participation in incentive plans linked to the Company's performance, also in the form of stock option plans;*
- i) *he/she has not been a Director of the Company for more than nine years in the last twelve years;*
- l) *he/she does not hold the office of executive Director in another company in which an executive Director of the Company holds the office of Director;*
- m) *he/she is not a shareholder or Director of a legal entity belonging to the same network as the firm appointed as the Company's independent auditor;*

n) he/she is not a close co-habiting relative of a person who is in any of the positions listed in the above paragraphs.

On the first useful occasion after his/her appointment and annually thereafter, the Board of Directors evaluates the effective independence of each of the independent Directors under the Corporate Governance Code and the provisions of article 147-ter, paragraph 4, of the Consolidated Law on Finance. The Board of Directors notifies the results of its evaluations on the occasion of an appointment, through a press release to the market and, subsequently, in the Report on corporate governance.

On the basis of the information provided by the Directors and that at the Company's disposal, the Board of Directors' meeting held on April 14, 2015 concluded that the Directors Victor Bischoff, Giuseppina Capaldo, Mina Gerowin, Jae Yong Lee, Giuseppe Recchi and Michelangelo Volpi possessed the independence requisites under set by the Corporate Governance Code. With regard to the requisites of the Consolidated Law on Finance, the Board of Directors concluded that the Directors Victor Bischoff, Giuseppina Capaldo, Jae Yong Lee, Giuseppe Recchi and Michelangelo Volpi are in possession of the requisites; the Director Mina Gerowin is a director of CNH Industrial NV as an independent member.

The Board of Statutory Auditors has verified that the criteria and procedures adopted by the Board to assess its members' independence were correctly applied.

The independent Directors also undertake to give timely notice to the Board of Directors of any circumstance in which the requisites cease to be satisfied.

In the course of the financial year 2014 the independent Directors did not meet separately from the other Directors. In particular the independent Directors judged that the activities of the Internal Control and Risk Committee and of the Compensation and Nominating Committee, each composed exclusively of independent Directors, with the support also of the Lead Independent Director, have ensured that the matters which they considered to require specific review have received adequate treatment.

Lead Independent Director

In conformity with Application Criterion 2.C.3 of the Corporate Governance Code, the Board of Directors appointed the Director Giuseppina Capaldo as Lead Independent Director.

The Lead Independent Director represents a reference and coordination point for the initiatives and contributions of non-executive Directors and, in particular, for the independent Directors and works with the Chairman of the Board of Directors to ensure that the flow of information to Directors is complete and timely.

During the year the Lead Independent Director has acted as the spokesman for the opinions of the independent Directors in the process of self-assessment of the Board and its committees, in particular with regard to their organization and operations.

3.2.4 Meetings

The Board of Directors meets at either the registered office of the company or elsewhere, as long as it meets in one of the countries of the European Union, generally at least quarterly, on convocation by the Chairman or one of the Vice Chairmen, or by whoever is authorized to do so by law, whenever one of these individuals considers it necessary, or at the request of the majority of its members or of the bodies with delegated powers.

In 2014 seven meetings of the Board of Directors were held. These meetings had an average duration of about two hours and thirty minutes.

The meetings regarded the examination of and resolutions on the operating performance of the Company, the operating performance of the investments, the results for the period, the proposals relating to transactions having a material impact, the own shares buyback program, proposals for changes to the Company's By-laws, the issue of non-convertible bonds, the updating of the Organizational Model pursuant to Legislative Decree No. 231/2001 and the self-assessment process on the performance of the Board of Directors and its internal Committees.

In 2015 two meetings of the Company's Board of Directors have already been held dealing with matters related to corporate affairs and certain corporate governance formalities as well as the approval of the draft separate and consolidated financial statements and of this Report.

For 2015 at present another three meetings of the Board of Directors are planned in connection with the approval of the periodic financial reports.

The presence of a majority of the Directors in office is necessary for the validity of resolutions of the Board of Directors. Information pertaining to the agenda of the aforementioned meetings is made available to the Directors in a timely manner so as to enable them to be informed adequately and in advance about the matters for discussion. In this connection the Company has introduced an electronic procedure by means of which, appropriately in advance (on average, three days), it makes available to Directors and Statutory Auditors the documentation to be examined and approved by the Board of Directors.

The Company's administration, through the Chairman and Chief Executive Officer, ensures that members of the Board of Directors and of the Board of Statutory Auditors receive information on the principal legislative and regulatory developments affecting the Company and its corporate bodies. In addition, to provide Directors with adequate knowledge of the business sector in which the Company operates, of the Company's circumstances and of the development of the business, by invitation, managers of the Company's functions also join the meeting.

In conformity with Criterion 1.C.1 of the Corporate Governance Code, transactions having a material impact on the economic performance, financial position or assets and liabilities, also including among such transactions the approval of any strategic and financial plans, are examined and approved by the Board of Directors of the Company which also monitors the effective execution of such plans. On the occasion of such transactions, in reasonable advance of the meeting, a summary report on the transactions giving details in particular of the economic and strategic aims, economic sustainability, manner of execution and consequent impact on the activities of the Company, is prepared for the Board of Directors.

3.2.5 Self-assessment by the Board of Directors and the Committees

Also for 2014, the Board of Directors has carried out the self-assessment of the size, composition and performance of the Board and its Committees evaluating their adequacy with reference also to the component represented by the independent Directors after taking into consideration their professional profile and commitment in the performance of the mandate.

The Directors' meeting held on April 14, 2015 made the aforesaid self-assessment by means of the sharing and analysis of a specially prepared questionnaire transmitted in advance.

The purpose of the questionnaire was the analysis of (i) the size and composition of the Board of Directors with reference also to the professional experiences and characteristics of the Directors, (ii) the functioning of the Board and in particular the conduct of Board meetings, the related information flows, the involvement of non-executive Directors and the handling of situations of actual or potential conflict of interest, (iii) the relations with the internal Committees and the control bodies. In order for the self-assessment to be performed, the aforesaid questionnaire was completed by the individual Directors and the results which emerged from the analysis of the information submitted were presented, in summarized and anonymous form, to the Board of Directors by the Internal Control and Risk Committee.

The results of the self-assessment showed that the composition and the operation of the administrative body are adequate with respect to the organizational and management requirements of the Issuer and confirmed its positive appreciation of the high standing of the Directors.

Further, positive valuations emerged as regards the frequency with which the meetings are held and the responses provided by the delegated bodies to the requests for clarification or further information. Improvement was noted in the quality and timeliness of information flows necessary for the Board to make a proper evaluation of the matters on the agenda. With regard to the Internal Committees, there was also a positive assessment of their number, type and composition and also of the information flows to the Committees and of the role which the committees played in the activities of the Board.

Finally, with regard to the contribution to the meetings from Company managers invited to attend in order to elaborate on the major transactions submitted to the Directors for examination, the valuation was extremely favorable.



3.2.6 Compensation of Directors

EXOR's compensation policy, as approved by the Board of Directors - based on a proposal of the Compensation and Nominating Committee - reflects the particular ownership structure of the Company and also its organizational structure, characterized by:

- the fact that the Chairman and Chief Executive Officer is one of the reference shareholders of EXOR through Giovanni Agnelli e c. S.a.p.az. which owns 51.392% of EXOR's share capital;
- the absence from EXOR's organization of managers with strategic responsibilities (as defined in the regulatory provisions) apart from the Directors (in particular Mr. John Elkann who is the Chairman and Chief Executive Officer) and the absence of general managers.
- EXOR's organizational structure which, following the changes made in recent years, is extremely simple and flexible.

The compensation of the Directors is determined in the manner which is appropriate in relation to the professional qualities required to manage the Company successfully.

In order to achieve the objectives described above compensation policy is established taking account of the following:

- compensation best practice (starting from the Corporate Governance Code); and
- the requirement for the sustainability of compensation and for the alignment of the interests of management with the medium to long-term interests of Shareholders.

Further, compensation policy is established in a manner which is coherent with the Company's risk management policy and its system of internal control.

Finally, the compensation policy adopted confirms, both in terms of principles and of incentives and compensation mechanisms, the approach followed, in terms of both principles and incentives and compensation mechanisms, with satisfactory results over the past years,

Stock Option Plans

The stock option plan approved by the Shareholders of IFIL at the ordinary meeting held on May 13, 2008 (the IFIL 2008-2019 Stock Option Plan) as a result of the merger of IFIL S.p.A in IFI S.p.A (which then adopted the name EXOR S.p.A) has continued with EXOR S.p.A and became the EXOR 2008-2019 Stock Option Plan, as ratified by the Board of Directors on March 2, 2009.

Incentive Plan

The Shareholders of EXOR S.p.A at the meeting held on May 29, 2012 approved the adoption of a long term incentive plan (*Long Term Incentive Plan*) in the form of a stock grant ("*Long Term Stock Grant*") and of a stock option ("*Company Performance Stock Option*").

The detailed information on the EXOR 2008-2019 Stock Option Plan and on the Long Term Incentive Plan is set out in the 2014 Annual Report and in the Compensation Report to which documents reference should be made.

Approval of the Compensation Report

On April 14 2015 the Board of Directors, on the basis of a proposal of the Compensation and Nominating Committee, approved the Compensation Report pursuant to article 123-ter of the Consolidated Law on Finance available on the Company's website www.exor.com, in which is provided all the information on the compensation policy adopted by the Company. The compensation policy will be submitted to a non-binding vote, a vote either in favor or contrary, of the shareholders in the forthcoming shareholders' meeting to be called to approve the 2014 financial statements.

Reference should be made to the Compensation Report with regard to: (i) the detailed information on the principles and objectives underlying the policy adopted for the compensation of Directors, (ii) the analytical description, also in the form of tables, of the composition of the compensation attributable to the Directors for the year of reference.

3.3 Internal Committees of the Board of Directors

Within the Board of Directors two Committees with proposing and consulting functions have been instituted: the Compensation and Nominating Committee and the Internal Control and Risk Committee.

The Board of Directors has chosen to appoint a single Committee for both matters concerning compensation of Directors and matters relating to nominations, since it considers the subjects to be closely related.

The Internal Control and Risk Committee has also been identified as the Committee with competence for related party transactions. Solely for transactions of lesser significance concerning the compensation and emoluments of Directors the competent related party transactions committee is the Compensation and Nominating Committee.

A Strategy Committee also operates within the Board of Directors, having the functions of providing consultation and support to the Board of Directors.

The duties and the rules of operation of each Committee are established by resolution of the Board of Directors. In performing their duties the Committees have right of access to any information which may be necessary, also with any support required from the relevant Company function. Further for the performance of their duties the Committees have access to adequate financial resources and may utilize the support of external consultants.

3.3.1 Compensation and Nominating Committee

Composition

The Compensation and Nominating Committee is composed entirely of independent Directors. .
The Committee's composition is as follows:

Member	Qualification	Attendance % 2014
Victor Bischoff	Non executive & independent - Chairman	100
Giuseppina Capaldo	Non executive & independent	100
Mina Gerowin	Non executive & independent	100

The Board of Directors has verified that the Director Victor Bischoff possesses adequate knowledge and experience in financial matters and in compensation policy.

Roles

The Compensation and Nominating Committee has mainly consultative functions to give support to the Board of Directors. The Committee has the following duties:

- to formulate proposals to the Board of Directors relating to the definition of compensation policy and in particular to the plans for the compensation of the Chief Executive Officer and the Directors vested with special responsibilities as well as determining the performance objectives linked to any variable components of compensation;
- to propose to the Board of Directors the candidates for the position of Director, in the case contemplated by article 2386, first paragraph, of the Italian Civil Code in which it is necessary to replace an independent Director in conformity with Application Criterion 5.C.1., subparagraph b);
- to propose to the Board of Directors the profiles and professional qualities for candidates for the position of independent Director to be submitted to the Shareholders' Meeting of the Company, taking into account any communications received from Shareholders;

- d) to express opinions to the Board of Directors regarding the size and composition of the Board and, possibly, regarding the professional profiles whose presence on the Board is deemed appropriate in conformity with Application Criterion 5.C.1., subparagraph a).
- e) to evaluate from time to time the adequacy and the modes of effective application of compensation policy and the coherence of the same with established principles and submit to the Board of Directors proposals for change.

The Board of Directors identified the Compensation and Nominating Committee as the competent committee for related-party transactions solely for transactions of lesser significance which relate to the compensation and emoluments of Directors.

The Compensation and Nominating Committee may avail itself of the assistance of consultants to obtain necessary information and opinions on the aspects relating to the matters to be considered and may have the financial resources necessary for this purpose.

Meetings

The Board of Statutory Auditors and the heads of company functions of EXOR who thanks to their specific competences, can ensure that the Board of directors is constantly updated on developments in the Company's business and in the regulatory environment are invited to attend the meetings of the Compensation and Nominating Committee.

The proceedings of meetings of the Compensation and Nominating Committee are minuted.

One meeting of the Compensation and Nominating Committee was held during 2014 with an average for attendance by its members of 100%. In addition the Committee has met once in 2015 with an average for attendance by its members of 100%. On the agenda of the meetings was the examination of the Compensation Report prepared pursuant to article 123-ter of the Consolidated Finance Law available on the Company's website at www.exor.com and, for the meeting in 2015, the definition of indications regarding the composition of the Board of Directors considered appropriate also in relation to the types of professional skills required of Directorship candidates, for proposal to the Board of Directors.

Both meetings were attended by the Board of Statutory Auditors and the Head of the legal and Corporate affairs Department.

The duration of the meetings of the Compensation and Nominating Committee was of about one hour.

3.3.2 Strategy Committee

Composition

The Strategy Committee is composed of two executive Directors and four independent Directors. The members of the Committee are:

Member	Qualification	Attendance % 2014
John Elkann	Executive – Chairman	100
Victor Bischoff	Non-executive & independent	50
Mina Gerowin	Non-executive & independent	100
Sergio Marchionne	Executive	100
Jae Yong Lee	Non-executive & independent	50
Michelangelo Volpi	Non-executive & independent	100

Roles

The Strategy Committee has consultative functions to give support to the Board of Directors as regards strategic options for EXOR.

Meetings

The Company's function heads may be invited to attend the meetings.

During 2014, the Strategy Committee met twice, with an average for attendance by its members of 100%, to examine and assess the main investments and strategic plans.

3.3.3 Internal Control and Risk Committee

Composition

The Internal Control and Risk Committee is composed exclusively of non-executive and independent Directors.

The members of the Committee are:

Member	Qualification	Attendance % 2014
Giuseppina Capaldo	Non executive & independent - Chairman	100
Victor Bischoff	Non executive & independent	100
Giuseppe Recchi	Non executive & independent	75

Ms. Giuseppina Capaldo, Chairman of the Internal Control and Risk Committee possesses adequate experience and is professor of private institutions law at the La Sapienza University. She has degrees in law and in economics and business, is an attorney-at-law and a registered auditor and is accredited to practice as a “Professional Accountant”.

Roles

The Internal Control and Risk Committee is vested with the role of giving support to the Board of Directors in the definition of the guidelines for the Company's internal control and risk management system as well as of controlling, through the activities of the competent corporate functions or as circumstances require, the effective observance of the internal operating and administrative procedures adopted by the Company to ensure a proper and efficient management of the Company and to identify, prevent and manage any risks of a financial or operational nature. The Internal Control and Risk Committee maintains relations with the Board of Statutory Auditors, the Independent Auditors, the Head of Internal Audit and the Manager responsible for the preparation of the Company's financial reports.

Furthermore, the Internal Control and Risk Committee and the Legislative Decree 231/2001 Supervisory Body meet at least once a year for the exchange of information relating to their respective control activities. In the event of particular anomalies detected during the control activity, the aforementioned bodies inform each other in a timely manner.

Should it be required, the Committee also meets at the request of the Chairman of the Board of Statutory Auditors or of the Head of Internal Audit.

With regard to the adoption of the Administrative and Accounting Control Model (see later in this report), the Internal Control and Risk Committee oversees the work carried out by the corporate structures relating to:

- analysis of the financial reporting risks in order to define the scope of intervention within EXOR S.p.A. and the companies of the “Holdings System”;
- preparation of the individual administrative and accounting procedures governing the operating and control activities which address the risks identified;
- analysis of the IT systems supporting the Company's administrative processes;
- identification of the significant subsidiaries from which to require a similar process;
- definition of the process of periodic assessment of the accounting control system within the EXOR Group.

The Internal Control and Risk Committee also:

- a) together with the Manager responsible for the preparation of financial reports and with the independent auditors evaluates the correct application of the accounting principles and, in the case of groups, their consistent application in the preparation of consolidated financial statements (Criterion 7.C.2., subparagraph a);
- b) expresses opinions on specific aspects relating to the identification of the Company's principal corporate risks as well as on the design, implementation and management of the internal control system (Criterion 7.C.2., subparagraph b);
- c) examines the periodic reports on the evaluation of the internal control and risk management system and those of particular relevance prepared by the Head of Internal Audit (Criterion 7.C.2 subparagraph c);
- d) monitors the autonomy, adequacy, effectiveness and efficiency of the Head of Internal Audit (Criterion 7.C.2 subparagraph d);
- e) may request the performance by the Head of Internal Audit of checks on specific areas of operations, at the same time informing the Chairman of the Board of Statutory Auditors of the request (Criterion 7.C.2 subparagraph e);
- f) reports to the Board, at least on a half-yearly basis, on the occasion of the approval of the annual financial statements and the half-yearly Report, on the activity carried out, as well as on the adequacy of the internal control and risk management system (Criterion 7.C.2., subparagraph f).

By analogy with the provisions regarding the Compensation and Nominating Committee concerning transactions relating to compensation and emoluments, the Board of Directors identified the Internal Control and Risk Committee as competent for all other related-party transactions matters.

In the performance of its tasks, the Internal Control and Risk Committee has access to the information and corporate functions necessary for the performance of the duties entrusted to it.

The Internal Control and Risk Committee may avail itself of the services of consultants to obtain required information and opinions on the aspects relating to matters to be considered and may have the financial resources necessary for this purpose.

Meetings

At the invitation of the Committee, the Statutory Auditors, the Independent Auditors, the Manager responsible for the preparation of financial reports and the Head of Internal Audit attend the meetings of the Committee as well as the heads of Company functions and consultants who through their specific competences can ensure that the Board of Directors is constantly updated on developments in the Company's circumstances and in the regulatory environment.

The proceedings of Committee meetings are minuted.

The Internal Control and Risk Committee met four times in 2014 and has met twice in 2015, with a percentage of attendance by its members of 94%.

The activity at the meetings regarded:

- review of the 2014 separate financial statements and consolidated financial statements, the Annual Report on Corporate Governance 2014 2015, the 2014 half-year financial report and the interim reports for the first and third quarters of 2014 as well as the result of the audits of the financial statements and half-year financial report, evaluating the findings presented by the independent auditors in their letter of recommendations and in their report of important matters arising from the audit as well as – together with the Manager responsible for the preparation of financial reports and having heard the Independent Auditors and the Board of Statutory Auditors - the correctness of the accounting policies used and their consistent application in the preparation of the consolidated financial statements,
- review of the accounting procedures and criteria used for the preparation of the periodical financial reports,
- review of the activities carried out by the Manager responsible for the preparation of financial reports including the update of the Administrative and Accounting Control Model and of the Decree 231/2001 Organizational Model;
- review of the methods and procedures for the implementation of the provisions of IAS 36 as regards impairment testing of assets;
- review of the annual and half-yearly reports on the activities of the Supervisory Body pursuant to Decree 231/2001;
- review of the update of the Company's initiatives regarding the identification of the principal risks, taking account of the characteristics of EXOR's activities;
- review of the periodic reports of the Head of Internal Audit on the assessment of the System of Internal Control and Risk Management, monitoring the adequacy, efficacy and efficiency of the Internal Audit function and examination in detail of the matters of particular significance,
- evaluation of the 2014/2016 Internal Audit Plan;
- Collection of the data necessary for the self-assessment by the Board of Directors and the Committees, reporting to the Board in summary and anonymous form. Information about the self-assessment findings is provided in paragraph 3.2.5 of this Report.

On the basis of the above activities the Internal Control and Risk Committee has reported quarterly to the Board of Directors on the work performed and half-yearly to the Board of Directors on the adequacy of the System of Internal Control and Risk Management.

The average duration of meetings of the Internal Control and Risk Committee is of one hour and thirty minutes.



3.4 Board of Statutory Auditors

3.4.1 Duties of the Board of Statutory Auditors

The Board of Statutory Auditors, set up pursuant to the By-laws of the Company, is formed of three Regular Auditors and two Alternate Auditors. The Board of Statutory Auditors is responsible for the supervision of compliance with the law and with the Company's deed of incorporation, of the observance of proper administration principles and, for those aspects under its responsibility, of the adequacy of the organizational structure of the Company, of the internal control system and of the administrative and accounting system as well as of the reliability of the latter for the purposes of representing the Company's operations correctly. The Board of Statutory Auditors also monitors the adequacy of the instructions imparted to the subsidiaries according to article 114, paragraph 2, of the Consolidated Law on Finance and the manner of implementing the rules of corporate governance in practice.

The Board of Statutory Auditors:

- evaluates the independence of its members at the first useful occasion after their appointment;
- assesses during the financial year if the requisites for the independence of its members continue to be met;
- in performing the above control has applied all the criteria established by the Corporate Governance Code for the evaluation of the independence of Directors.

The Company's administration ensures that the members of the Board of Statutory Auditors receive information on the legislative and regulatory developments affecting the Company and its corporate bodies. In addition, in order to provide the Statutory Auditors with an adequate knowledge of the business sector in which the Company operates, of the dynamics of its business and of their evolution, Managers of functions are from time to time invited to attend the meetings of the Board of Statutory Auditors.

A Statutory Auditor who has an interest, either direct or on behalf of third parties, in a certain transaction of the Issuer, informs the other Statutory Auditors and the Chairman of the Board in a timely and exhaustive manner about the nature, the terms, origin and extent of his/her interest (Criterion 8.C.3.).

The Boards of Statutory Auditors monitors the independence of the audit firm, verifying both the compliance with the applicable provisions of law and the nature and extent of non-audit services provided to the Company and its subsidiaries by the audit firm itself and by the entities belonging to its network.

In carrying out its activities the Board of Statutory Auditors coordinates its work with the Head of Internal Audit and with the Internal Control and Risk Committee through attendance at the meetings of the Committee (Application Criteria 8.C.4. and 8.C.5.).

The Board of Statutory Auditors is also called on to perform the functions attributed by the applicable laws to the Internal Control and Legal Audit Committee instituted by Legislative Decree No. 39 dated January 27, 2010. In this role the Board of Statutory Auditors must supervise (i) the financial reporting process, (ii) the effectiveness of internal control, internal audit and risk management systems, (iii) the legal audit of the annual statutory and consolidated financial statements and (iv) the independence of the audit firm with regard in particular to non-audit services.

Lastly, the Board of Statutory Auditors is also called on to issue a well-supported recommendation to the Shareholders' Meeting when the mandate for the legal audit of the accounts is conferred or revoked.

3.4.2 Appointment of Statutory Auditors

All regular Statutory Auditors and all alternate Statutory Auditors shall be chosen from professionals on the register of legal auditors who have practiced as legal auditors for a period of not less than three years.

Minority shareholders may appoint one regular Statutory Auditor and one alternate Statutory Auditor.

The Board of Statutory Auditors is appointed by means of lists, filed at the Company's place of business at least twenty five days prior to the date of the Shareholders' Meeting, on which the candidates are listed in a numerical

order. The list is divided into two parts: one for candidates for the office of regular Statutory Auditor, the other for candidates to the office of alternate Statutory Auditor, the number not exceeding the number of Statutory Auditors to be appointed.

Lists of candidates can only be presented by shareholders who, alone or together with other shareholders, hold voting shares representing the percentage established for the Company under the applicable regulations; the ownership percentage required for the presentation of lists of candidates for the appointment to the Boards of Directors and of Statutory Auditors of EXOR pursuant to article 144-quater of the Regulation on Issuers has been established by Consob to be 1.0% of the ordinary share capital. This ownership percentage must be evidenced in appropriate communications which must reach the Company at least twenty one days prior to the date of the Shareholders' Meeting. These matters must be set out in the notice convening the Meeting of Shareholders.

The lists of candidates must also be accompanied by:

- a) information on the identity of the shareholders who presented the lists of candidates, with indication of the total percentage of voting shares held;
- b) a declaration by shareholders other than those who hold, also jointly, a controlling interest or relative majority interest, in which they declare the absence of links with the latter as defined by the relevant regulations;
- c) exhaustive information on the candidates' personal and professional characteristics, as well as a declaration by the candidates in which they state that they possess the requisites established by the law and by the Company's By-laws and that they accept the candidature;
- d) a list of the appointments as directors and statutory auditors held by the candidates in other companies together with the undertaking to update the aforementioned list to the date of the Shareholders' Meeting.

Candidates for whom the above rules are not observed are ineligible.

The lists of candidates, accompanied by the aforesaid information, are also published on the Company's website.

If, at the latest date indicated above only one list has been deposited, or lists have been deposited only by shareholders who, on the basis of the aforementioned provisions, are linked with each other according to the relevant regulations, lists can be presented up to the third day after that date. In this case, the aforementioned threshold shall be reduced by half.

The lists can be filed using at least one remote communication medium in a manner, to be made known in the notice convening the Shareholders' Meeting, which allows the identity of the persons who make the filing to be known.

A single shareholder cannot, either directly or through a third party or through trustee companies, present more than one list, or vote in different lists. Shareholders belonging to the same group and shareholders who signed a Shareholder agreement regarding the shares of the Company may not present, either through a third party or trustee company, more than one list, or vote for different lists. Each candidate may be included in one list only, under penalty of ineligibility.

Candidates can be included in the lists only if the limit on the number of appointments set by the applicable regulation has been respected and they are in possession of the requisites established by the regulations and by the Company's By-laws. Out-going Statutory Auditors can be re-elected.

The procedure for the election of the Statutory Auditors is as follows:

1. two regular auditors and one alternate auditor are elected from the list which has obtained the highest number of votes at the Shareholders' Meeting, in the numerical order in which they appear in the parts of the list;
2. the remaining regular auditors and the other alternate auditor are elected from the list which has obtained the second highest number of votes at the Shareholders' Meeting and which is not linked with the shareholders of reference according to the applicable regulations, in the numerical order in which they appear in the parts of the list; in the case of a tied vote between lists, the candidates are elected from the list presented by the Shareholders with the largest holding or, failing that, presented by the largest number of Shareholders.



The chairman of the Board of Statutory Auditors shall be the member indicated as the first candidate on the list as set forth in paragraph 2 above.

If it is not possible to appoint the Statutory Auditors in the manner described above, the candidates shall be appointed by a relative majority of votes cast by the Shareholders present at the Meeting.

In the event that the requisites of the law and of the Company's by-laws cease to be met, the Statutory Auditor's appointment ceases.

To replace a Statutory Auditor, the alternate auditor belonging to the same list as the outgoing auditor shall take the place of the outgoing auditor.

The rules for election of Statutory Auditors set out in the preceding paragraphs shall not be applied by the Shareholders' Meetings which, according to the law, must appoint regular Statutory Auditors and/or alternates to complete the Board of Statutory Auditors following a replacement or resignation. In these cases, the appointment is made by a relative majority vote of the shareholders, in observance of the principle of the necessary representation of minorities.

It should be noted that although the legislation to ensure gender balance (article 148 paragraph 1-bis of the Consolidated Law on Finance) was not yet applicable, at their meeting held on May 29, 2012 the EXOR Shareholders recognized the advantages which could arise from the presence on the Board of Statutory Auditors of gender diversity and accordingly proceeded with the appointment of an appropriate number of women as Statutory Auditors.

3.4.3 Composition of the Board of Statutory Auditors

The Company's By-laws include the clauses which ensure that a regular member of the Board of Statutory Auditors is appointed by the minority in the position of Chairman.

The Board of Statutory Auditors in office as of the date of this Report, the composition of which is set out in the table below, was appointed at the meeting of Shareholders held on May 29, 2012 and will remain in office until the approval of the 2014 financial statements.

Board Members	Chairman	Regular	Alternate	Attendance % 2014	No. of other appointments
Sergio Duca	X			100	3
Nicoletta Paracchini		X		100	9
Paolo Piccatti		X		100	10
Giorgio Ferrino			X		6
Ruggero Tabone			X		9

The professional profiles of the members of the Board of Statutory Auditors are available for review on the Company's website www.exor.com.

The Board of Statutory Auditors of EXOR will remain in office until the Shareholders' Meeting that will be held to approve the 2014 financial statements.

At the time of the election of the Board of Statutory Auditors only the list of candidates of the Shareholder Giovanni Agnelli e C.S.a.p.az., then holding 59.10% of the ordinary shares was presented. The list, together with the supporting document required for presentation under the Company's By-laws was published on the Company's website at www.exor.com, and is still available thereon.

In table 4 "Appointments of the Statutory Auditors in other companies" are set out the more significant appointments held by the members of the Board of Statutory Auditors.

3.4.4 Meetings

During 2014 the Board of Statutory Auditors met ten times, with a rate of attendance by its members of 100%. The average duration of the meetings of the Board of Statutory Auditors was about one hour and thirty minutes.

3.5 Independent auditors

The audit firm engaged to perform the legal audit of the accounts is required by law to verify that the accounting records have been properly kept and that the Company's operations are correctly recorded and also to verify that the separate and consolidated financial statements are in conformity with the regulations for their preparation and give a correct and true presentation of the financial position and results for the year, expressing an opinion both on the financial statements and on the consistency of the Report on Operations with those financial statements. The audit firm performs specific audit procedures on the half-year financial report. Further it performs the additional procedures required by the legislation, including those relating to the sector, and performs the services requested by the Board of Directors to the extent these are not incompatible with the appointment to perform the legal audit of the accounts.

The legal audit of the accounts is currently carried out according to the provisions of law by the audit firm, Reconta Ernst & Young S.p.A., appointed by the Shareholders' Meeting held on April 28, 2011 for the financial years 2012-2020. This appointment will expire with the issue of the report on the financial statements for the year ending December 31, 2020, and, pursuant to the law, is not renewable.

3.6 Internal Control and Risk Management System

EXOR is committed to promoting and maintaining an adequate Internal Control and Risk Management System (hereafter also "System") being the body of rules, procedures and organizational structures whose purpose is to provide an adequate process for the identification, measurement, management and monitoring of the principal risks in order to ensure the reliability, accuracy and timeliness of financial information, the safeguarding of the Company's assets, the efficiency and effectiveness of business processes and the Company's compliance with laws and regulations. An effective system of internal control and risk management contributes to the conduct of the business in a manner consistent with its pre-established objectives and facilitates well-informed decision-making.

The Internal Control and Risk Management System is integrated in the general organization and governance structure adopted by the Issuer and is developed giving adequate consideration to the reference models and the best practices available nationally and internationally. The reference model for the System adopted by EXOR is, in fact, based on the standards set out in the *Internal Control – Integrated Framework* developed by the *Committee of Sponsoring Organizations of the Treadway Commission (C.o.S.O. Report^(a))*. Within the broader model of the Internal Control and Risk Management System adopted by the Company the more specific activities of identifying and managing risks are defined by the standards set by the *Enterprise Risk Management – Integrated Framework (C.o.S.O. E.R.M.^(b))*, while the reference for the components of the Internal Control and Risk Management System for Financial Information (the so-called *Internal Control over Financial Reporting*) are to be found in the abovementioned *C.o.S.O. Report*.

The Board of Directors on February 11, 2013 approved the "Guidelines of the Internal Control and Risk Management System" to ensure that the main risks affecting the Company and the "Holdings System" are correctly identified, adequately measured, managed and monitored so as to ensure the compatibility of the risks with an administration of the business coherent with the identified strategic objectives.

The responsibility for the institution and maintenance of an effective Internal Control and Risk Management System which is coherent with the business and process objectives and for the correspondence of the risk management

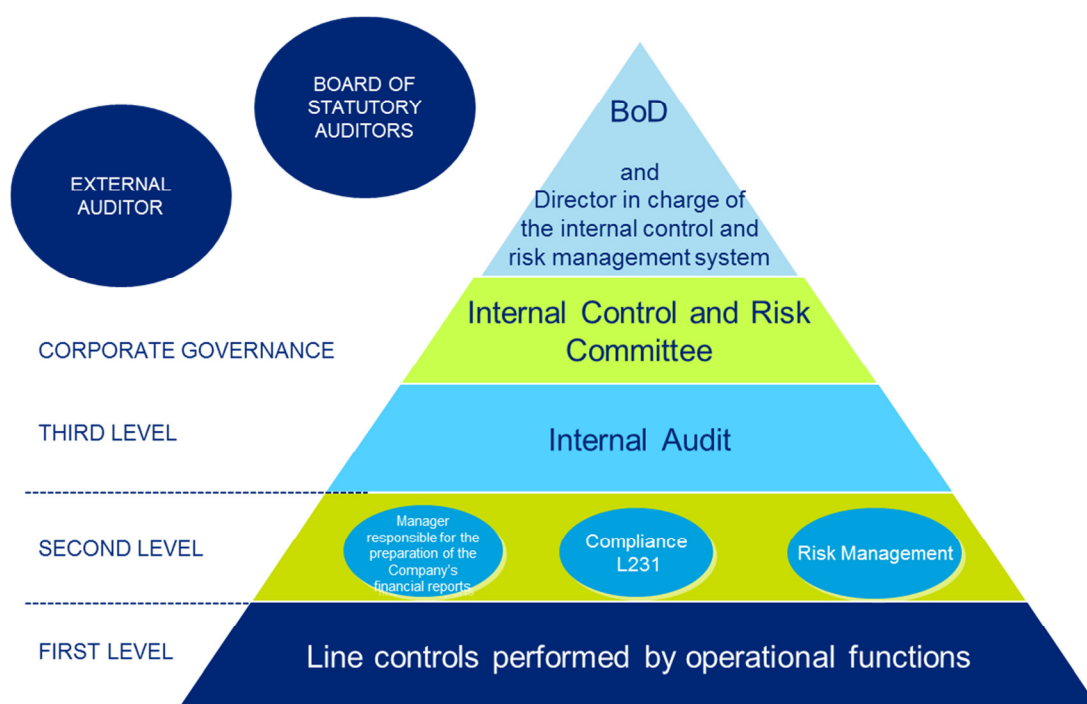
^(a) The C.o.S.O. Model, designed by the Committee of Sponsoring Organizations of the Treadway Commission - "Internal Control – Integrated Framework" issued in 1992 and amended in 1994 by the Committee of Sponsoring Organizations of the Treadway Commission defines the System of Internal Control as "the process performed by the Board of Directors, managers and other members of the organization, for the purposes of (i) providing reasonable assurance of achieving the objectives of effectiveness and efficiency in operating activities, (ii) assuring the reliability of the information in the financial statements and (iii) assuring compliance with the laws and regulations in force."

^(b) The C.o.S.O. Model, designed by the Committee of Sponsoring Organizations of the Treadway Commission - "Enterprise Risk management – Integrated Framework" published in 2004 by the Committee of Sponsoring Organizations of the Treadway Commission.

method employed with the pre-established containment plan is entrusted to the Director in Charge and the managers of the functions.

In particular EXOR's Internal Control and Risk Management System operates at three levels of internal control:

- First Level: identification, evaluation and monitoring of applicable risks in the single processes. At this level are located the structures responsible for the individual risks, for their identification, measurement and management, as well as for the performance of the necessary checks.
- Second Level: monitoring of the principal risks to ensure the effectiveness and efficiency of their management and treatment and of the functioning of the controls placed over the principal risks, support to the first level in the definition and implementation of adequate systems for the management of the principal risks and the related controls. The control instruments for coordination and operation of the main control systems operate at this level (Manager Responsible for Financial Reports, Decree 231 compliance process, Risk Management process, etc.).
- Third Level: provides an independent and objective assurance of the adequacy and effective operation of the first and second levels of control and in general of the overall mode of managing risks. This activity is carried out by Internal Audit whose activities are directed and guided by the Guidelines.



The Internal Control and Risk Management System is subject to verification and updating over time in order to ensure its constant suitability as an instrument of control over the business's principal areas of risk.

A detailed description of the roles and responsibilities of those involved in EXOR's Internal Control and Risk Management System is set out below.

3.6.1 Main subjects involved in the Internal Control and Risk Management System, roles and responsibilities

EXOR's Internal Control and Risk Management System involves, each for their specific competence, the following subjects:

- The Board of Directors whose role is to provide direction and to assess the adequacy of the Internal Control and Risk Management System, identifying within the Board:

- An Internal Control and Risk Committee composed of non-executive Directors, the majority independent, who assist the Board of Directors through an adequate analysis activity;
- A Director in Charge of internal control, responsible for instituting and maintaining an efficient Internal Control and Risk Management System.

The Board of Directors has identified the Chairman and Chief Executive Officer John Elkann as the Director in Charge responsible for overseeing the working of the system of internal control.

In the context of these responsibilities the Director, with the support of the competent Company functions, is required to:

- oversee the identification of the main business risks (strategic, operational, financial and compliance risks), taking into account the characteristics of the activities carried out by the Issuer and its subsidiaries, and submit them periodically to review by the Board of Directors (Criterion 7.C.4., letter a);
- implement the guidelines defined by the Board of Directors, supervising the design, implementation and management of the Internal Control and Risk Management System, constantly monitoring its overall adequacy, effectiveness and efficiency (Criterion 7.C.4., letter b);
- oversee the adaptation of the system to the dynamics of the operating conditions and the legislative and regulatory framework (Criterion 7.C.4., letter c);
- request the performance by the Head of Internal Audit of checks on specific operational areas and on compliance of company operations with internal regulations and procedures, at the same time informing the Chairman of the Board of Directors, the Chairman of the Internal Control and Risk Committee and the Chairman of the Board of Statutory Auditors of the request: (Criterion 7.C.4., letter d);
- report in a timely manner to the Internal Control and Risk Committee (or to the Board of Directors) on problems and critical matters arising from his activities or of which he has become aware, in order that the Committee may take the appropriate action (Criterion 7.C.4., letter e).

In 2014 the Director did not make specific requests to the Head of Internal Audit with regard to the performance of checks on specific operational areas or on specific processes but has referred to the Internal Control and Risk Committee – by way of the Head of Internal Audit – and to the Board of Directors on the subject of the identification of the principal corporate risks and of the main problems which have arisen in the conduct of its business.

- the Head of Internal Audit, appointed by the Board of Directors with the favorable opinion of the Internal Control and Risk Committee and considering the views of the Board of Statutory Auditors, responsible for verifying that the Internal Control and Risk Management System is functioning and is adequate.

The Board of Directors, at the proposal of the Chairman and Chief Executive Officer John Elkann and with the favorable opinion of the Internal Control and Risk Committee and considering the views of the Board of Statutory Auditors, appointed as Head of Internal Audit Ms. Simona Mariani already Head of EXOR's Legal and Corporate Affairs Department.

The Head of Internal Audit, in the framework of the aforesaid activity, does not report to any operational function but to the Chairman and Chief Executive Officer of EXOR, the Director in charge of the Internal Control and Risk Management System.

The Head of Internal Audit may use the services of consultants for the acquisition of any information necessary and of opinions on matters for which he or she is responsible and may have the financial resources necessary for this purpose.

In the performance of his or her duties, the Head of Internal Audit may access information and corporate functions as may be required to carry out such duties. In particular, in the performance of these duties, the Head of Internal Audit:

- a) checks, both on an ongoing basis and in respect of specific needs and in conformity with international standards, the effectiveness and suitability of the Internal Control and Risk



Management System, by means of an audit plan, approved by the Board of Directors, based on a structured process of analysis and prioritization of the main risks (Criterion 7.C.5., letter a);

- b) has direct access to all useful information for the performance of his or her duties (Criterion 7.C.5., letter c);
- c) reports periodically, providing adequate information on the activities undertaken, on the manner in which the risk management activity is conducted and on the achievement of the established risk containment plan. The periodic reports include an evaluation of the suitability of the Internal Control and Risk Management System (Criterion 7.C.5., letter d);
- d) reports in a timely manner on events of particular significance (Criterion 7.C.5., letter e);
- e) transmits the reports under items c) and d) above to the chairmen of the Board of Statutory Auditors, of the Internal Control and Risk Committee and of the Board of Directors and to the Director in Charge of the Internal Control and Risk Management System (Criterion 7.C.5., letter f);
- f) verifies, as part of the Audit Plan, the reliability of the information systems including the accounting system (Criterion 7.C.5., letter g).

In 2014 the Head of Internal Audit duly completed the audit plan approved by the Board of Directors on April 9, 2014 and will submit a new plan for the three year period 2015-2017 at the first meeting of the new Board of Directors.

The Head of Internal Audit reports at least half-yearly to the Board of Statutory Auditors, the Director in Charge of the System of Internal Control and Risk Management and the Internal Control and Risk Committee on the results of the internal audit activity and supports the Committee in the checks and assessments regarding the Internal Control and Risk Management System.

- the Board of Statutory Auditors which oversees the effective implementation of the rules of corporate governance established by the Internal Control and Risk Management System;
- the Lead Independent Director who, in accordance with the recommendations of the Corporate Governance Code, represents a point of reference and coordination for the requests and contributions of the independent directors;
- the Manager responsible for the preparation of the Company's financial reports pursuant to article 154-bis of the Consolidated Law on Finance, to whom the law attributes responsibility for the implementation of administrative and accounting procedures suitable for the preparation of the annual separate and consolidated financial statements. The Board of Directors, pursuant to the provisions of article 21 of the Company's By-laws, after receiving the favorable opinion of the Board of Statutory Auditors, appointed Mr. Enrico Vellano, Chief Financial Officer, as Manager responsible for the preparation of the Company's financial reports. The Manager responsible for the preparation of the Company's financial reports holds the specific powers to carry out the duties entrusted to him, including the power for expenditure. He exercises his powers with a single signature for the performance of the specific duties entrusted to him, in the interests of the Company and subject to compliance with the provisions of law. With reference to the exercise of the aforementioned powers, the said Manager reports without delay to the Chairman and Chief Executive Officer and on a six-monthly basis to the Board of Directors on the activities carried out and the relative costs;
- The Company's Supervisory Body, instituted pursuant to Legislative Decree 231/2001, which is vested with the duty of supervising the functioning and the observance of the Model of Organization, Management and Control and of ensuring its updating, is required to report to the Board of Directors annually on the outcome of the activities performed, sharing such activities half-yearly with the Internal Control and Risk Committee. The Body possesses the specific professional skills required to perform the duties effectively and performs such activities with continuity. For further information on the Supervisory Body reference should be made to paragraph 3.6.6 "Organizational Model pursuant to Legislative Decree 231/2001";
- the employees of the Company and of the Holdings System who, in virtue of the specific duties entrusted to them within the organization, ensure, as part of their responsibility, the effective and efficient functioning of the Internal Control and Risk Management System.

3.6.2 Coordination between subjects engaged in the Internal Control Management System

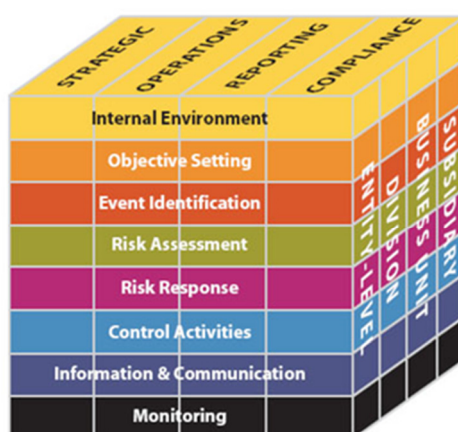
The Company has developed an integrated compliance model which, among other things, identifies in detail the activities of the persons engaged in the Internal Control and Risk Management System, establishing effective modes of coordinating the activities of each such person.

3.6.3 Identification, assessment and management of risks

The more specific activities of identifying and managing risk implemented by EXOR are based on the already-mentioned C.o.S.O. E.R.M., which defines Risk Management as “a process effected by the Board of Directors, management and other personnel, applied in setting strategy across the organization and designed to identify potential events that may affect the business, in order to manage the risk within the risk appetite and to provide reasonable assurance regarding the achievement of the business’s objectives”.

The System requires the Director in Charge, with the support of the Company functions responsible for EXOR’s operational processes, to identify the risks attaching to the Company’s strategic objectives in the context of the risk appetite defined by the Company, identifying and managing the following three dimensions of analysis:

- objectives
- components
- entity’s units



Objectives: the activities within the Internal Control and Risk Management System must provide reasonable assurance about the management of the risks connected with the attainment of the enterprise’s strategic objectives and of the correlated operational objectives, the objectives of effectiveness and efficiency in the conduct of operations, including the safeguarding of the enterprise’s assets, the reliability of financial and other information and compliance with laws and regulations.

In this context the Board of Directors and the Director in Charge are responsible for the identification of the main risks to which EXOR and the “Holdings System” are exposed on the basis of the objectives and the characteristics of the business activity and for performing an assessment of the possible risk scenarios in terms of their impact and probability of occurrence, considering also the effectiveness of the control processes currently in place.

Components: the System considers the components and the interrelations necessary to ensure an adequate view of the enterprise’s real situation; this is achieved through a Risk Management Process which comprises the following.

- definition of the objectives and strategic risks of EXOR to be taken as a basis for the subsequent definition of the operational, reporting and compliance objectives;
- identification of the events which might threaten the execution of the enterprise’s strategy or the achievement of the operating, reporting and compliance objectives and, consequently, the management of the same by the responsible members of the Management team;

- definition of the roles and responsibilities of Management, identifying the levels of responsibility coherent with the company's organizational structure and with the characteristics of the business and of the related business systems.
- definition of the levels and modes of communicating required to ensure that the Internal Control and Risk Management System is adequately known at all levels of Management involved. In this context, there must be a definition of the information considered relevant for the purposes of informing Management on the level of risk management in place;
- monitoring of the effectiveness, efficiency and adequacy of the Internal Control and Risk Management System in ongoing terms (carried out during the normal conduct of the business by the responsible members of operational management) and in terms of an assurance activity (independent periodic checking by the Head of Internal Audit).

Entity Units: the definition of the System comprises EXOR and the "Holdings System" and considers in an integrated manner the various areas of each of the Companies.

In this context the Director in Charge and the Board of Directors, in order to ensure that the Company is managed in a manner which is coherent with the strategic objectives identified, ascertains that the System has the following characteristics:

- it responds promptly to significant risk situations, providing for appropriate control measures;
- it ensures within the business processes an adequate division of duties as between operational responsibility and control functions so as to prevent situations of conflict of interests arising in relation to the duties assigned;
- it ensures within the administrative and accounting operational areas the use of systems and procedures which ensure the accurate recording of the business's transactions and events and the preparation of reliable and timely information flows within and outside the Group;
- it provides for adequate timely communication of significant risks and control anomalies as they arise to the appropriate levels within the Group, allowing corrective action to be identified and promptly executed.

In order to satisfy the information requirements for the functioning of the System adequate flows of documentary information for updating and reporting have been instituted between the persons and Bodies involved in the management of the System: Board of Directors, Internal Control and Risk Committee, Director in Charge of the Internal Control and Risk Management System and Head of internal Audit.

3.6.4 Assessment of the adequacy of the System

The periodic review of the adequacy and effective operation of the Internal Control and Risk Management System and its possible modification is the responsibility of the Board of Directors assisted by the Director in Charge with the support of the analysis activity of the Internal Control and Risk Committee. The aforesaid subjects, in performing the review, each according to their responsibilities, must check not only on the existence and implementation, in the Company and in the "Holdings System", of an Internal Control and Risk Management System but also carry out periodically a detailed examination of the System's structure, of its adequacy in relation to the characteristics of the enterprise and the risk profile adopted, as well as of its effectiveness.

In this connection the Board of Directors receives and examines at least half-yearly, or following the occurrence of critical events, the reports prepared by the Head of Internal Audit, by the Internal Control and Risk Committee and by the Director in Charge, in order to substantiate its review of the internal control system, acting on any weaknesses which require an improvement to the System.

With reference to 2014, at the end of the process of review described above the Board of Directors, with the appropriate support of the Internal Control and Risk Committee, came to a favorable conclusion on the adequacy and effectiveness of the Internal Control and Risk Management System with regard to the characteristics of the enterprise and the risk profile adopted.

3.6.5 System of Internal Control and Risk Management relating to Financial Reporting

The System of Internal Control and Risk Management relating to Financial Reporting, set in the broader framework of the Internal Control and Risk Management System, has the purpose of ensuring the reliability, accuracy and timeliness of the Group's financial information.

The System of internal control and risk management relating to financial reporting put in place by the Company is developed consistently with the C.o.S.O. Report and is focused on the procedures and organizational structures which ensure the reliability, accuracy, completeness and timeliness of financial reporting. The System of internal control and risk management over financial reporting aims, in fact, at ensuring the adequacy and effective application of the administrative and accounting procedures designed to guarantee a true and fair representation of the business activities in the financial reports (annual consolidated financial statements, separate company financial statements, shortened half-yearly consolidated financial statements) prepared by the Company, allowing the issue by the delegated administrative bodies and by the Manager responsible for the preparation of the Company's financial reports of the attestations and statements required by article 154-bis of the Consolidated Law on Finance.

The principal characteristics of the System of Internal Control and Risk Management relating to financial reporting are described below with specific reference to EXOR S.p.A and the principal subsidiary companies of the so-called "Holdings System".

It should also be noted that the Board of Directors of EXOR has issued instructions to all significant subsidiaries for the implementation and management of an adequate System of internal control and risk management relating to financial reporting.

Main Characteristics of the System of internal control and risk management relating to financial reporting

The EXOR S.p.A System of internal control and risk management relating to financial reporting has been developed taking into consideration existing law, the reference regulations as well as the guidelines provided by the competent bodies and is composed of the following documents and procedures:

- **Code of Ethics** – in which the ethical principles and values of the Company are illustrated and which highlights the rules of conduct whose observance by all Company employees is of fundamental importance to the proper functioning, operating reliability and image of the Company. For further details of the Code of Ethics reference should be made to paragraph 1.2 "The Information on the Issuer" of this Report.
- **System of Delegated Powers and Proxies** – which identifies the powers of company representation conferred to individual managers.
- **Administrative and Accounting Control Model** – a document intended to define roles and responsibilities and how the administrative and accounting control system should work.
- **Organizational Model pursuant to Legislative Decree No. 231/2001** – in which are set out the procedures to reduce the risk of the commission of the offenses covered by this law and the related system of sanctions. For further details of the Organizational Model reference should be made to paragraph 3.6.6 "Organizational Model pursuant to Legislative Decree 231/2001" of this Report.
- **Administrative and Accounting procedures** – documents which establish the responsibilities and rules for the controls to be applied particularly in relation to the important processes.
- **Guidelines for testing of administrative and accounting procedures** – document outlining methods to be followed when performing periodical sampling of transactions and testing for the verification of the effectiveness of the controls over the administrative and accounting procedures.
- **Risk Assessment Procedure** – document which establishes the roles, responsibilities and methodologies developed in support of the risk assessment activity; the document also illustrates the guidelines for the subsequent periodic updating of the risk assessments and for risk management.
- **Consolidation Manual** – document intended to provide the guidelines for a correct application of standard accounting policies for the Companies included in the consolidation area with regard to the recording, classification and valuation of operating events.



- **Financial reporting instructions and closing timetables** – the documents prepared to communicate to the various corporate functions and to the Companies within the consolidation area the detailed operational instructions for the preparation of the reporting package to the pre-determined timetable.

In particular, the aforesaid Administrative and Accounting Control Model aims to define:

- the guidelines of the System of internal control and risk management relating to the financial reporting process;
- the responsibilities, powers and resources given to the Manager responsible for the preparation of the Company's financial reports;
- the code of conduct that must be observed by Company personnel involved, for any reasons, in the implementation of the System of internal control and risk management relating to the financial reporting process;
- the roles and responsibilities given to the corporate functions involved in the preparation, diffusion and checking of financial reports issued to the market;
- the responsibilities given to the corporate bodies of the significant subsidiaries included in the consolidation area as regards the quality of the data reported to the parent company for consolidation purposes;
- the process of internal attestation by the heads of corporate functions;
- the process of internal attestation by the corporate bodies of the significant subsidiaries as regards the data under their responsibility reported to the parent company;
- the process of attestation to the Market by the Chairman and Chief Executive Officer and the Manager responsible for the preparation of the Company's financial reports.

Phases in the System of internal control and risk management relating to financial reporting

The System of internal control and risk management relating to financial reporting involves the following phases:

- a) Identification and assessment of administrative and accounting risks,
- b) Identification of the controls responding to the risks identified.
- c) Verification of the effective application of the controls and evaluation of any problems detected.

a) Identification and assessment of administrative and accounting risks

The identification process for risks is carried out, on a yearly basis, under the responsibility of the Manager responsible for the preparation of the Company's financial reports, jointly with the Chairman and Chief Executive Officer. However, when significant operations in the EXOR investment portfolio take place during the year, the Manager responsible promptly assesses their impact so as to identify any new risks.

The aforesaid process is managed with the aim of:

- verifying that the financial records and the related business processes which have been identified as significant and the testing of the related controls contained in the administrative and accounting procedures are up to date;
- verifying that the perimeter of the subsidiaries and associates considered relevant for the proper functioning of the System of internal control and risk management relating to financial reporting is up to date;
- identifying, for each corporate function, the significant accounting areas and data, the accounting flows and processes deemed to be critical and the control activities put into place over such flows and processes.

In the course of the aforesaid activities, the Manager responsible for the preparation of the Company's financial reports draws further elements for the administrative and accounting risk assessment from the results of the more extended Risk Assessment process; in fact, such process involves the Chairman and Chief Executive Officer and all heads of Functions of EXOR and aims at identifying and classifying the main existing risks affecting the corporate objectives (from a strategic, operational, financial and compliance standpoint) using a "Control Risk Self-Assessment" methodology.

b) Identification of the controls responding to the risks identified

The identification of the controls required to mitigate the risks identified within the framework of the administrative and accounting processes is carried out taking into consideration the financial reporting control objectives, which are composed of the “assertions” of the financial statements (existence and occurrence of events, completeness, rights and obligations, valuation/recognition, presentation and reporting) and other control objectives such as, by way of example, the observance of authority limits, the separation of duties and responsibilities or the documentation and traceability of transactions.

The corporate functions are responsible for implementing the Administrative and Accounting Control Model: they document the administrative and accounting procedures and carry out the control activities defined therein. On a yearly basis and in the presence of significant organizational events, the corporate Functions check that the procedures and controls relating to their areas of competence are up to date in terms of:

- the correspondence of the controls described and the supporting evidence with the operating activities carried out, the IT systems used and the company organization chart;
- the correct identification of the owners of the processes, activities and controls.

Should there emerge, following the risk assessment process, sensitive areas which are not regulated, in whole or in part, by EXOR’s set of administrative and accounting procedures, the various functions shall, together with the Manager responsible for the preparation of the Company’s financial reports, integrate the existing procedures or draft new procedures for the areas of operations for which they have responsibility.

The amended or newly implemented procedures are submitted for approval to the Manager responsible for the preparation of the Company’s financial reports, after agreement with the Chairman and Chief Executive Officer.

c) Verification of the effective application of the controls and evaluation of any problems detected

The assessment activities on the System of internal control and risk management relating to financial reporting are carried out upon preparation of the annual financial statements (separate and consolidated financial statements) and of the half-yearly condensed consolidated financial statements. To that end, specific monitoring activities are performed to ensure the adequacy and the effective application of the administrative and accounting procedures and controls contained therein for the correct functioning of the significant accounting processes. Such assessment is carried out on three different levels:

- attestations addressed to the Chairman and Chief Executive Officer and the Manager responsible for the preparation of the financial reports issued by each single function of EXOR as to the adequacy and the effective application of the operating and control activities under their responsibility;
- attestations addressed to the Chairman and Chief Executive Officer and the Manager responsible for the preparation of the financial reports issued by the delegated administrative bodies of the significant subsidiaries and associates as regards the adequacy and the effective application of the administrative and accounting procedures adopted for the preparation of the consolidation package transmitted to the parent company;
- periodic testing by the Manager responsible for the preparation of the Company’s financial reports with the help of adequate internal and/or external resources to attain the required degree of objectivity as to the effective functioning of the System of internal control and risk management relating to financial reporting and of the sub-attestation process involving the corporate functions and the significant subsidiaries.

The Manager responsible for the preparation of the Company’s financial reports, with the support of the Head of Internal Audit, provides for the preparation of a report which synthesizes the results of the assessments of the controls responding to the risks previously identified on the basis of the results of the monitoring activities performed and of the declarations received from the delegated administrative bodies and the administration managers of the subsidiaries. The aforesaid assessment activities may lead to the identification of compensating controls, corrective actions or improvement plans with respect to any issues identified.

Attestations pursuant to article 154-bis of the Consolidated Law on Finance (TUF)

The Manager responsible for the preparation of the Company’s financial reports, in concert with the Chairman and Chief Executive Officer, draws up on the basis of the steps described above, the attestations pursuant to article 154-bis of the Consolidated Law on Finance.



Periodically the Manager responsible for the preparation of the Company's financial reports informs the Internal Control and Risk Committee, the Board of Statutory Auditors and the Supervisory Body of the methods used for the assessment of the internal control and risk management System as well as of the results of the assessments carried out as a support for the attestations issued.

The Board of Directors examines the contents of the attestations / statements required by law, as presented by the Chairman and Chief Executive Officer and by the Manager responsible for the preparation of the Company's financial reports, in accompaniment to the related financial reports (annual separate and consolidated financial statements, half-yearly condensed consolidated financial statements, quarterly reports), making the appropriate decisions and authorizing publication of the reports.

For additional information on the activities carried out by the aforesaid Bodies, reference should be made to the detailed description in this Report.

3.6.6 Organizational Model pursuant to Legislative decree 231/2001

Organizational, Management and Control Model required under the provisions of Legislative Decree No. 231/2001 – in which are defined the procedures designed to reduce the risks of the commission of the offenses contemplated by the Decree 231 legislation together with the related system of sanctions.

The Company has adopted the Organizational, Management and Control Model required under the provisions of Legislative Decree No. 231/2001 and has updated it with respect to the new offenses contemplated by Legislative Decree No. 231/2001.

At the time of the adoption of the Model, and subsequently for its updating, the Company monitored all the activities carried out by corporate functions in order to:

- identify the most significant risk factors which could lead to the commission of the forms of offense contemplated by the legislation;
- put in place the controls required to reduce the aforesaid risks to the minimum level.

The Issuer's Organizational Model includes a general part which comprises regulatory references, the description of the Model structure and the reasons for its adoption as well as the description of the features, attributions and powers of the Supervisory Body. The general part also deals with the education/training of human resources, the method of distributing the Model and the disciplinary system.

The Organizational Model also includes twelve special parts each of which regulates the measures put in place by the corporate structures to prevent one of the types of offense contemplated by the legislation which are, precisely, offenses in the relations with the Public Authorities; corporate offenses; terrorism and subversion of established democratic law and order; offenses against the person; market abuse offenses; trans-national offenses; crimes of receiving stolen goods, money laundering and utilization of money, goods or benefits of unlawful origin; computer crimes; offenses relating to work-place health and safety; offenses involving breach of copyright; offenses of instigating another to refrain from making statements or to make false statements to the Judicial Authorities; employment of irregular workers.

As already stated, the Company has instituted pursuant to Legislative decree 231/2001 a Supervisory Body and has entrusted to it the duty of supervising the functioning and observance of the Organizational, management and control Model as well as its updating; the Supervisory Body is formed of the following members:

- Giuseppe Zanalda (a criminal law lawyer; he does not hold offices at the Company) as Chairman
- Sergio Duca (a former partner of an audit firm; Chairman of the Board of Statutory Auditors)
- Fernando Massara (a civil law lawyer; he does not hold offices at the Company)

The collegial form adopted for the Body ensures that it possesses the requisites of autonomy and independence necessary to perform the duties entrusted to it.

The Supervisory Body's term of office expires with the Shareholders' Meeting convened for the approval of EXOR's 2014 financial statements.

The Supervisory Body met six times in 2014 and has met twice in 2015.

3.7 Other corporate governance matters

3.7.1 Directors interests and related party transactions

The communications required under article 150 of the Consolidated Law on Finance and article 2381 of the Italian Civil Code are provided by the Directors to the Board of Statutory Auditors and by the bodies with delegated powers to the Board of Directors and the Board of Statutory Auditors during the meetings of the Board of Directors, to be held at least quarterly.

The Directors and Statutory Auditors are given adequate information on any atypical and/or unusual transactions or transactions with related parties made in the exercise of delegated powers.

Whenever a Director has an interest in the transaction (including a potential interest), pursuant to article 2391 of the Italian Civil Code, the nature, terms, origin and scope of such interest must be duly communicated to the Board of Directors and the Board of Statutory Auditors.

Pursuant to Consob Regulation No. 17221 dated March 12, 2010, the Board of Directors has adopted, with the favorable opinion of the Internal Control and Risk Committee which was designated as the competent Committee for this purpose, the “Internal Procedure for transactions with related parties” available on the Company’s website at www.exor.com. The aforesaid procedure, effective from January 1, 2011 comprises a set of rules which ensure the transparency and procedural and substantial correctness of transactions with related parties.

To this end, the following types of transactions with related parties were identified:

- (i) “significant” transactions: transactions with related parties exceeding the threshold of 5% of at least one of the three parameters established by the regulation (the value of the transaction in relation to the consolidated equity of the Company; the total assets of the purchased entity in relation to the consolidated assets of the Company; the total liabilities of the purchased entity in relation to the consolidated assets of the Company).
For the aforesaid transactions, the prior approval of the Board of Directors is required, upon the binding favorable opinion of the related-party transactions Committee, as well as a more stringent transparency treatment since, in such circumstances, an Informative Document is required to be made available to the public prepared according to the provisions of the existing regulations;
- (ii) “non-significant” transactions: transactions whose amount is less than the aforementioned threshold and which do not fall within the residual category of transactions involving small amounts.
For the aforesaid transactions, a less stringent procedure is required, in which, prior to the approval of the transaction, a reasoned non-binding opinion of the Committee for related-party transactions is required.

The Procedures also provide for some exemptions for transactions involving small amounts, ordinary transactions completed on standard terms or on terms equivalent to market conditions, transactions with or amongst subsidiary and/or associated companies and other cases explicitly contemplated in the existing regulations.

Lastly, it should be noted that solely for transactions of lesser significance concerning compensation and emoluments of Directors, the competent related-party transactions Committee is the Compensation and Nominating Committee.

3.7.2 Handling of Company information

As recommended in Application Criterion 1.C.1., letter j), the Board of Directors has adopted a procedure for the treatment of inside information, by which term is meant, referring to article 181 of the Consolidated Law on Finance, information of a precise nature which has not been made public relating, directly or indirectly, to one or more issuers of financial instruments or one or more financial instruments and which, if it were made public, would be likely to have a significant effect on the prices of those financial instruments.

The procedure is designed to regulate the flow of information to third parties with regard to content, responsibility and mode of diffusion, establishing the roles, responsibilities and operational details for the handling of inside and confidential information, covering the identification, treatment, internal circulation, external communication (where certain conditions are to be observed) and communication to the market in compliance with the terms and modes required by the applicable norms.

Compliance with the procedure is required of members of the Company’s corporate bodies, employees and staff of EXOR who have access to confidential or inside information. Company functions are responsible (each for the

information pertaining to that function) for informing the Company and external persons involved of the confidential and/or inside nature of the information relating to the Group of which they have become aware, and also for verifying that third party recipients of such information are bound by law, regulation or contract to respect the secrecy of the information, verifying, where applicable, the existence of confidentiality clauses or undertakings.

The Chairman and Chief Executive Officer handles the management of confidential information and in particular inside information and its communication to the public and to the authorities. Communications to the public – including shareholders, investors, analysts and representatives of the press - are made on the terms and in the modes required by the applicable norms, respecting the criteria of correctness, clarity and equality of access to the information.

The Directors and Statutory Auditors are required to maintain the confidentiality of the documents and information acquired in the course of performing their duties and to respect the provisions of the applicable regulations concerning the external communication of such documentation and information. The same duties of confidentiality are applicable to all Company managers and staff.

In compliance with the applicable regulations the Company has instituted the Register of persons who, in virtue of their work or professional activity or in virtue of the functions performed, have access to the information identified in article 114 para 1 of the Consolidated Law on Finance. For this purpose the Company has adopted an organizational procedure.

Under the procedure, the entry in the Register can be permanent in virtue of the role or position held or the specifics of the responsibility assigned, or occasional in virtue of participation in particular projects and/or the temporary tenure of particular roles or responsibilities, or of a specific assignment received.

The Company has also introduced an organizational procedure to satisfy the obligations under article 114 paragraph 7 of the Consolidated Law on Finance (so-called “Internal Dealing”). It should be recalled that the material relating to the transparency of transactions in the Company’s shares or in securities linked to them, effected directly or through nominees by relevant persons or by persons closely related to them is disciplined by law and by the CONSOB actuating regulations (articles 152-sexies et seq. of the Regulation on Issuers).

For further information reference should be made to the documentation published on the Company’s website www.exor.com.

3.8 Relations with shareholders and investors

The Company works to establish a dialogue with shareholders and institutional investors. The Chairman and Chief Executive Officer, in observance of the procedure for the disclosure of documents and information about the Company, oversees relations with institutional investors and with the other shareholders, following a policy of constant attention and dialogue.

A specific corporate office in charge of relations with shareholders is dedicated to this activity and to the updating of the Company’s website.

This website provides in a dedicated area, also in English, a descriptive profile of the EXOR Group, information about the Company’s Corporate Governance, annual and interim financial statements, press releases issued by the Company, the lists of candidates for appointment as Directors and Statutory Auditors as well as analyses and institutional presentations for market operators.

As of the date of this Report, Ms. Fabiola Portoso is responsible for Investor Relations.

Shareholders, investors and the press can contact the following corporate offices for information about the Company:

**PRESS OFFICE AND
EXTERNAL RELATIONS**

Tel. 011.5090.320
e-mail: media@exor.com

INVESTOR RELATIONS

Tel. 011.5090.345
e-mail: ir@exor.com

3.9 Changes after the close of the financial year

With regard to the corporate governance structure, with respect to the information provided in this report no changes have occurred since the close of the financial year.



4. DETAILED AND SUMMARY TABLES

TABLE 1: APPOINTMENTS OF DIRECTORS IN OTHER COMPANIES

Name	Company	Position held at the company
John Elkann	FCAN.V.	Chairman
	Italiana Editrice S.p.A.	Chairman
	C&W Group, Inc.	Chairman
	Giovanni Agnelli e C. S.a.p.az.	Managing Partner and Chairman
	CNH Industrial N.V.	Director
	Banca Leonardo S.p.A.	Director
	News Corporation	Director
	The Economist Group	Non-executive Director
Tiberto Brandolini d'Adda	Exor S.A.	Chairman
	Giovanni Agnelli e C. S.a.p.az.	General Partners
	FCAN.V.	Director
	YAFA S.p.A.	Director
Alessandro Nasi	Giovanni Agnelli e C. S.a.p.az.	General Partners
	CNH Industrial N.V.	GEC Member
Andrea Agnelli	Juventus F.C. S.p.A.	Chairman
	Giovanni Agnelli e C. S.a.p.az.	General Partners
	FCAN.V.	Director
Vittorio Avogadro di Collobiano	-	-
Victor Bischoff	-	-
Giuseppina Capaldo	Salini Impregilo S.p.A.	Director
	Credito Fondiario S.p.A.	Director
Luca Ferrero Ventimiglia	Giovanni Agnelli e C. S.a.p.az.	General Partners
	Banca Leonardo S.p.A.	Director
Mina Gerowin	CNH Industrial N.V.	Director
	Lafarge	Director
Jae Yong Lee	Samsung Electronics Co. Ltd	Vice Chairman
Sergio Marchionne	FCA US	Chairman and Chief Executive Officer
	FCA Italy S.p.A.	Chairman and Chief Executive Officer
	FCAN.V.	Chief Executive Officer
	CNH Industrial N.V.	Chairman
	Iveco S.p.A.	Chairman
	SGS S.A.	Chairman
	FPT Industrial S.p.A.	Chairman
	FERRARI S.p.A.	Chairman
	Philip Morris International Inc.	Director
Lupo Rattazzi	Neos S.p.A.	Chairman
	Italian Hospital Group S.p.A.	Chairman
	Banca Finnat Euramerica S.p.A.	Director
	GL Investimenti S.r.l.	Director
	Coeclerici S.p.A.	Director
Giuseppe Recchi	Telecom Italia S.p.A.	Chairman
	UnipolSai Assicurazioni S.p.A.	Director
Eduardo Teodorani-Fabbri	Aon Italia S.p.A.	Director
	CNH UK Limited	Senior Vice President
	Iveco S.p.A.	Director
	Your Voice S.p.A.	Director
	Italian Chamber of Commerce in UK and Ireland	Vice President
Michelangelo Volpi	Index Ventures	Partner

TABLE 2: STRUCTURE OF THE BOARD OF DIRECTORS AND COMMITTEES

Position held	Director	Date of Birth	Year of first Appointment	term of appointment begins	term of appointment ends	List **	Executive	Non executive	Independent under C. Gov. Code	Independent under Cons. Finance	Number of other positions held***	Internal Control & Risk				Compensation and Nominating				Strategy			
												(*)	(**)	(*)	(**)	(*)	(**)	(*)	(**)				
Chairman and Chief Executive Officer Vice Chairman Vice Chairman Director Director Director Director Director Director Director Director Director Director Director	John Elkann	04/01/1976	2003	2012	2014	CDA	X				8	7/7								2/2	C		
	Tiberto Brandolini d'Adda	03/08/1948	1981	2012	2014	CDA		X			4	7/7											
	Alessandro Nesi	04/18/1974	2009	2012	2014	CDA	X				2	7/7											
	Andrea Agnelli	12/06/1975	2006	2012	2014	CDA		X			3	6/7											
	Vittorio Avogadro di Colaninno	10/08/1964	2012	2012	2014	CDA		X				7/7											
	Luca Ferrero Ventingaglia	03/26/1966	2004	2012	2014	CDA		X			2	5/7											
	Sergio Marchionne	06/17/1952	2010	2012	2014	CDA	X				9	7/7								2/2	M		
	Lupo Rattazzi	01/25/1963	2003	2012	2014	CDA		X			5	7/7											
	Eduardo Teodorani-Fabrizi	09/21/1965	2012	2012	2014	CDA		X			5	6/7											
	Victor Bischoff	09/11/1946	2009	2012	2014	CDA		X	X	X	X	-	5/7	4/4	M	1/1	C	1/2	M				
	Giuseppina Capaldo	05/22/1969	2012	2012	2014	CDA		X	X	X	X	2	7/7	4/4	C	1/1	M	2/2	M				
	Mina Garowin	05/27/1951	2012	2012	2014	CDA		X	X	X	-	2	7/7			1/1	M	2/2	M				
	Jae Young Lee	06/23/1968	2012	2012	2014	CDA		X	X	X	X	1	7/7					1/2	M				
	Giuseppe Recchi	01/20/1964	2009	2012	2014	CDA		X	X	X	X	4	6/7	3/4	M						2/2	M	
Michelangeli Volpi	12/13/1966	2012	2012	2014	CDA		X	X	X	X	1	7/7											
Number of meetings held in the year: 7												Internal Control and Risk Committee: 4				Compensation and Nominating Committee: 1				Strategy Committee: 2			
The quorum required for the submission of a list by the minorities for the election of one or more members (ex article. 147-ter of the Consolidated Law on Finance): 1%.																							

NOTES:

- * This symbol indicates the Director in charge of the Internal Control and Risk Management System.
- ◊ This symbol indicates the person with the primary responsibility for the management of the issuer (Chief Executive Officer o CEO).
- ◊ This symbol indicates the Lead Independent Director (LID).
- * Indicates the year of appointment of the subject to first term as member of the Board of Directors of the issuer.
- ** Indicates the list from which each Director was elected ("M": list of the majority; "mi": list of the minority; "Cda": list presented by the Board of Directors).
- *** Number of directorships or statutory auditor appointments held at other companies listed on regulated markets, also outside Italy, banks, insurance companies or large companies. In the Corporate Governance Report full details of the the appointments are shown.
- (*) This column indicates the number of the Director's attendances at the meetings respectively of the Board and of the Committees out of the total number of meetings held.
- (**) This column indicates the role of the Director on the Committees - C Chairman, M Member.



TABLE 3: STRUCTURE OF THE BOARD OF STATUTORY AUDITORS

Board of Statutory Auditors									
Position held	Auditor	Date of Birth	Year of first Appointment *	term of appointment begins	term of appointment ends	List**	Independent under C. Gov. Code	Independent under Cons. Law on Finance	Statutory Auditors' attendances at the meetings ***
Chairman	Sergio Duca	03/29/47	2012	2012	2014	M	X	X	100
Regular Auditor	Nicoletta Paracchini	03/07/62	2012	2012	2014	M	X	X	100
Regular Auditor	Paolo Pizzatti	06/18/57	1991	2012	2014	M	X	X	100
Alternate Auditor	Giorgio Ferrino	06/17/39	1997	2012	2014	M	X	X	-
Alternate Auditor	Ruggero Tabone	08/27/43	2009	2012	2014	M	X	X	-
Number of meetings held during the financial year: 10									
The quorum required for the submission of a list by the minorities for the election of one or more members (ex article 147-ter of the Consolidated Law on Finance): 1%									

NOTE

* Indicates the date of the appointment to first term as member of the Board of Statutory Auditors of the Issuer

** Indicates the list from which each Director was elected ("M": list of the majority; "m": list of the minority).

*** This column indicates the number of the Auditor's attendances at the meetings of the Board of Statutory Auditors out of the total number of meetings held.

*** Number of directorships or statutory auditor appointments held, pursuant to article 148-bis of the Consolidated Law on Finance and the related acting dispositions..

TABLE 4: APPOINTMENTS OF STATUTORY AUDITORS IN OTHER COMPANIES

Name	Company	Position held at the company
Sergio Duca	Orizzonte SGR S.p.A.	Chairman
	Enel S.p.A.	Chairman Board of statutory auditors
	Compagnia di San Paolo	Chairman College of Auditors
Nicoletta Paracchini	Aston S.r.l.	Chairman Board of statutory auditors
	FCA Fleet & Tenders S.r.l.	Chairman Board of statutory auditors
	Fiat Center Italia S.p.A.	Chairman Board of statutory auditors
	Banca del Piemonte S.p.A.	Statutory auditor
	Centro Ricerche Fiat	Statutory auditor
	Eredi Campidonico S.p.A.	Statutory auditor
	Fiat Abarth S.r.l.	Statutory auditor
	FCA Finance S.p.A.	Statutory auditor
	Sicme Motori S.r.l.	Statutory auditor
Paolo Piccatti	Banca Sella S.p.A.	Chairman Board of statutory auditors
	FCA Italy S.p.A.	Chairman Board of statutory auditors
	FCA SE.P.IN S.c.p.a	Chairman Board of statutory auditors
	FPT Industrial S.p.A.	Chairman Board of statutory auditors
	Juventus F.C. S.p.A.	Chairman Board of statutory auditors
	Banca Sella Holding S.p.A.	Statutory auditor
	Ferrari S.p.A.	Statutory auditor
	Giovanni Agnelli e C. S.a.p.az.	Statutory auditor
	ITALGAS S.p.A. - Società Italiana per il Gas	Statutory auditor
	Iveco S.p.A.	Statutory auditor
Giorgio Ferrino	Ersel Asset Management S.G.R. S.p.A.	Chairman Board of statutory auditors
	F.lli Carli S.p.A.	Chairman Board of statutory auditors
	U.B.I. Factor S.p.A.	Statutory auditor
	Giovanni Agnelli e C. S.a.p.az.	Alternate auditor
	Nomen Fiduciaria S.r.l.	Chairman Board of Directors
	Simon Fiduciaria S.p.A.	Director
Ruggero Tabone	Accor Partecipazioni Italia S.r.l.	Sole statutory auditor
	Accor Hospitality Italia S.r.l.	Sole statutory auditor
	Pronto Assistance Servizi S.c.r.l.	Statutory auditor
	Gruppo Fondiaria SAI Servizi S.c.r.l.	Statutory auditor
	SAI Holding Italia S.p.A.	Statutory auditor
	Systema Compagnia di Assicurazioni S.p.A.	Statutory auditor
	Società Edilizia Immobiliare Sarda SEIS S.p.A.	Statutory auditor
	SAI Mercati Mobiliari SIM S.p.A.	Statutory auditor
	Iniziativa Garibaldi Repubblica INGRE S.c.r.l.	Statutory auditor

BY-LAWS

TITLE I – Company name – Registered office – Corporate purpose – Duration

Article 1

A joint-stock company is hereby incorporated under the name of “EXOR S.p.A.”.

Article 2

The company’s registered office is in Turin.

The board of directors can establish and close branches, agencies, representative offices and administrative offices both in Italy and abroad.

Article 3

The business purpose of the company is to acquire investments in other companies or institutions, to finance and direct the technical and financial coordination of the companies or institutions in which the company holds an investment, to purchase and sell, hold, manage and place public or private securities.

The company may also enter into any and all financial – including the issue of sureties on behalf of companies or institutions in which it holds investments –, commercial, personal and real property transactions, as are necessary to attain the corporate purpose.

Article 4

The duration of the company is fixed for the period which ends on December 31, 2050.

TITLE II – Share capital

Article 5

The share capital is Euro 246,229,850 divided into 246,229,850 ordinary shares of par value Euro 1 each.

The shares are issued in electronic form.

The directors have the power, for a period of five years from the resolution passed on May 30, 2013 to increase share capital, in one or more instances, also in divisible form, up to an amount of Euro 500,000,000 and to issue in one or more instances convertible bonds, with a corresponding increase of share capital to service the conversion, up to an amount of Euro 1,000,000,000 such amount not to exceed the limits set, from time to time, by the law.

Share capital can also be increased by contribution of assets in kind or of receivables.

Article 6

The ordinary shares are registered shares.

Each share is indivisible; the possession of a share implies acceptance of these corporate bylaws.

Article 7

The shareholders’ meeting can resolve a reduction of share capital in the ways and terms provided for by the law.

TITLE III – Shareholders’ meeting

Article 8

The shareholders’ meeting, duly convened and established, represents all shareholders and any resolutions passed are binding also on any dissenting or absent shareholders within the limits of these corporate bylaws.

Article 9

Each ordinary share entitles its holder to one vote.

Individuals having the right to vote may attend the meeting.

Such individuals may be represented at a meeting in the ways provided for by the law.

The entitlement to attend a meeting and to exercise the right to vote are confirmed by a statement provided to the Company by an appointed intermediary in the ways and terms provided for in the applicable regulations.

The Board of Directors may implement procedures to allow the vote to be made by electronic means.

Proxies for the representation and the exercise of the right to vote at shareholders’ meetings may be delivered by electronic means in conformity with the applicable regulations.

Proxies may be notified electronically following the procedures set out in the notice convening the meeting, through use of an appropriate section of the Company's website or through use of a message addressed to the certified electronic mail address indicated in that notice.

The Company may, through the centralized share administration service, request that intermediaries provide details of the identity of shareholders and the number of shares registered to them on a particular date.

Article 10

The meeting shall be convened by the board of directors in the city of the registered office of the company or elsewhere, including a location abroad provided that it is in a country of the European Union, every year within one hundred and eighty days of the close of the financial year since the company is obliged by law to prepare consolidated financial statements.

In addition, an ordinary or extraordinary meeting shall be convened every time the board of directors deems it expedient as well as in the cases provided for by law.

Article 11

The meeting shall be convened by a notice to be published, in accordance with the law, on the Company's website and using the other means prescribed by the applicable regulations and shall contain all the matters required by those regulations.

The notice may provide for a single call or for a first, second and, for extraordinary shareholders' meetings only, a third call.

Article 12

For the meeting to be duly constituted and valid for passing resolutions, the applicable laws shall apply, the majority indicated in article 2369 paragraph 3 of the Italian Civil Code applying to the single call for ordinary meetings and the majorities indicated in article 2369 paragraph 7 of the Italian Civil Code applying for extraordinary meetings, subject to the provisions of articles 15 and 22 of these bylaws for the election of the board of directors and the board of statutory auditors.

The regulations that govern the manner in which shareholders' meetings are conducted shall be approved and amended by an ordinary shareholders' meeting.

Article 13

The meeting shall be presided over by the chairman of the board of directors or, in his absence, by the vice chairman or, if there is more than one vice chairman, by the deputy vice chairman or in his absence, by one of the other vice chairmen by reference to age seniority; in their absence, the meeting shall be presided over by a person appointed by the shareholders' meeting itself.

At the proposal of the chairman, the meeting shall appoint the secretary, who may also not be a shareholder, and two tellers, should he deem it necessary.

The chairman of the meeting shall be responsible for verifying that the meeting has been duly constituted, verifying the identity and legitimacy of those attending, conducting the discussion and ascertaining the results of voting.

For each meeting the company may designate one or more persons to whom holders of voting rights may give a proxy, with instructions for voting, for all or some of the motions on the agenda. Details of the persons designated and the procedure and terms for giving the proxy shall be included in the notice convening the meeting.

Article 14

The resolutions passed by the meeting shall be recorded in minutes signed by the chairman of the meeting and the secretary.

In the cases provided for by the law, or whenever the chairman of the meeting deems it expedient, the minutes shall be drawn up by a notary designated by the chairman, in which case a secretary need not be appointed.

TITLE IV – Board of directors

Article 15

The company is managed by a board of directors formed by a number of directors varying from seven to nineteen, according to the number established by the shareholders' meeting.

Directors remain in office for up to a maximum period of three financial years and their term of office expires concurrently with the shareholders' meeting convened for the approval of the financial statements relating to the last financial year of their term of office; these directors can be re-appointed.

The board of directors is appointed using lists of candidates to be filed at the Company's place of business at least twenty five days prior to the meeting of shareholders. If more than one list is presented, one of the members of the board of directors shall be chosen from the list that has obtained the second highest number of votes. Lists may be presented only by those shareholders who, individually or together with others, in aggregate own voting shares representing the percentage established for the company under the applicable regulations. This ownership percentage must be evidenced in appropriate communications which must reach the Company at least twenty one days prior to the date of the meeting of shareholders. These matters must be indicated in the notice convening the shareholders' meeting.

A shareholder cannot, either directly or through a third party or through trustee companies, present more than one list of candidates, or cast votes for different lists. Shareholders belonging to the same group and shareholders who signed a shareholders' agreement regarding the shares of the company may not, either directly or through a third party or through trustee companies, present more than one list of candidates, or vote for different lists. Each candidate may be included in one list only, under penalty of ineligibility.

Candidates included in the lists must be indicated in numerical order and satisfy the integrity requirements imposed by law. The candidate who is indicated at number one on the list in numerical order must also satisfy the legal requirements of independence set forth by law as well as the requirements of the code of conduct relating to corporate governance to which the company has declared its adherence.

Lists which include three or more candidates must also include candidates of differing gender in order to allow a composition of the board of directors which complies with the regulations on gender balance.

Together with each list shall also be filed an exhaustive disclosure regarding the candidates' personal and professional characteristics as well as the declarations in which the individual candidates accept the candidature and, on their own responsibility, state that they satisfy the envisaged requirements. The candidates for whom these rules have not been respected are ineligible.

Once the shareholders' meeting has determined the number of directors to be elected, the following procedure shall be applied:

1. all directors except one shall be elected from the list that has obtained the highest number of votes, on the basis of the numerical order in which they appear on the list;
2. as provided by law, one director shall be elected from the list that has obtained the second highest number of votes on the basis of the numerical order in which the candidates appear on the list.

Lists that received a percentage of votes at the shareholders' meeting that is less than half of the number required pursuant to the third paragraph of this article shall not be counted.

If, as a result of the above, the composition of the board of directors does not comply with the regulations on gender balance, the last candidates of the gender with the greater presence on the list which obtained the highest number of votes, having regard to the numerical order in which the candidates appear on the list, are replaced, in the number necessary to achieve compliance with the aforesaid regulations, by the first unelected candidates of the less represented gender from the same list. In the absence of candidates of different gender the shareholders' meeting makes the consequent necessary resolutions.

The foregoing rules for the election of the board of directors do not apply if at least two lists are not submitted or voted on, nor do they apply at the shareholders' meeting that must replace directors during the board's term of office. In these cases, the shareholders' meeting shall decide on the basis of a relative majority, ensuring compliance with the requisites of the legislation governing the composition of the board of directors.

It is in the power of the board to replace the directors who have left the board during their term of office, as provided for by article 2386 of the Italian Civil Code in compliance with the regulations applicable to the composition of the board of directors.

If, due to resignation or other causes, the majority of directors should leave office, the whole board shall be deemed to have left office and the remaining directors shall urgently convene a shareholders' meeting for the new appointments.

The term of office of any director appointed by the shareholders' meeting in the course of a three-year term shall expire concurrently with that of directors in office at the time of the appointment.

Article 16

The board of directors, unless an appointment has already been made by the shareholders' meeting, shall appoint a chairman from among its members and may also appoint, should it deem it expedient, one or more vice chairmen, including a deputy vice chairman, and one or more managing directors.

The board can also appoint a secretary who may also not be a member of the board.

In the absence of the chairman, the chairman's place shall be taken by the vice chairman or, in the presence of more than one vice chairman, by the deputy vice chairman or the vice chairman designated by the board of directors.

The chairman, the vice chairmen and the managing directors, where appointed, shall hold office for the term of office of the board and can be re-elected.

Article 17

The board of directors shall meet either at the registered office or elsewhere, provided that it is in a country of the European Union, usually at least every three months upon being convened by the chairman or a vice chairman, or by the persons duly qualified to do so according to the law when they deem it expedient, or upon request of the majority of its members or of the bodies with delegated powers.

The convening of the board shall be by letter or cable, or similar, stating the agenda, to be sent to the domicile of each director and each regular statutory auditor at least three days before the date fixed for the meeting, except in cases of extreme urgency when the period of notice can be reduced and the notice can be communicated by telephone.

The meetings shall be presided over by the chairman, or in his absence, by the deputy vice chairman or by the vice chairman designated by the board of directors. In their absence, any other director designated by the board shall preside over the meeting.

The information disclosures required by article 150 of Legislative Decree 58/1998 and by article 2381 of the Italian Civil Code shall be made by the directors to the board of statutory auditors and by the bodies with delegated powers to the board of directors and the board of statutory auditors during the meetings of the board of directors, to be held at least quarterly, as established in the first paragraph of this article.

Meetings of the board of directors may be held via means of telecommunications.

In such cases, all the individuals present must be identifiable and must be able to follow the discussion, take the floor in real time to discuss the matters of business and receive, send and consult documents.

Article 18

The resolutions of the board of directors shall be valid if the majority of the members holding office is present. Resolutions shall be passed by absolute majority of votes of the directors present. In case of a tied vote, the vote of the chairman of the meeting shall prevail.

All resolutions passed at the meeting shall be recorded in minutes to be entered into the minute book of meetings and signed by the chairman and the secretary.

Article 19

The board of directors is vested with all and every power for the ordinary and extraordinary management of the company, none excluded or excepted, and therefore is empowered to take such action as it shall deem expedient to attain the corporate purpose – including that of permitting registrations, sub-rogations, postponements and cancellations of mortgages and liens, both total and partial, as well as making and cancelling recordings and annotations of any kind whatsoever, also independently of the payment of the debts to which said registrations, recordings and annotations relate – save only such action as is reserved to the shareholders' meeting by law.

The shareholders' meeting can attribute to the directors the power to increase share capital pursuant to article 2443 of the Italian Civil Code and to issue convertible bonds pursuant to article 2420-ter of the Italian Civil Code.

The board of directors can, besides issuing non-convertible bonds, also pass resolutions regarding all the transactions contemplated by article 2365, second paragraph, of the Italian Civil Code as well as decide on the spin-off by scission of companies according to the provisions of the law.

TITLE V – Signatory powers and legal representation

Article 20

The chairman of the board of directors or, in his absence or if he is impeded, the deputy vice chairman if appointed, is vested with the legal representation of the company vis-à-vis third parties and also in court proceedings as well as with signatory powers for the company.

Without prejudice to the above, the legal representation of and the signatory powers for the company can also be conferred on the vice chairmen and on the managing directors, to the extent of the powers granted to them.

TITLE VI – Management

Article 21

The board of directors can, within the limits set by the law, delegate its powers to an executive committee - fixing, at the time of the committee's institution, its composition, powers and mode of operation – as well as to one or more of its components.

The board of directors may appoint a general manager and one or several assistant general managers as well as managers and procurators, fixing their powers and, within these powers, their use of the company's signatory powers.

Furthermore, the board of directors, after receiving the opinion of the board of statutory auditors, shall appoint a manager responsible for the preparation of the company's financial reports, who shall possess many years of experience in administrative and financial activities at large companies.

TITLE VII – Statutory auditors and audits

Article 22

The board of statutory auditors consists of three regular statutory auditors and two alternate statutory auditors. Minority shareholders may appoint one regular statutory auditor and one alternate statutory auditor.

All the regular statutory auditors and all the alternate statutory auditors shall be chosen from among those who are on the register of legal auditors and who have practiced as legal auditors of accounts for a period of not less than three years.

Statutory auditors shall be appointed using lists of candidates, to be filed at the company's place of business at least twenty five days prior to the date of the shareholders' meeting, in which the candidates are listed in a numerical order. The list is divided into two sections: one for candidates for the office of regular statutory auditor, the other for candidates for the office of alternate statutory auditor, the number not exceeding the number of statutory auditors to be appointed.

Lists of candidates can only be presented by shareholders who, alone or together with other shareholders, hold voting shares representing the percentage established in the third paragraph of article 15. Certification of that percentage must be provided through specific statements which must reach the company at least twenty one days prior to the date of the shareholders' meeting. All of the above information shall be included in the notice convening the shareholders' meeting.

The lists which, considering both sections, comprise three or more candidates must include, in the first two positions on the section relating to the regular statutory auditors, candidates of differing gender so as to permit a composition of the board of statutory auditors which is in compliance with the regulations on gender balance; if the section relating to the alternate auditors of these lists indicates two candidates, these must, for the same reason, be of differing gender.

The lists presented must also include:

- a) disclosure of the identity of the shareholders who have presented the lists and an indication of the total percentage of voting shares held;
- b) a declaration by the shareholders who do not hold, also jointly, a controlling or relative majority interest, attesting the absence of links with the latter as defined by the applicable regulation;
- c) an exhaustive disclosure regarding the candidates' personal and professional characteristics as well as a declaration in which candidates state that they satisfy the requirements set forth by law and by the company's bylaws and accept the candidature;
- d) a list of the appointments as director or statutory auditor held by the candidates in other companies, with the undertaking to update such list to the date of the meeting.

The candidates for whom these rules have not been respected are ineligible.

If, by the date indicated above, only one list is filed, or lists are filed only by shareholders who, on the basis of the aforementioned provisions, are linked with each other according to the applicable regulations, lists can be presented up to the third day following that date. In this case, the aforementioned threshold shall be reduced by half.

The lists can be filed by at least one remote communications medium, to be specified in the notice convening the meeting, which allows identification of the individual who made the filing.

A single shareholder cannot, either directly or through a third party or through trustee companies, present more than one list, or vote for different lists. Shareholders belonging to the same group and shareholders who signed a shareholders' agreement regarding the shares of the company cannot, either directly or through a third party or

through trustee companies, present more than one list, or vote for different lists. Each candidate may be included in one list only, under penalty of ineligibility.

Candidates cannot be included in the lists if they hold appointments in other companies in a number that exceeds the limits stated by the applicable regulation, or if they do not satisfy the requisites established by the applicable regulations and by these bylaws. Outgoing statutory auditors can be re-elected.

The procedure for the election of the members of the board of statutory auditors is as follows:

1. two regular members and one alternate are elected from the list which has obtained the highest number of votes at the shareholders' meeting, in the numerical order in which they appear in the sections of the list;
2. the remaining regular member and the other alternate member are elected from the list which has obtained the second highest number of votes at the shareholders' meeting and which is not linked with the shareholders of reference according to the applicable regulations, in the numerical order in which they appear in the sections of the list; in the case of a tied vote between lists, the candidates are elected from the list which has been presented by the shareholders with the largest holding of shares or failing that, presented by the greatest number of shareholders.

The chairman of the board of statutory auditors shall be the member indicated as the first candidate on the list as set forth in point 2 above.

If it is not possible to elect the statutory auditors in the manner described above, the candidates shall be appointed by a relative majority of votes cast by the shareholders present at the meeting, in compliance with the requisites of the legislation and of the bylaws applicable to the composition of the board of statutory auditors.

In the event that the requisites established by law and by these bylaws are no longer satisfied, the statutory auditor shall cease to be a member of the board.

For the replacement of a statutory auditor, including the chairman, the alternate auditor belonging to the same list as the outgoing auditor shall take the place of the same subject to compliance with the regulations on gender balance.

If the replacement does not allow compliance with the regulations on gender balance, a meeting of shareholders must be convened at the earliest opportunity for the purposes of completing the composition of the board of statutory auditors in compliance with such regulations.

The rules for election set out in the preceding paragraphs shall not be applied at meetings which, according to the law, must appoint regular statutory auditors and/or alternates to complete the board of statutory auditors following a replacement or resignation. In these cases, the appointment is made by a relative majority vote of the shareholders, observing the principle requiring representation of minority shareholders and in compliance with the requisites of the law and the bylaws applicable to the composition of the board of statutory auditors.

Article 23

The fees of the statutory auditors shall be determined at the shareholders' meeting according to the law.

Article 24

The legal audit of the financial statements shall be performed by a legal audit firm listed in the respective register, to be appointed and to operate in accordance with the provisions of law.

TITLE VIII – Financial statements and profits

Article 25

The financial year shall end on December 31 of each calendar year.

Article 26

The profit of each year will be apportioned as follows:

- 5% to the legal reserve until it reaches one-fifth of share capital;
- the remaining profit to the shares, as dividend, unless otherwise resolved upon by the shareholders' meeting.

During the year, to the extent that the board of directors deems it expedient and feasible in consideration of the results of the year, if permitted under the applicable law, the board of directors can resolve to pay interim dividends for the year.

Article 27

Any dividends not claimed within five years from the date when they become payable shall be forfeited and the amount allocated to the extraordinary reserve of the company.

TITLE IX – Territorial jurisdiction

Article 28

The company shall be under the jurisdiction of the Court of Turin.

The domicile of the shareholders, for all relationships with the company, is that shown in the register of shareholders.

TITLE X – Winding up of the company

Article 29

In the event of the dissolution of the company for any reason whatsoever, the general shareholders' meeting will appoint one or more liquidators, fixing their powers and fees, in compliance with the law.

In the event of a winding up, the corporate net assets are apportioned among the shares in equal measure.

TITLE XI – Right of withdrawal

Article 30

The right of withdrawal can be exercised only within the limits and according to the provisions dictated by the binding rules of the law and, in any case, the right is excluded in the eventuality of the extension of the duration of the company and the introduction or removal of restrictions on the circulation of shares.

TITLE XII – Transitional provisions

Article 31

The provisions set out in articles 15 and 22 whose purpose is to ensure observance of the regulations on gender balance are applicable with effect from the first renewal of the board of directors and of the board of statutory auditors occurring after August 12, 2012 and for three consecutive terms of office.

