



PARMALAT S.p.A.

*Annual Report on Corporate Governance
and the Company's Ownership Structure
(year ended December 31, 2017)*

Approved by the Board of Directors on March 15, 2018

Available on the Company website:

http://www.parmalat.com/en/corporate_governance/how_we_govern/report/

CONTENTS

1. Issuer's Profile	5
1.1 Governance Structure	5
1.2 Mission of the Parmalat Group.....	5
2. Information About the Company's Ownership Structure at December 31, 2017	6
3. Compliance.....	9
4. Board of Directors	9
4.1 Election and Replacement	9
4.2 Composition	11
4.3 Role of the Board of Directors.....	13
4.3.1 Role of the Board of Directors	13
4.4 Delegated Entities.....	16
4.5 Other Executive Directors	18
4.6 Independent Directors	18
4.7 Lead independent Director.....	19
5. Handling of Corporate Information	19
6. Establishment and Activities of the Internal Committees of the Board of Directors....	20
7. Nominating and Compensation Committee.....	20
8. Compensation of Directors.....	22
9. Control and Risk Committee.....	23
10. Internal Control and Risk Management System	25
11. Procedure Governing Related-Party Transactions.....	30
12. Election of Statutory Auditors	31
13. Composition and Activities of the Board of Statutory Auditors	32
14. Shareholder Relations	35
15. Shareholders' Meeting	35
16. Changes Occurring Since the End of the Reporting Year	37

17. Information About Compliance with the Corporate Governance Code	37
18. Remarks About the Letter of December 13, 2017 from the Chairman of the Corporate Governance Committee	37
Tables	39
<i>Table 1. Information About the Stock Ownership Structure</i>	<i>39</i>
<i>Table 2. Structure of the Board of Directors and the Committees.....</i>	<i>40</i>
<i>Table 3. Structure of the Board of Statutory Auditors</i>	<i>42</i>

The purpose of this report (“Report”), approved by the Board of Directors of Parmalat S.p.A. (“Parmalat” or the “Company”) on March 15, 2018, is to provide a general overview of the system of corporate governance adopted by Parmalat.

In compliance with the requirements of the applicable laws and regulations and consistent with the guidelines of Borsa Italiana S.p.A. (“Borsa Italiana”), as set forth most recently in the “Presentation Format for the Report on Corporate Governance and the Company’s Ownership Structure” of January 2018, this Report contains information: (1) about the Company’s Ownership Structure, (2) Parmalat’s adoption of the Corporate Governance Code for Listed Companies, in the edition updated most recently in July 2015, as approved by the Corporate Governance Committee promoted by Borsa Italiana and certain industry associations (“Corporate Governance Code”) and (3) the adoption of diversity policies regarding the management of control bodies.

The Corporate Governance Code is available on the following page of Borsa Italiana’s website:

<http://www.borsaitaliana.it/comitato-corporate-governance/codice/codice.en.htm>.

For additional information about compensation, please see the Compensation Report, approved by the Board of Directors on March 15, 2018, which is available on the Company website at the following address:

http://www.parmalat.com/en/corporate_governance/annual_general_meeting/policy_compensation/.

1. Issuer's Profile

1.1 Governance Structure

Parmalat, a company listed on the Italian Online Stock Exchange (Mercato Telematico Azionario – MTA) adopted the conventional management and control system pursuant to which, the functions of the Shareholders' Meeting notwithstanding, the Company's management is entrusted to the Board of Directors and the control function is performed by the Board of Statutory Auditors. The independent auditing of the financial statements is performed by external auditors, retained by the Shareholders' Meeting.

Consistent with the Company Bylaws, the Board of Directors appointed a Chief Executive Officer to whom it entrusted the management of the Company, reserving certain issues for its exclusive jurisdiction.

The Chairperson of the Board of Directors, elected by the Shareholders' Meeting on April 29, 2016, exercises the powers assigned to her by the Bylaws and is the Company's legal representative.

Pursuant to the Bylaws, the same person cannot serve concurrently both as Chairman and Chief Executive Officer.

The Board of Directors established two internal committees that provide consultative and proposal-making support to the Board of Directors: the Control and Risk Committee (which also serves as the Committee for Related-party Transactions) and the Nominating and Compensation Committee.

1.2 Mission of the Parmalat Group

The Parmalat Group is a food-industry group with a multinational strategy that seeks to increase the well-being of its consumers throughout the world. The ultimate purpose of the Group is to create value for its shareholders while adhering to ethical principles of business conduct, to perform a useful social function by fostering the professional development of its employees and associates, and to serve the communities in which it operates by contributing to their economic and social progress.

Parmalat is one of the top players in the global market for foods with a high value added, which deliver appropriate nutrition and wellness to consumers, and holds an important leadership position in selected product categories and countries with high growth potential for the Group.

Milk and dairy products and fruit beverages, foods that play an essential role in everyone's daily diet, are key categories for the Group.

The values of the Parmalat Group are described in the Code of Ethics, which is available on the Company website: http://www.parmalat.com/en/corporate_governance/how_we_govern/.

The Code of Ethics contains all of those principles that, having been enunciated in general form, must then be embodied in the rules, standards and procedures that govern Parmalat's individual operations. Thus, the Code of Ethics establishes a standard of behavior that all associates (including Directors, employees and all those who, irrespective of the legal nature of their relationship with the Group, operate on the Group's behalf and as its representatives, under the Company's management or oversight) are required to comply with and cause others to abide by. The values and rules of conduct set forth in the Code of Ethics provide the foundation for the Group's corporate culture, which emphasizes attention to qualitative excellence pursued through continuous technological innovation, with the goal of providing consumers with maximum guarantees and protection. The provisions of the Code constitute a tool that can be used to safeguard the Group's reliability, assets and business reputation and ensure that all counterparties are treated with respect. Therefore, the Code of Ethics should be applied by all Group companies in Italy and abroad, taking into account cultural, political, social, economic and commercial differences.

2. Information About the Company's Ownership Structure at December 31, 2017

Share Capital Structure

At December 31, 2017, the Company's share capital, as authorized by the Shareholders' Meeting on May 31, 2012, amounted to 1,940,000,000 euros, of which 1,855,149,677 euros was subscribed and paid-in.

The share capital consists of common shares, par value 1 euro each. Pursuant to the relevant provisions of the applicable laws and the Bylaws, the common shares, which are registered shares, entitle their holders to vote at Ordinary and Extraordinary Shareholders' Meetings and convey all of the administrative and property rights that the law provides to owners of voting shares.

Regarding the Company's share capital at December 31, 2017, please note that:

- 2,333,983 shares representing 0.1% of the share capital were still held in a deposit account c/o Parmalat registered in the name of individually identified commercial creditors;
- 2,049,096 shares, or 0.1% of the share capital, were available to the Company as treasury shares.

The Extraordinary Shareholders' Meeting held on February 27, 2015 resolved: (1) to extend the subscription deadline for the share capital increase referred to in Article 5, Letter b), of the Company Bylaws, reserved for challenging and late-filing creditor, (2) to delegate to the Board of Directors the powers necessary to implement the abovementioned extension, and (3) to delegate to the Board of Directors the task of regulating the allotment of warrants after January 1, 2016, all of the above with the aim of complying with the provisions of the Composition with Creditors regarding the allotment of shares and warrants.

On November 10, 2015, the Board of Directors approved a resolution to apply for listing the 2016-2020 Parmalat Warrants; the application was filed with Borsa Italiana but, given the limited number of warrants that the Company estimates will be issued, Borsa Italiana found that the requirements for listing financial instruments in accordance with Article 2.1.3, Section 2, Letter e), of the Regulation of Markets Organized and Operated by Borsa Italiana could not be met. Pursuant to the abovementioned provision, the financial instruments did not satisfy the general conditions for being traded in a fair, orderly and efficient manner.

Please note that, thus far, a total of 1,300 new warrants governed by the Regulation of the "2016-2020 Parmalat Common Share Warrants" have been awarded.

On the date this Report was approved, the amount of the Company's share capital was unchanged compared with December 31, 2017.

Restrictions on the Transfer of Securities

There are no restrictions on the transfer of securities.

Shareholders with Significant Equity Interests

Based on the data contained in the Stock Register and other information available as of the approval date of this Report, the shareholders that are believed to own, either directly or through representatives, nominees or subsidiaries, an interest in the Company that is greater than 3% of the voting shares are listed in Table 1, annexed to this Report.

Securities that Convey Special Rights

No securities that convey special control rights have been issued.

Employee Stock Ownership: Method of Exercising Voting Rights

There is no employee stock ownership plan.

Restrictions of the Right to Vote

There are no restrictions of the right to vote.

Shareholders' Agreements

As of the date of approval of this Report, Parmalat is not aware of any shareholders' agreements, as defined in Article 122 of Legislative Decree No. 58 of February 24, 1998 ("TUF").

Change of Control Clause and Provisions of the Bylaws Concerning Tender Offers

As of the approval date of this Report there was no change of control clause in effect with an impact on the effectiveness or content of material stipulations, except for:

- a clause included in an agreement with a pool of banks for a medium/long-term credit line for a total amount of 500 million euros executed on April 28, 2015;
- a clause included in an agreement for a revolving financing facility amounting to 100 million euros, executed on February 9, 2018.

Parmalat's Bylaws do not provide any waiver with regard to the passivity rule provisions of Article 104, Sections 1 and 2, of the TUF nor do they contemplate the implementation of the neutralization rules of Article 104-bis, Sections 2 and 3, of the TUF.

Delegation of the Power to Increase Share Capital and Purchase Treasury Shares

The Board of Directors has not been authorized to increase the Company's share capital, as required by Article 2443 of the Italian Civil Code ("c.c.").

The Shareholders' Meeting has not authorized the purchase of treasury shares, as required by Article 2357 and following articles c.c.

Guidance and Coordination Activities

The Company is subject to guidance and coordination by B.S.A. S.A.

On April 16, 2015, the Board of Directors, being cognizant of the favorable opinion rendered by the Internal Control, Risk Management and Corporate Governance Committee (now the Control and Risk Committee), approved the *Procedure Governing Influenced Decisions Within the Framework of Guidance and Coordination Activities* (hereinafter, in brief, "Procedure"), which is applicable to all Italian and foreign subsidiaries.

The Procedure has been published on the Company website at the following address:

http://www.parmalat.com/en/corporate_governance/how_we_govern/.

The Procedure constitutes the organizational safeguard for tracing influenced decisions within the Group .

The Procedure requires that whenever Directors and key executives of Parmalat and its subsidiaries are the recipients of a significant directive or an influenced decision, as defined in the Procedure, they are required to report it, as applicable, to the Control and Risk Committee or the Board of Directors in the manner indicated in the Procedure before adopting the decisions. More specifically, issues that may be the subject of a significant directive include:

- acquisitions and divestments of equity investments and business operations;

- acquisitions, conveyances and divestments of real estate;
- stipulation of joint venture agreements;
- issuance of guarantees and provision of collateral for the benefit of the Company or its subsidiaries;
- receipt of financing facilities;
- mergers, demergers and spinoffs;
- industrial, financial and strategic plans;
- investments in property, plant and equipment and intangible assets.

The Chief Executive Officers of the subsidiaries, acting in the capacity as parties responsible for the Procedure's correct implementation, in the certification letters that they send to the executive responsible for the preparation of corporate accounting documents pursuant to Article 54-*bis* of the TUF ("Accounting Documents Officer") and the Chief Executive Officer shall declare and attest that any influenced transactions shall be promptly communicated, as required by the Procedure.

Lastly, it is worth mentioning that the Company is in compliance with the requirements of Article 16 of the Consob Regulation approved by Resolution No. 20249 of 2017 concerning markets ("Market Regulation"), as specified in the corresponding certification included in the Report on Operations.

More specifically, on March 15, 2018, the Board of Directors verified that Parmalat did meet the requirements listed in Article 16, Section 1, of the Market Regulation, in that:

- it was in compliance with the disclosure requirements of Article 2497 *bis* c.c.;
- it possessed independent negotiating ability in transactions with customers and suppliers;
- it had established a Control and Risk Committee (which also functions as a Committee for Related-party Transactions) and a Nominating and Compensation Committee, the members of both committees being exclusively independent Directors, as defined in Article 16, Section 2, of the Market Regulation and Article 148, Section 3, as cited in Article 147 *ter* of the TUF.

3. Compliance

Parmalat abides by the recommendations of the Corporate Governance Code, as last updated on July 12, 2015.

The Corporate Governance Code is available on the following page of the Borsa Italiana website:

<http://www.borsaitaliana.it/comitato-corporate-governance/codice/codice.en.htm>

Please note that Parmalat and its strategic subsidiaries are not subjected to requirements of non-Italian laws that could affect its Corporate Governance structure.

4. Board of Directors

4.1 Election and Replacement

In accordance with the provisions of Article 11 of the Bylaws, the Company is governed by a Board of Directors comprised of not less than 7 and not more than 11 Directors, who are elected from slates of candidates.

The shareholders entitled to file slates of candidates are those who, alone or together with others, hold a number of shares equal in the aggregate to at least 1% of the Company's shares that convey the right to vote at Ordinary Shareholders' Meetings or, if lower, represent the percentage required by the Consob of the share capital subscribed on the date the slate is filed and consisting of shares that convey the right to vote at Ordinary Shareholders' Meetings. This percentage interest must be documented in special certifications that, if not available on the date the slates are filed, must be produced at least 21 days before the date of the Shareholders' Meeting. The percentage interest that must be held in order to file slates of candidates for election to the Board of Directors shall be specified in the notice of the Shareholders' Meeting convened to vote on the election of the Board of Directors.

Starting with the first Board of Directors elected after the date of enactment of the statute governing gender parity, and as long as these provisions are in effect, the composition of the Board of Directors shall comply with the criteria set forth in the applicable provisions of laws and regulations.

Slates filed by shareholders must be deposited at the Company's registered office, directly or using a remote communication system that allows identification of the filers, twenty-five days before the date of the Shareholders' Meeting convened to vote on the election of the Board of Directors. The slates of candidates shall be made available to the public at the Company's registered office, on its website and in any other manner required pursuant to Consob regulations at least twenty-one days before the date of the Shareholders' Meeting.

Together with each slate, the shareholders must file, within the deadline stated above, affidavits by which each candidate accepts to stand for election and attests, on his/her responsibility, that there is nothing that would bar the candidate's election or make the candidate unsuitable to hold office and that he/she has met the requirements for election to the respective office. Each candidate must file together with his/her affidavit a curriculum vitae listing his/her personal and professional data and, if applicable, showing his/her suitability for being classified as an independent Director.

The election of the Board of Directors will be carried out in the following manner:

- a) A number of Directors equal to the total number of Directors that need to be elected, minus 1 (one), will be drawn from the slate that received the majority of votes, taken in the sequence in which they are listed on the slate;
- b) The remaining Director will be elected from the slate that received the second highest number of votes and is not connected in any way, either directly or indirectly, with the parties who filed or voted for the slate that obtained the highest number of votes, drawing from that slate the candidate who is listed first, in accordance with the

numerical sequence with which the candidates are listed on the slate. If the minority slate referred to in this paragraph b) failed to receive a percentage of votes equal, as a minimum, to half of the percentage required to file slates, as explained above, all Directors that need to be elected will be drawn from the slate referred to in paragraph a).

If candidates receive the same number of slate votes, the Shareholders' Meeting will be asked to vote again, and the candidate who receives a plurality of the votes will be elected.

If at the end of the balloting the Shareholders' Meeting failed to elect a sufficient number of Directors who meet the independence requirements pursuant to the laws and regulations in effect, the candidate who does not meet the abovementioned requirements elected last based on the sequence on the slate that received the highest number of votes shall be excluded and replaced with the next candidate who meets the independence requirements drawn from the slate of the excluded candidate. If necessary, this process will be repeated until the required number of elected independent Directors is reached.

If at the end of the balloting the requirements of the provisions of laws and regulations concerning parity between elected candidates of the male gender and the female gender are not complied with, the candidate of the more represented gender elected last in consecutive order from the slate that received the highest number of votes shall be excluded and replaced with the first candidate, in consecutive order, of the less represented gender from the same slate who was not elected. This substitution process will be repeated until the composition of the Board of Directors is in compliance with the gender parity regulation in effect at any given time. If the adoption of this procedure does not allow the achievement of the abovementioned result, the substitution shall be carried out by means of a resolution adopted by the Shareholders' Meeting with the majorities required pursuant to law, after the names of candidates belonging to the less represented gender are submitted.

If only one slate is filed or no slates are filed or the election concerns only a portion of the Board of Directors, the Shareholders' Meeting will vote with the applicable statutory majorities and in accordance with the provisions of Article 11, Section 2, of the Company Bylaws, provided the regulations governing gender parity at any given time are complied with.

If one or more Directors should leave office in the course of the reporting year, irrespective of the reason, the Board of Directors shall proceed in accordance with provisions of Article 2386 c.c., taking appropriate action to ensure compliance with the provisions of the laws and the Bylaws in effect regarding the presence of independent Director and guarantee the presence on the Board of Directors of the number of members required by the gender parity regulations in effect at any given time.

If one or more the departing Directors were elected from a minority slate (i.e., a slate different from the one referred in Article 11, Section 10, Letter a)) containing names of candidates who had not been elected, the Board of Directors shall replace the departing Directors by appointing candidates taken in sequence from the slate of the departing Director, provided these candidates are still electable and are willing to serve, while complying with the regulations in effect concerning the presence of independent Directors and with gender parity regulations.

Subsequent to the replacement by the Board of Directors, the Shareholders' Meeting shall fill vacancies on the Board of Directors in accordance with the statutory majorities, without restrictions with regard to slates and candidacies, but always in compliance with the regulations in effect concerning the presence of independent Directors and with gender parity rules. However, if vacancies that need to be filled on the Board of Directors results from the departure of Directors originally drawn from a minority slate, the vacancies shall be filled by asking the Shareholders' Meeting to vote for candidate drawn from the slate to which the departing candidate belonged, provided these candidates are still electable and are willing to serve, with the candidate who receives the highest number of favorable votes being declared the winner, irrespective of the number of negative votes cast or abstentions. If there are no candidates who are electable and willing to serve, the Shareholders' Meeting shall fill the vacancies on the Board of Directors in accordance with the majorities required pursuant to law, without any restrictions regarding slates or candidacies.

Whenever the majority of the members of the Board of Directors elected by the Shareholders' Meeting leave office for any cause or reason whatsoever, the remaining Directors elected by the Shareholders' Meeting will be deemed to have resigned and their resignation will become effective the moment a Shareholders' Meeting convened on an urgent basis by the Directors still in office elects a new Board of Directors.

Directors must meet the requirements of the applicable statutes or regulations.

Lastly, with regard to corporate governance posts, the Bylaws (Article 14) state that the same person may not serve both as Chairman of the Board of Directors and Chief Executive Officer

Succession Plans

The Nominating and Compensation Committee addressed the issue of the succession of the Chief Executive Officer, studying the process of his/her replacement under the different and unforeseeable situations leading to that post being vacated.

With regard to the method for the appointment of the Chief Executive Officer, in view of the fact that there is a majority shareholder who exercises guidance and coordination over the Company and operates in the same business sector and considering the process implemented in 2017 to replace the Chief Executive Officer following the resignation of Yvon Guérin, the Nominating and Compensation Committee confirmed that it did not find it necessary to develop a specific succession plan with special mechanisms, should the replacement of the Chief Executive Officer become necessary before the originally scheduled date. The Board of Directors adopted the recommendation of the Nominating and Compensation Committee.

To identify a professional with suitable qualifications for replacing the Chief Executive Officer, when his/her mandate is ended ahead of schedule, the Board of Directors shall coordinate its activities with the majority shareholder.

Should it become necessary to replace the Chief Executive Officer, the Board of Directors shall immediately fill the vacancy on the Board of Directors by coopting a Director pursuant to Article 2386, Section 1, c.c., by a resolution approved by the Board of Statutory Auditors. The term of office of the Director thus appointed shall run until the next Shareholders' Meeting.

While waiting to appoint a replacement for the former Chief Executive Officer, the Board of Directors shall consider the possibility of assigning part of the functions previously performed by the former Executive Director to one or more Board members or whether it should temporarily managed the Company jointly as a single body, relying on the support of management, particularly with regard to managers who reported directly to the Chief Executive Officer and appear to possess the managerial competencies and power of representation necessary to guarantee continuity of management over the short term.

4.2 Composition

The Board of Directors, elected by the Shareholders' Meeting convened on April 29, 2016, is comprised of nine Directors, including eight drawn from the slate filed by Sofil S.a.s. – Société pour le Financement de l'Industrie Latière S.a.s. on April 4, 2016, and one drawn from a minority slate filed by the shareholders *FIL INVESTMENTS International, Gabelli Funds LLC, Setanta Asset Management Limited, Amber Capital UK LLP and Amber Capital Italia SGR S.p.A.* also on April 4, 2016.

The Shareholders' Meeting convened on April 29, 2016 also elected Gabriella Chersicla Chairperson of the Board of Directors.

The Board of Directors was elected for a three-year term, i.e., until the Shareholders' Meeting convened to approve the financial statements at December 31, 2018.

On July 28, 2017, Yvon Guérin resigned from the posts of Chief Executive Officer and General Manager of Parmalat, effective September 12, 2017. The Board of Directors, upon a motion by the non-independent Director Michel Peslier and taking into account the favorable conclusions developed through the activity carried out by the Nominating and Compensation Committee, elected, pursuant to and for the purposes of Article 11 of the Company Bylaws and Article

2386 c.c., Jean-Marc Bernier to the Company's Board of Directors. Jean-Marc Bernier, whose term of office will end with the approval of the financial statements at December 31, 2017, was named Chief Executive Officer and General Manager.

Detailed CVs of the Directors in office as of the writing of this Report and the information referred to in Article 144-*octies*, Letter b.1), of the Consob Regulation approved with Resolution No. 11971 of 1999 (as amended) regarding issuers (hereinafter the "Issuers Regulation"), as cited in Article 144-*decies*, of the Issuers Regulation, are available on the Parmalat website:

http://www.parmalat.com/en/corporate_governance/board_of_directors/.

The Directors who were in office as of the writing of this Report and the governance posts that they held are listed in Table 2 annexed to this Report.

Diversity policies

As of the writing of this Report, the Company had not adopted any diversity policies concerning the Board of Directors.

The Nominating and Compensation Committee discussed this issue at its meeting of March 8, 2018 and, based also on the findings developed through the self-assessment process and an analysis of the profiles of the Directors currently in office, concluded that the current Board of Directors:

- (i) represents a mix of professional skills and management competencies consistent with the requirements of the laws and regulations currently in effect and the recommendations of the Corporate Code; and
- (ii) is adequate for the Group's size, position, complexity, industry specificities and strategies.

In light of the above, the Nominating and Compensation Committee decided to propose, at this stage, that the Board of Directors not proceed with the adoption of specific policies regarding diversity, recommending instead that the Board of Directors, considering the upcoming end of its term of office, reconsider the possibility of adopting a diversity policy in 2018, with an appropriate timing for the new Board. The Board of Directors has approved the proposal of the Nominating and Compensation Committee.

Maximum Number of Governance Posts Held at Other Companies

At a meeting held on March 9, 2012, the Board of Directors, approved a criterion that could be applied to identify the maximum number of governance posts that may be held compatibly with the obligation to serve effectively as a Director of Parmalat S.p.A., stating that the maximum number of governance posts held may not be greater than three for executive Directors and seven for non-executive Directors, including service on the Board of Directors of Parmalat S.p.A. These limitations refer to posts held at publicly traded companies, financial entities and large companies (i.e., with revenues/shareholders' equity greater than 1 billion euros). In this regard, the Board of Directors also stated that, in exceptional cases, this limit can be waived by means of a reasoned resolution approved by the Board of Directors. Such resolution, which shall be disclosed in the Annual Report on Corporate Governance, must explain the reason for the change, based on considerations that take into account the size, organization and ownership relationships that exist among the various companies in question.

This approach is still valid today and there have been no variances concerning the Directors nor has the Board of Directors provided any waivers for these requirements.

Induction Program

As part of the Board induction activities, the Board of Directors and the Board of Statutory Auditors visited the Collecchio factory, where they an opportunity to obtain a more in-depth understanding about the Company's industrial and development processes. On the occasion of this visit, the manager of the Italy Business Unit explained the organization and structure of the Italy Business Unit.

The Directors also had an opportunity to obtain a more in-depth understanding of the Company's dynamics and risk management issues and the evolution of the legislative and regulatory framework when attending Board meetings.

4.3 Role of the Board of Directors

4.3.1 Role of the Board of Directors

In 2017, the Board of Directors met 21 times.

The attendance percentage of each Director at the abovementioned Board meetings is summarized below:

	Attendance percentage at Board Meetings
G. Chersicla	95.24%
Y. Guérin (*)	95.24%
J.M. Bernier (**)	100%
P. Biandrino	95.24%
N. Dubini	100%
A. Gamba	100%
P. Gassenbach	61.90%
U. Mosetti	95.24%
M. Peslier	80.95%
E. Vasco	80.95%

(*) Yvon Guérin was in office until September 12, 2017; from January 1, 2017 until that date the Board met 19 times.

(**) Jean-Marc Bernier was in office since September 12; from that date until December 31, 2017, the Board met twice.

The average duration of Board meetings was about 3 hours for each meeting,

The Board of Directors held its first meeting of 2018 on February 1, 2018.

At this point, four meetings of the Board of Directors have been scheduled for 2018, as per the Company calendar published on January 17, 2018. In addition to the mandatory meetings, three meetings of the Board of Directors had been held as of the approval date of this Report.

A calendar of Board meetings scheduled for 2018 to review annual and interim results was published on the Company website: www.parmalat.com, Press Room → Press Releases page.

The Company shall promptly communicate any changes in the dates announced in the abovementioned calendar.

Directors and Statutory Auditors receive in advance documents explaining the items on the Agenda, except in urgent cases or when special confidentiality must be maintained. In these extraordinary cases, the abovementioned document are supplied at the meeting and a comprehensive discussion of the issues on the meeting's agenda must always take place.

As a rule, supporting documents for Board meetings are sent two days in advance of the date set for a meeting of the Board of Directors; often, some of the documents are sent even earlier (usually four days in advance).

In the performance of their duties, the Directors reviewed the information they received, asking for clarifications, more in-depth analyses and additional information that they may deem necessary and appropriate for a complete and accurate assessment of the facts brought to the attention of the Board of Directors.

As a rule, the Chief Financial Officer and the General Counsel attend the meetings of the Board of Directors, at the Chairman's invitation; occasionally, the Chairman may ask the Human Resource Manager and the Internal Auditing Manager to attend a Board meeting when specific issues within their competencies are discussed.

As part of a specific item on the meeting's agenda, the Chairpersons of each Committee reports to the Board of Directors about the activities carried out by the Committee after each Committee meeting.

The Chairperson ensures that issues are adequately discussed, with the involvement of all Board members, consistent also with their specific competencies, and that the items on the agenda of Board meetings were adequately and thoroughly analyzed.

In the corporate governance system adopted by Parmalat, the Board of Directors plays a central function, enjoying the most ample ordinary and extraordinary powers needed to govern the Company, with the sole exception of the powers reserved for the Shareholders' Meeting pursuant to law.

Specifically, pursuant to Article 17 of the Company Bylaws, the Board of Directors has sole jurisdiction over the following areas:

- it reviews and approves the strategic, industrial and financial plans of the Company and the Group and the corporate structure of the Group headed by the Company, periodically monitoring the implementation of those plans;
- it defines the Company's governance system and the Group's structure;
- it adopts resolutions concerning transactions (including investments and divestitures) that, because of their nature, strategic significance, amount or implied commitment, could have a material effect on the Company's operations, particularly when these transactions are carried out with related parties;
- it assesses the adequacy of the organizational, administrative and accounting structure of the Company and its strategically significant subsidiaries, specifically regarding the internal control and risk management system;
- it drafts and adopts the rules that govern the Company and its Code of Ethics, and defines the applicable Group guidelines, while acting in a manner that is consistent with the principles of the Bylaws;
- it establishes the Oversight Board required pursuant to Legislative Decree No. 231/2001;
- it grants and revokes powers to Directors and the Executive Committee, if one has been established, defining their limits and the manner in which they may be exercised, and determines at which intervals, usually not longer than quarterly, these parties are required to report to the Board of Directors on the exercise of the powers granted to them;
- it verifies whether Directors met and continue to satisfy the independence requirements;
- it determines the attributions and powers of General Managers, if appointed;
- it designates the candidates to the posts of Chairman, if one has not been elected by the Shareholders' Meeting, and of Chief Executive Officer and/or General Manager of strategically significant subsidiaries;
- after reviewing the recommendations of the relevant Committee and with the input of the Board of Statutory Auditors, it determines the compensation of the Chief Executive Officer and the allocation of the total

compensation provided for the individual members of the Board of Directors and the Committees, if such allocation has not been determined by the Shareholders' Meeting;

- it adopts resolutions concerning the settlement of disputes that arise from the insolvency of companies that are parties to the Composition with Creditors. These resolutions may be validly adopted with the favorable vote of 8/11 of the Directors who are in office;
- it adopts resolutions concerning the establishment or closing of secondary headquarters, reductions of share capital in the event of reimbursements, amendments to the Company Bylaws to comply with new legislation, relocation of the registered office within Italy, mergers in the cases covered by Articles 2505 and 2505 *bis* c.c. and demergers in the cases covered by Article 2506 *ter* c.c.;
- it designates the Directors who are empowered to represent the Company;
- it oversees the overall performance of the Company's operations, with special emphasis on conflict of interest situations, specifically taking into account information received from the delegated entities and periodically comparing actual results with planned results;
- it reviews and approves the periodic reporting documents.

At a meeting held on February 27, 2018, the Board of Directors, based also on a document previously discussed with the Control and Risk Committee, found that the organizational, administrative and accounting structure of Parmalat and its Group was adequate, specifically regarding the internal control and risk management system.

Companies that are strategically relevant are those that are part of the "A" cluster, which includes the business units that have: (1) significant complexity, (2) an impact on the Group's total volumes of business and (3) an organization of significant size. As shown in the document prepared pursuant to Article 2381 c.c., these business units are: Australia, Brazil, Canada, Italy, Mexico, South Africa and the USA.

At a meeting held on July 12, 2016, Parmalat's Board of Directors established the criteria for identifying transactions that are strategically, economically and financially significant executed by the Group's parent company and the subsidiaries over which the parent company has jurisdiction.

More specifically, transactions that are deemed to be of a major economic and financial significance, in addition to the transaction reserved for the Board of Directors pursuant to Article 2381 c.c. and the Company Bylaws, include the following:

1. placements of financial instruments;
2. the granting of financing facilities and guarantees and investment and divestment transactions, including those involving real estate, and transactions involving the acquisition or sale of equity investments, companies or business operations, assets or other activities;
3. mergers or demergers, when at least one of the parameters listed below, when applicable, is equal to or greater than 15%;
 - a. total assets of the absorbed (merged) company or of the business operations being demerged/total assets of the Company (data taken from the consolidated financial statements, if prepared);
 - b. result before taxes and extraordinary items of the absorbed (merged) company or of the business operations being demerged/result before taxes and extraordinary items of the Company (data taken from the consolidated financial statements, if prepared);
 - c. total shareholders' equity of the absorbed (merged) company or of the business operations being demerged/total shareholders' equity of the Company (data taken from the consolidated financial statements, if prepared).

The Board of Directors carried out a self-assessment of the Board itself for 2017, also regarding the activities, size and composition of the committees.

This activity was carried out with the support of an external consultant, provided in continuity with previous years by the Spencer Stuart consultancy. Please note that Spencer Stuart declared that, in addition to the assignment related to the support in the self-assessment performed by the Board of Directors, it received a further assignment from Parmalat related to a confidential research, that has been subsequently suspended.

The methodological approach used was that of a meeting of all participants, guided by the consultant, during which, based on a guide previously supplied to all Directors, the indications and opinions of the Directors about the activities of the Board of Directors and its Committees could be gathered, focusing on recommendations to correct any weaknesses and problems that may have been identified. This method was chosen to encourage the participation of Directors, optimizing individual contributions and fostering the exchange of opinions and experiences, in a context open to discussion.

At the meeting, some specific issues were discussed, including:

- 1) an assessment of the progress made in 2017 in implementing the actions recommended at the end of the precious self-assessment, those already scheduled, the issues that still need addressing;
- 2) the modalities and effectiveness of the involvement of the Board of Directors and the contribution provided in reviewing the key decisions made in 2017;
- 3) an analysis of the processes by which the Board of Directors conducts its activities and of the Board's size and composition, also with reference to diversity policies;
- 4) an analysis of the structure, composition and size of the Board Committees and of the effectiveness of the reports provided to the Board of Directors about the work performed and any identified points of attention.

Essentially, the meeting showed that Parmalat's Board of Directors rendered a positive assessment of its activities, albeit with a different approach to the assessment process by a Director, evidencing that the Board of Directors is following a path of ongoing improvement. The overwhelming majority of Directors also believed that the Committees are functioning well and that specific issues are analyzed in detail in the reports provided, which were found to be well structured and complete.

The indications developed by this process included: (i) a recommendation to organize Strategy Days, with management's participation (in particular Area /Country Managers) and visit of the Company's facilities outside Italy, and (ii) a recommendation to organize updating sessions and management follow up on some issues that have been identified as most significant and relevant.

The Shareholders' Meeting was not asked to authorize, generally and preventively, waivers of the non-compete obligation set forth in Article 2390 c.c.

4.4 Delegated Entities

Chief Executive Officer and General Manager

On July 28, 2017, Yvon Guérin resigned from the posts of Chief Executive Officer and General Manager of Parmalat, effective September 12, 2017. The Board of Directors, upon a motion by the non-independent Director Michel Peslier and taking into account the favorable conclusions developed through the activity carried out by the Nominating and Compensation Committee, elected, pursuant to and for the purposes of Article 11 of the Company Bylaws and Article 2386 c.c., Jean-Marc Bernier to the Company's Board of Directors. Jean-Marc Bernier, whose term of office will end with the approval of the financial statements at December 31, 2017, was named Chief Executive Officer and General Manager.

Based on an affidavit provided by Jean-Marc Bernier, the Board of Directors determined that he did not meet the independence requirements of Article 147-ter, Section 4, which cites Article 148, Section 3, of the TUF, and those of Article 3 of the Corporate Governance Code. Jean-Marc Bernier indicated that he did not own any Company shares.

In addition to being the Company's legal representative, the Chief Executive Officer, was provided with the following main powers to:

- i) appoint, hire and fire, through the relevant corporate bodies, all employees including executives, determining their tasks and related powers and responsibilities, and attribute personnel recruitment assignments, including those for the strategic personnel of Group companies;
- ii) negotiate, conclude, stipulate, amend and cancel any type of contract to open and close bank and postal current accounts, execute lending and borrowing transactions within the limits of liquidity and available credit lines, loan agreements of any type with credit institutions and companies, finance entities and companies and, in general, carry out all necessary actions and transactions, all of the above for amounts of up to 100 million euros per transaction;
- iii) negotiate, conclude, stipulate, amend and cancel any type of contract to establish and extend sight and time bank deposits and similar financing transactions, including providing loans, guarantees and endorsements for the benefit of direct and/or indirect subsidiaries, and execute insurance policies of any type and kind, including those executed for liquidity investment purposes, and any type of contract for the assignment and factoring of receivables, all of the above for amounts of up to 100 million euros per transaction;
- iv) negotiate, conclude, stipulate, amend and cancel contracts to hedge financial risks (derivatives) and foreign exchange risks, signing all related documents, including the standard contracts required pursuant to international regulations (ISDA/EMIR) and the respective implementation forms, always with a limit of up to 100 million euros per transaction;
- v) as Company representative, attend meetings of companies, entities and associations in which the Company hold an equity stake or interest, all of the above with the most ample voting right, including capital increase or recapitalization transactions, in any forms they may be carried out, for amounts of up to 100 million euros per transaction, and with the power to appoint representative as substitutes for attending individual meeting;
- vi) negotiate, conclude, stipulate, amend and cancel any type of contract to buy, sell, rent, lease, sublease, use, grant beneficial interest, hire and mortgage real estate and registered personal property, all of the above for amounts of up to 100 million euros per transaction;
- vii) negotiate, conclude, stipulate, amend and cancel any type of contract to buy or sell equity investments, companies and/or business operations, for a maximum amount of amounts of up to 100 million euros per transaction.

The Chief Executive Officer is the main person responsible for managing the Company; there is no interlocking directorate situation applicable to him because he does not serve as a Director of other listed Companies whose Chief Executive Officer is a Parmalat Director.

With regard to the performance of his duties, Jean-Marc Bernier reports only to the Board of Directors, which has exclusive jurisdiction over the handling of his employment relationship as General Manager.

Chairperson of the Board of Directors

On April 29, 2016, the Shareholders' Meeting elected Gabriella Chersicla Chairperson of the Board of Directors.

Pursuant to the Bylaws, the Chairperson is empowered to represent the Company vis-à-vis third parties and in court proceedings.

As of the writing of this Report, no management powers have been delegated to the Chairperson of the Board of Directors and she does not perform a specific function in the development of Company strategies.

The role of the Chairperson of the Board of Directors is governed by Article 14 of the Company Bylaws.

The specific duties of the Chairman of the Board of Directors are as follows:

- she convenes meetings of the Board of Directors, determining the meeting's Agenda and, in preparation for the meetings, transmits to the Directors, as expeditiously as appropriate based on the circumstances, but at least two days before the meeting, the supporting documents required to participate in the meeting with adequate knowledge of the issues at hand;
- she supervises the meeting and the voting process;
- she handles the preparation of Minutes of the meeting;
- she ensures that there is an adequate flow of information between the Company's management and the Board of Directors and, more specifically, ensuring the completeness and confidentiality of the information that the Board uses as a basis for making its decisions and exercising its power to manage, guide and control the activities of the Company and the entire Group;
- she ensures that the Board of Directors and the Board of Statutory Auditors are provided with adequate information ahead of meetings of the Board of Directors.

The Chairperson of the Board of Directors is not the person who is chiefly responsible for managing the Company and is not its controlling shareholder.

Reporting to the Board of Directors

The Chief Executive Officer reports to the Board of Directors and the Board of Statutory Auditors on the work he performed and the use of the powers he has been granted on a quarterly basis as a minimum and whenever necessary or upon request by the Board of Directors.

4.5 Other Executive Directors

Only the Chief Executive Officer, General Manager and Director in Charge of the Company's internal control system qualifies as an executive Director in accordance with Article 2.C.1 of the Corporate Governance Code.

4.6 Independent Directors

The number, competencies and authoritativeness of the non-executive Directors is sufficient to ensure that their opinion could have a significant weight in the decision-making process of the Board of Directors.

The independence requirement is governed by Article 3 of the Corporate Governance Code of Borsa Italiana and Article 147-ter, Section 4, of the TUF, as cited in Article 148. Section 3, of the TUF.

The Board of Directors in office is comprised of six independent Directors who, upon agreeing to stand for election, declared that they met the independence requirements, including:

- a) G. Chersicla, Chairperson of the Board of Directors, pursuant to Article 147-ter, Section 4, of the TUF;
- b) P. Biandrino, N. Dubini, A. Gamba, U. Mosetti and E. Vasco, pursuant to Article 147-ter, Section 4, of Legislative Decree No. 58/1998 and Article 3 of the Corporate Governance Code.

The Board of Directors assesses the independence of the Directors at least once a year, taking also into account the information that individual interested parties are required to provide.

On February 27, 2018, the Board of Parmalat S.p.A. verified whether the Directors in office met the independence requirements.

The assessment of the independence of the Board of Directors is focused on ensuring that none of the Directors are parties to relationships that could presently affect their independence of judgment, without prejudice to the obligation to comply with legal and regulatory provisions applicable at any given time; when verifying whether the Directors met the independence requirements, the Board of Directors applied all of the criteria specified in the Corporate Governance Code.

At a meeting held on March 9, 2018, the Board of Statutory Auditors, as required by Article 3.C.5. of the Corporate Governance Code, stated that it checked the verification criteria and procedures deployed by the Board of Directors to assess the independence of its members.

During the 2017 reporting year, the independent Directors met eight times, without the presence of the other Directors, including seven meeting concerning the Tender Offer filed by Sofil S.a.s., in compliance with relevant statutory requirements.

The average duration of the meetings of independent Directors was about 1 hour and 40 minutes for each meeting,

The attendance percentage of each Director at the abovementioned meetings is summarized below:

	Attendance percentage at Board Meetings
P. Biandrino	100%
N. Dubini	100%
A. Gamba	100%
U. Mosetti	100%
E. Vasco	62.50%

The Board of Statutory Auditors attended all meetings, with at least one of its members being present.

4.7 Lead independent Director

The Company did not appoint a Lead Independent Director because it does not meet the requirements for the establishment of such a position, as set forth in Article 2.C.3 of the Code.

5. Handling of Corporate Information

Transparency in market communications and accuracy, clarity and completeness of disclosures are values that are binding on all members of the Company's governance bodies and all Group managers, employees and associates.

Directors, Statutory Auditors and Company employees are required to treat as confidential the documents and information to which they may become privy in the performance of their functions and must comply with the procedure specifically established for the internal handling and public disclosure of said documents and information.

On December 12, 2016, the Board of Directors approved the procedures governing the handling and public disclosure of insider information ("*Procedure for the Management and Disclosure of Insider Information*" and "*Procedure to Manage the Register of Parties with Access to Insider Information*") and updated the Internal Dealing Code.

These documents are available to the public on the Corporate Governance page of the Company website, at the address:

http://www.parmalat.com/en/corporate_governance/internal_dealing/.

An in-depth review is being performed to consider any amendments to the Procedure for managing the Register of parties with access to insider information that may be necessary in light of the guidelines regarding this topic issued by the Consob in October 2017.

No Director or Statutory Auditor of Parmalat indicated that the he/she holds or has held an equity interest in the Company.

6. Establishment and Activities of the Internal Committees of the Board of Directors

Article 18 of the Company Bylaws calls for the establishments of internal Committees within the Board of Directors.

Consistent with this provision and the recommendations of the Corporate Governance Code, the following committees were established on May 9, 2016:

- Nominating and Compensation Committee;
- The Control and Risk Committee, which, in accordance with the Procedure Governing Related-party Transactions, also serves as the Committee for Related-party Transactions.

The composition, tasks and activities of the Committees are defined upon their establishment, consistent with the provisions of the abovementioned Procedures. Thus far, the Board of Directors has not established any additional committees with a consultative or investigative function.

All Committees are comprised exclusively of independent Directors.

Committee Chairpersons may invite individuals who are not Committee members, including executives, employees and/or consultants, to attend Committee meetings for discussions involving specific issues.

Consistent with the recommendations of the Corporate Governance Code, the Chairperson of each Committee informs the Board of Directors about the issues debated by the Committee regarding a specific item on the meeting's agenda at the first available meeting held by the Board of Directors after the Committee meeting.

Minutes are kept of each Committee meeting and the minutes are recorded in a special Minute Book.

The composition, activities and functions of the individual Committees are explained below.

7. Nominating and Compensation Committee

The Nominating and Compensation Committee, which was established on May 9, 2016, is comprised of the following independent Directors: Elena Vasco (Chairperson), Nicolò Dubini and Angela Gamba.

Committee meetings are coordinated by its Chairperson and minutes are kept of each Committee meeting. The Chairperson informs the Board of Directors about the Committee's activities at the first available meeting held by the Board of Directors after the Committee meeting.

In 2017, the Nominating and Compensation Committee held five meetings, with all members in attendance.

The average length of Committee Meetings was about 45 minutes for each meeting.

At this point, one Committee meeting has been scheduled for 2018.

The following parties may be invited to attend Committee meetings: the Chairperson of the Board of Directors, the Group Human Resource Manager, who may be asked from time to time to address issues under his jurisdiction, and, occasionally, external professionals.

The Board of Statutory Auditors is always invited to attend Committee meetings; in 2017, at least one member of the Board of Statutory Auditors was present at all Committee meetings.

Upon appointing the Committee members, the Board of Directors assessed whether all Committee members met the necessary knowledge and expertise requirements in the finance area and regarding compensation policies.

Functions Attributed to the Nominating and Compensation Committee

The Nominating and Compensation Committee performs the consultative and proposal making functions specified in the Corporate Governance Code

The Company adopted a regulation that governs in detail the tasks assigned to the Nominating and Compensation Committee; in the performance of its functions, the Committee maintains a differentiation between the functions performed regarding nominations and those concerning compensation.

More specifically, the Committee:

- ✓ provides the Board of Directors with opinions regarding the Board's size and composition and makes recommendations about the professional competencies the presence of which is deemed desirable within the Board of Directors and regarding the issues referred to in Article 1.C.3 (guidance concerning the maximum number of Directors) and Article 1.C.4 (waiver of non-compete agreement) of the Corporate Governance Code;
- ✓ submits recommendations to the Board of Directors regarding candidates for the post of Directors, who will be coopted by the Board when necessary to fill vacancies for independent Directors;

and, regarding compensation, the Committee:

- ✓ submits recommendations or renders opinions to the Board of Directors regarding the compensation of the Chief Executive Officer and other Directors, as well as the determination of the performance targets upon which the variable compensation component is based. It monitors the implementation of the resolutions adopted by the Board of Directors, specifically verifying whether the performance targets are being met;
- ✓ at the request of the Chief Executive Officer or the General Manager, defines the parameters and submits proposals for determining the compensation of the Company's senior management and the adoption of stock option or stock grant plans or plans involving other financial instruments that may be used to provide an incentive to and increase the loyalty of senior management;
- ✓ supports the Board of Directors in defining a compensation policy for Directors and executive with strategic responsibilities and periodically assesses the adequacy, overall consistency and concrete implementation of the abovementioned compensation policy, using for this purpose the information provided by the managing Directors.

The Committee, in the performance of its functions, was able to access all information and Company functions necessary to execute its tasks and rely on the support of external consultants, in accordance with the terms specified by the Board of Directors.

The Company's Human Resource Department collaborates with the independent consultants Willis Towers Watson to provide the Committee with information about market practices in the compensation policy areas.

Thus far, an expense budget has not been approved for the Nominating and Compensation Committee; however, the Board of Directors provided the Committee with the financial support needed to perform its assigned functions; in 2017, the Committee did not use any financial resources.

A brief overview is provided below of the main activities carried out in 2017 by the Committee in the performance of its functions regarding nominations:

- assessments regarding the adoption of a succession plan for the Chief Executive Officer;
- assessments regarding the appointment of the Chief Executive Officer;

and compensation:

- review and analysis of the compensation report;
- analyses and assessments regarding the compensation of the Chief Executive Officer;
- criteria for allocating the compensation approved by the Shareholders' Meeting on April 19, 2017.

For additional information, please see the relevant sections of the Compensation Report published pursuant to Article 123-ter of the TUF.

8. Compensation of Directors

The Board of Directors, based on a prior favorable opinion by the Nominating and Compensation Committee, adopted a policy for the compensation of Directors and executives with strategic responsibilities.

On April 29, 2016, the Shareholders' Meeting voted to award to the Board of Directors a total annual compensation of 1 million euros, before statutory withholdings, for the entire Board of Directors; in addition, it awarded to Directors who serve on committees an additional variable compensation, based on the number of committee meetings actually attended, in the amount of 3,900 euros per meeting per committee member and 6,500 euros per meeting for the Chairperson.

At the meeting of May 24, 2016, the Board of Directors agreed to allocate the compensation provided by the Shareholders' Meeting, for the partial amount of 700,000.00 euros, as follows:

- to each Director, an annual gross compensation of 50,000.00 euros, plus reimbursement of expenses incurred for the duties of his/her office, pursuant to Article 19 of the Company Bylaws;
- to the Chairperson, in view of the post held, an additional gross annual compensation of 250,000 euros.

For detailed information about the compensation policy, please see the Compensation Report published pursuant to Article 123 ter of the TUF.

Compensation of executive Directors

The Board of Directors, meeting on September 12, 2017, further to the appointment of Jean-Marc Bernier to the post of Chief Executive Officer, adopted a resolution regarding the compensation received for serving in that capacity and concluded that it was included in the compensation awarded for serving as General Manager.

A portion of the compensation of the Chief Executive Officer is tied to the achievement of specific predetermined and measurable targets; for additional details see the relevant sections of the Compensation Report published pursuant to Article 123-ter of the TUF.

Compensation of Directors with strategic responsibilities

The compensation of Directors and executives with strategic responsibility is set at an amount sufficient to attract, retain and motivate persons with the professional qualities needed to successfully manage the Company.

The compensation of executives with strategic responsibilities is defined in a manner that aligns their interests with the pursuit of the priority objective of creating value for the shareholders over the medium/long term.

Compensation of Non-executive Directors

The compensation of non-executive Directors is not tied to the achievement of economic targets by the Company. There are no shares-based incentive plans available to non-executive Directors.

Indemnities Payable to Directors in the Event of Resignation, Termination or Interruption of the Employment Relationship Due to a Tender Offer

The Company is not a party to any agreements about indemnities payable to Directors in the event of resignation or if their relationship with the Company is terminated due to a tender offer.

On July 28, 2017, further the resignation of Yvon Guérin, the Company announced, through a press release distributed to the market, that no indemnity for end of assignment of termination of the employment relationship was being provided and the rights inherent in the three-year incentive plan approved by the Shareholder' Meeting on April 28, 2016 were no longer valid.

9. Control and Risk Committee

The Control and Risk Committee, which was established on May 9, 2016, is comprised of the following independent Directors: Pier Giuseppe Biandrino (Chairman), Nicolò Dubini and Angela Gamba.

Committee meeting are coordinated by its Chairman and minutes are kept of each Committee meeting. The Chairman informs the Board of Directors about the Committee's activities at the first available meeting held by the Board of Directors.

In 2017, the Control and Risk Committee (in the performance of its functions also as the Committee for Related-party Transactions) met 19 times with all members in attendance.

The average length of Committee Meetings was about one hour and 20 minutes for each meeting.

A total of 11 meeting of the Control and Risk Committee have been scheduled for the current year; as of the writing of this Report, nine meetings had already been held.

Upon appointing its members, the Board of Directors assessed whether all Committee members met the necessary knowledge and expertise requirements in the accounting, finance and risk management areas.

As a rule, Parmalat's Chief Financial Officer (who also serves as the Accounting Documents Officer), the Internal Auditing Manager and the General Counsel attend Committee Meetings. Various department managers may be asked to attend Committee meetings and provide reports on issues on the meeting's Agenda and external professionals may be invited to attend Committee meetings.

The Board of Statutory Auditors is always invited to attend Committee meetings; in 2017, at least one member of the Board of Statutory Auditors was present at all Committee meetings.

Functions Attributed to the Control and Risk Committee

As required by the provisions of the Corporate Governance Code, the Committee performs a proposal making and consultative function, supporting with an adequate preparatory activity the decisions of the Board of Directors regarding the internal control and risk management system and those concerning the approval of periodic financial reports.

As part of the process of providing support for the Board of Directors, the Committee performs the following activities:

- it assists the Board of Directors in defining the guidelines for the internal control system;
- it supports the Board of Directors in periodically (at least once a year) assessing the adequacy, effectiveness and actual implementation of the internal control and risk management system for the purpose of describing in the annual report on corporate governance the key features of the internal control and risk management system, including the coordination methods applied by the parties involved, and providing an overall assessment of the system;
- taking into account the provisions of Article 19 of Legislative Decree No. 39/10, it provides an opinion, with the input of the Board of statutory Auditors, about the findings of the Independent Auditors, as stated in their report and management letter;
- together with the Accounting Documents Officer and with the input of the Independent Auditors and the Board of Statutory Auditors, it assesses the correct utilization of the accounting principles and their consistent use in the preparation of the consolidated financial statements;
- it renders opinions concerning specific issues related to mapping the main enterprise risks;
- it reviews the periodic reports that assess the internal control and risk management system and those of particular significance prepared by the Internal Auditing Function;
- it monitors the independence, adequacy, effectiveness and efficiency of the Internal Auditing Function and renders an opinion regarding the annual audit plan prepared by the Internal Auditing Manager;
- it can ask the Internal Auditing Function to audit specific operational areas, concurrently communicating it to the Chairman of the Board of Statutory Auditors;
- it renders an opinion on proposals to appoint and dismiss the Internal Auditing manager submitted to the Board of Directors by the Director in Charge of the Internal Control and Risk Management System;
- it reports to the Board of Directors at least semiannually (in conjunction with the approval of the annual and semiannual reports) on the work done and the adequacy of the internal control and risk management system;
- it supports, with an adequate preparatory activity, the assessments and decisions of the Board of Directors regarding the management of risks arising from harmful events of which the Board of Directors has become aware.

The Control and Risk Committee, considering that it also functions as the Committee for Related-party Transactions, as mentioned in the corresponding Procedure adopted by the Board of Directors, as amended most recently on April 16, 2015 ("OPC Procedure"), also performs the functions and renders the opinions required by the laws and regulations regarding related-party transactions and the OPC Procedure.

The Committee was able to access all information and Company functions necessary to execute its tasks and rely on the support of external consultants, in accordance with the terms specified by the Board of Directors.

Thus far, an expense budget has not been approved for the Control and Risk Committee; however, the Board of Directors provided the Committee with the financial support needed to perform its assigned functions.

10. Internal Control and Risk Management System

The Board of Directors, as part of the process of defining strategic, industrial and financial plans, includes in its assessments all of the risk that could have an impact on the sustainability of the Company's activities over the medium/long term.

Consistent with the requirements of Article 2428, Section 1, c.c. and the Corporate Governance Code (Implementation Criterion 7.C.1, Letter a) concerning risks and uncertainties, the Group has established a process to map, assess, manage and report the main risks and uncertainties to which it is exposed. Risks and uncertainties are mapped at the country level through a self-assessment process that calls for their assessment based on their probability of occurrence and impact. Risk events are identified taking into account the Group's strategic objectives and are classified, depending on their nature, as: strategic, operational and compliance and reporting related. The self-assessment process is carried out in accordance with a system that guides country managers and their executive teams in identifying risks that could compromise the achievement of the Company's objectives and become significant in terms of the medium/long term sustainability of the Group's activities, by filling out special forms.

In 2017, the Company completed a project to update and revise its methodology, carried out at the request of the Control and Risk Committee. The project's objective is to improve the approach used in the mapping process and express more effectively the correlation between Company objectives, including strategic objectives, and the underlying risks.

The Board of Directors defines the guidelines of the internal control system and verifies its effectiveness in managing enterprise risks.

The internal control and risk management system is the complex of rules, procedures and organizational structures aimed at mapping, measuring, managing and monitoring the main enterprise risks. This system, which is integrated into the most general organizational and governance structures, is designed, on the one hand, to map, measure, manage and monitor the main risks and, on the other hand, to guarantee the credibility, accuracy, reliability and timeliness of the finance disclosures provided to the Company's governance bodies and the market.

The internal control system defined by the Board of Directors must have the following general characteristics:

- at the operating level, authority must be delegated in light of the nature, typical size and risks involved for each class of transactions, and the scope of authority must be consistent with the assigned task;
- the organization must be structured to avoid function overlaps and concentration under one person, without a proper authorization process, of multiple activities that have a high degree of danger or risk;
- each process must conform with an appropriate set of parameters and generate a regular flow of information that measures its efficiency and effectiveness;
- the professional skills and competencies available within the organization and their congruity with the assigned tasks must be checked periodically;
- operating processes must be geared to produce adequate supporting documents, so that their congruity, consistency and transparency may be verified at all times;
- safety mechanisms must provide adequate protection of the Company's assets and ensure access to data when necessary to perform required assignments;

- risks entailed by the pursuit of stated objectives must be identified and adequately monitored and updated on a regular basis, and negative elements that can threaten the organization’s operational continuity must be assessed carefully and safeguards adjusted accordingly;
- the internal control system must be supervised on an ongoing basis, reviewed periodically and updated on an ongoing basis.

Specifically, the Group’s internal control system performs two distinct functions at the operational level:

- line control, which includes all of the control activities that the Group’s individual operating units and companies apply to their processes. These control activities are a primary responsibility of operational managers and are deemed to be an integral part of all Company processes
- “second-level” control, which is based on the guidelines for managing financial risks and risks inherent in the Company’s business model and on the effectiveness and updating of the reference legislative framework;
- internal auditing, which is performed by a separate Company organization. The purpose of the Internal Auditing Function is to help the Risk Management office identify and minimize the different types of risks to which the Company is exposed. It accomplishes this goal by monitoring line controls in terms of their effectiveness and the results they produced.

The Internal Auditing Plan and budget proposal is developed by the Internal Auditing Function and is then shared with the Director in Charge of the Internal Control and Risk Management System and approved by the Board of Directors, with the input of the Control and Risk Committee and the Board of Statutory Auditors, in accordance with the modalities defined in the guidelines of the Internal Auditing function (“Guidelines”)

At the meeting held on February 27, 2018, the Board of Directors assessed favorably the adequacy of the internal control and risk management system, having heard the input of the Control and Risk Committee.

The Control and Risk Committee supports the Board of Directors in supervising the activity carried out by the Internal Auditing Function with regard to the issues mentioned above.

The Committee meets periodically, frequently in joint session with the Board of Statutory Auditors, to review issues concerning internal control, including both those related to the normal conduct of business activities and those related to compliance with statutory and regulatory requirements. The Chief Executive Officer is the executive Director responsible for ensuring that the internal control and risk management system is functioning effectively, as required by Article 7.C.4 of the Corporate Governance Code. In this capacity, he handles the design, implementation and management of the internal control and risk management system, verifying on an ongoing basis its adequacy and effectiveness within the Company’s operating context and ensuring that it is in compliance with changes in the regulatory framework, in implementation of the guidelines defined by the Board of Directors. The Director in Charge of the Internal Control and Risk Management System has the power to ask the Internal Auditing Function to perform audits of specific operational areas and regarding compliance with internal rules and procedures in the performance of Company transactions, while at the same time informing the Chairperson of the Board of Directors, the Chairman of the Control and Risk Committee and the Chairman of the Board of Statutory Auditors. In 2017, there were no issues of problems that the Director in Charge would have been required to report to the Control and Risk Committee.

On July 31, 2014, the Board of Directors appointed Diego Sonda to the post of Internal Auditing Manager.

The role, tasks and responsibilities of the Internal Auditing Function are defined and formally established by the Board of Directors through the “Guidelines.” The Internal Auditing Manager is appointed by the Board of Directors, based on the prior favorable opinion of the Control and Risk Committee and with the input of the Board of Statutory Auditors, upon a recommendation by the Director in Charge in concert with the Chairperson of the Board of Directors. The Internal Auditing Manager is appointed to this post for an indefinite period of time and his appointment may be revoked by the Board of Directors, which defines the compensation of the Internal Auditing Manager consistent with Company policies. The Group Internal Auditing Manager is hierarchically independent of executives that oversee operational departments and reports directly to Board of Directors.

The Manager of the Internal Auditing Function:

- a) verifies, both on an ongoing basis and in response to specific requirements and in compliance with international standards, the implementation and suitability of the internal control and risk management system by means of an audit plan approved by the Board of Directors and based on a structured process of analysis and prioritization of the main risks;
- b) has direct access to all useful information for the performance of his tasks;
- c) prepares periodic reports containing adequate information about its activities and the manner in which risk management is carried out in compliance with predefined risky containment plans. These periodic reports shall contain an assessment of the effectiveness of the internal control and risk management system;
- d) promptly prepares reports on particularly material events;
- e) forwards the reports referred to in items c) and d) above to the Chairmen of the Board of Statutory Auditors and the Internal Control and Risk Committee, as well as to the Chairperson of the Board of Directors;
- f) within the framework of the audit plan, verifies the reliability of the information systems, including the accounting systems.

By a resolution adopted on March 3, 2017, the Board of Directors approved an updated version of the Guideline that reflects changes in operating conditions.

Consistent with the Guidelines, the Internal Auditing Function has unfettered access to any information that may be useful for the performance of its assignments. The Group Internal Auditing Function performs audits of the internal control system to assess performance with regard to the following:

- Compliance with laws and regulations and with Company rules and procedures, specifically regarding the Organization, Management and Control Model pursuant to Legislative Decree 231/2001 ("Model") (known as compliance audit);
- The reliability of accounting and operating data and information (known as financial audit);
- The effectiveness and efficiency of the Group's operations (known as operational audit);
- Protection of the Group's assets (as the combined effect of the abovementioned audits).

The abovementioned engagements may also be performed with the methodological and operational support of external consultants.

For the purposes of this section of the Report, please note that, as required by Italian regulations applicable to listed companies, the Board of Statutory Auditors is required, inter alia, to monitor:

- compliance with the provisions of laws and the Bylaws concerning the respect of the principles of sound management in the performance of Company activities and the adequacy of the instructions provided by the Company to its subsidiaries;
- the adequacy of the Company's organizational and accounting system;
- the financial reporting process;
- the effectiveness of the internal control, internal auditing and risk management systems;
- the statutory independent audit of the annual and consolidated financial statements and the independence of the Independent Auditors (see Legislative Decree No. 39/10).

The Model and Oversight Board required by Legislative Decree No. 231/01 are an integral part of the control system and the Oversight Board is responsible for overseeing the implementation of the Model and ensuring that it is complied with and constantly updated. The Board of Directors appoints the members of the Oversight Board based on requirements that include professional background, competence, integrity, autonomy and independence. The reasons that would make a candidate unelectable to the Oversight Board include: (i) having been barred or disqualified from holding public office, filed for bankruptcy or received a sentence, which need not be final, that includes being barred (even if temporarily) from holding public office or disqualifies the defendant from holding a management position; (ii) having been barred or disqualified from holding public office, filed for bankruptcy or convicted, even if the decision is not final or is the product of plea bargaining, of one of the crimes referred to in the abovementioned Decree.

A member of the Oversight Board may be removed from office only for cause with a resolution adopted by the Board of Directors with the input of the Board of Statutory Auditors.

In 2017, the Oversight Board held eight meetings during which it analyzed issues related to the effectiveness and efficiency of the Model, reviewed the findings of audits that it performed on processes that are relevant to the implementation of the Model, the structure of outgoing and incoming information flows and the coordination of the various Oversight Boards established within the Parmalat Group. On March 3, 2017, the Board of Directors approved a budget earmarked for use by the Oversight Board in 2016, which was confirmed for 2018.

Guidelines for foreign subsidiaries, as approved by the Board of Directors of Parmalat and subsequently communicated to the Boards of the abovementioned subsidiaries, were developed taking into account the issues entailed by the different corporate organizations and the requirements of local laws. These guidelines set forth principles of business conduct and organizational rules that are consistent with the Group's Code of Ethics and should be applied to corporate processes that are relevant for the purposes of Legislative Decree No. 231/2001. Each company is required to adopt these principles and rules, compatibly with the relevant provisions of local laws.

The statutory independent audits of the financial statements are performed by a firm of independent auditors listed in the special register required by Legislative Decree No. 39/10.

The firm of independent auditors hired for the year ended December 31, 2017 is KPMG S.p.A., which was awarded the auditing assignment pursuant to a resolution approved by the Shareholders' Meetings on April 22, 2013. The abovementioned assignment will end on the date when the Shareholders' Meeting approves the financial statements at December 31, 2022.

Please note that, in order to ensure that all accounting control issues are specifically monitored, the Group decided to apply to all Italian and foreign operating subsidiaries the process of performing independent audits of the statutory financial statements and perform independent audits of the consolidation package as well.

The Company appointed an Accounting Documents Officer, as required by Article 154-*bis* of the TUF. The appointment was carried out by a resolution that the Board of Directors, acting based on a prior favorable opinion provided by the Board of Statutory Auditors and the Control and Risk Committee, adopted on July 28, 2011, naming Pierluigi Bonavita, the Group Chief Financial Officer, to the post of Accounting Documents Officer. At the same meeting, the Board of Directors approved guidelines to govern the tasks assigned to the Accounting Documents Officer; the manner in which the Accounting Documents Officer is appointed, terminated or dismissed; the powers and resources awarded to the Accounting Documents Officer; and the relationships between the Accounting Documents Officer and other corporate governance bodies and departments.

The Board of Directors approves annually the expense budget of the Accounting Documents Officer, who is required to report to the Board of Directors, at least semiannually, about the use of his budget. At a meeting held on March 15, 2018, the Board of Directors approved the 2018 expense budget. Consistent with the scope of the powers and functions allocated to him, through the approval, by the Board of Directors, of Guidelines in July 2011, the Accounting Documents Officer may exceed the limits of the approved budget to address specific and demonstrable needs, provided he is expressly authorized by the Board of Directors.

The Accounting Documents Officer is part of the senior management team and is a member of the General Manager's staff. The Accounting Documents Officer is empowered to organize his activity with maximum autonomy.

The Accounting Documents Officer is appointed for an undetermined term of office. In other words, he will serve until his appointment is revoked or he resigns.

Consequently, the Accounting Documents Officer can be automatically removed from his office only in the following cases: (i) he is terminated as an employee of the Company or of a company of the Group by which he was employed; or (ii) he no longer meets the integrity requirements he possessed when he was appointed.

Pursuant to Article 20 *bis* of the Company Bylaws, the Accounting Documents Officer must meet the following requirements: (i) he must have served as a corporate executive for at least 5 year; (ii) he must have worked in the accounting or control areas or served in another management function at a corporation with a share capital of at least 2 million euros; and (iii) he must meet integrity and professionalism requirements.

The Accounting Documents Officer can also be dismissed by the Board of Directors. In such cases, the dismissal must be justified and the requirements of Article 2383 c.c. that apply to the dismissal of Directors must be met.

If the Accounting Documents Officer is removed or dismissed, the Board of Directors shall take action promptly and urgently to appoint a replacement.

Parmalat's integrated control model identifies the parties who, in various capacities, are involved in the internal control and risk management system, as well as their assigned roles and responsibilities and the coordination modalities applicable to the performance of their respective activities. In order to ensure that there is adequate coordination among the parties involved in the internal control and risk management system, the Company defined the appropriate and continuous information flows, as hoc meetings to manage specific events or situations and periodic meetings to review the implementation progress of the activities being performed and plan verification activities. The main implementation modalities require the following:

- the Chairman of the Board of Statutory Auditors or a Statutory Auditor designated by him, the Accounting Documents Officer and the Internal Auditing Manager must attend meetings of the Control and Risk Committee;
- the Board of Statutory Auditors and the Control and Risk Committee must meet in joint session whenever they deem it necessary to address issues of common interest and, specifically, when they are required to review, for issues under their respective jurisdiction, the preparation modalities and content of periodic financial reports;
- special information flows and organizational procedures between Company functions responsible for second-level and third-level controls must be established. Specifically, managers of second-level control functions shall inform the Internal Auditing Manager of any problems identified in the performance of their activities that could be relevant for verification purposes. In turn, the Internal Auditing Manager shall inform the managers of the other control functions of any inefficiencies, weaknesses or irregularities identified in the course of audit engagements that concern specific areas or issues under the jurisdiction of those functions.
- the Internal Auditing Manager must be an internal member of the Oversight Board.

Main Characteristics of the Risk Management and Internal Control System Applied to the Financial Disclosure Process

In recent years, as required by Article 123-*bis* of the TUF, the Parmalat Group broadened the scope of its internal control system to include management of the risks inherent in the financial disclosure process. The purpose of this activity is to ensure that financial disclosures are truthful, accurate, reliable and timely. By making the process of monitoring the accounting internal control system compliant with the regulatory requirements of Law No. 262/05 (as amended) and applying the recommendations of the Independent Auditors, the Company developed a control Model consistent with the best international practices in this area and with the COSO 1 Framework (Committee of Sponsoring Organizations of the Treadway Commission). The rules, procedures and organizational structures are described in the Model to manage administrative and accounting risks and integrated representation of the main risks and uncertainties ("Risk Management Model"), which is aimed at safeguarding sensitive processes used for economic, financial and accounting reporting and was distributed to all interested parties. The Risk Management Model describes the methods adopted and the respective responsibilities, within the framework of the definition, maintenance and monitoring of the administrative and accounting procedural system, for the assessment of its effectiveness and adequacy.

The Risk Management Model is based on the following components:

- an essential body of Company policies and procedures at the Group and local level;
- a process to map the main risks inherent in the financial and accounting reporting process;
- a periodic assessment and monitoring activity;
- a process to communicate internal control objectives and verify the accounting information disclosed to the market.

The construction of the Risk Management Model is based on the fact that the administrative and accounting procedures are part of a broader internal control system for which the Board of Directors is responsible. The Board is also expected to ensure that the Accounting Documents Officer is provided with adequate resources and powers and monitor actual compliance with established administrative and accounting procedures.

The phases that guarantee the implementation of the Risk Management Model include the following:

- Definition of the implementation perimeter for Administrative and Accounting Monitoring, i.e., definition of the entities and processes that must be monitored on an ongoing basis. The selection criteria, for perimeter definition purposes, were identified based on quantitative and qualitative factors.
- Implementation of the Administrative and Accounting Internal Control activities. The tool used to share with the managers involved the control methods for the areas/processes identified in the perimeter definition phase is provided by the risk and control matrices (“Matrices”). “Key controls” have been identified within the Matrices, designed to provide, if performed correctly, the achievement with reasonable certainty of the objective of a truthful and correct representation of the accounting data resulting from the process within which they are applied. These controls will help mitigate the risks identified as significant for the Company. The absence of controls would indeed entail the risks of significant error or fraud in financial reporting that could not have been intercepted by other controls.
- Periodic monitoring and assessment process. As part of this process, the Group integrated the auditing and testing activities required by Law No. 262/05 into a single audit plan implemented at the Group level that will make it possible to monitor the main administrative/accounting processes periodically. The Company’s senior management is appraised of the outcome of such audits on an ongoing basis.

The Company issued instructions to the effect that, when a subsidiary forwards to the Accounting Documents Officer accounting or financial data that have an impact on the semiannual financial report or the annual statutory and consolidated financial statements, or will be certified by the Accounting Documents Officer pursuant to Article 154-*bis*, such data submissions must be accompanied by a specific affidavit signed by the subsidiary’s Chief Executive Officer or General Manager and Chief Administrative Officer. In the affidavit, the abovementioned parties must give assurance, *inter alia*, that: i) adequate accounting and administrative procedures consistent with the guidelines provided by the Accounting Documents Officer have been adopted; ii) the abovementioned procedures were effectively applied during the period to which the accounting data apply; iii) the accounting data are consistent with the books of accounts and other accounting records; iv) the accounting data provide a truthful and fair presentation of the balance sheet, income statement and financial position of the company they are responsible for managing; v) for the annual statutory and consolidated financial statements, the report on operations includes the disclosures required by Article 154-*bis*, Section 5, Letter *e*), of the TUF; and vi) for the condensed semiannual financial statements, the interim report on operations include the disclosures required by Article 154-*bis*, Section 5, Letter *f*), of the TUF.

The Accounting Documents Officer delivers every six months to the Board of Directors a report detailing the activities performed, any problems identified and the actions taken to resolved them. This report is first submitted to the Control and Risk Committee for the purpose of performing its oversight functions regarding the accounting information system, as required pursuant to law and the Company Bylaws.

The Chief Executive Officer and the Accounting Documents Officer are primarily responsible for the implementation of this Model.

11. Procedure Governing Related-Party Transactions

On November 11, 2010, the Board of Directors approved the Procedure Governing Related-party Transactions (“OPC Procedure”), in compliance with the requirements of Consob Regulation No. 17221 of March 12, 2010, as amended by Resolution No. 17389 of June 23, 2010, and taking into account the recommendations of Consob Communication No. DEM/10078683 of September 24, 2010. Subsequently, the Board of Directors amended and updated the OPC Procedure, most recently on April 16 2015, as required by the regulations in effect.

Pursuant to Chapter 11 of the OPC Procedure, in order to make it more reflective of existing conditions, a further revision of this document will be carried out in the course of the year.

The OPC Procedure was published on the Company website at the following address:

http://www.parmalat.com/en/corporate_governance/how_we_govern/.

The Board of Directors is responsible for verifying that transactions in which a Director has a personal interest, either directly or for the benefit of a third party, are executed transparently and in a manner that is fair both substantively and procedurally.

12. Election of Statutory Auditors

The Board of Statutory Auditors is charged with ensuring that the Company is operating in compliance with the law and the Bylaws and performs a management oversight function. Specifically, it verifies the adequacy of the organizational structure and the internal control system, the adequacy and reliability of the accounting system and the level of compliance with the procedure adopted by the Company regarding related-party transactions. The Board of Statutory Auditors also monitors the modalities for the concrete implementation of the corporate governance rules specified in the codes of conduct adopted by the Company and compliance with the provisions governing non-financial statements.

The Board of Statutory Auditors is not responsible for auditing the financial statements as, pursuant to current laws, this function is performed by independent auditors selected among those listed in a special register maintained by the Economy and Finance Ministry; the Board of Statutory Auditors submits to the Shareholders' Meeting a reasoned recommendation for the selection of the Independent Auditors. The Board of Statutory Auditors is also required to perform the functions attributed pursuant to law to the Internal Control Committee, established by Legislative Decree No. 39 of January 27, 2010, enacted to implement the EU directive governing independent statutory audits of annual and consolidated financial statements, as amended most recently by Legislative Decree No.135 of July 17, 2016, consistent with the prescriptions of EU Regulation No. 537/2014.

Consequently, the Board of Statutory Auditors monitors the financial information process, the effectiveness of the internal control, internal auditing and risk management systems, the statutory independent auditing of the annual and consolidated financial statements and the independence of the statutory independent auditors, authorizing non-mandatory assignments different from statutory independent audits awarded to Parmalat's independent auditors. Starting with the 2017 reporting year, the Board of Statutory Auditors reviews the content of the "supplemental" report prepared by the independent auditors pursuant to Article 11 of the abovementioned EU regulation.

Pursuant the legislation currently in effect and Article 21 of the Company Bylaws, the Board of Statutory Auditors is comprised of three Statutory Auditors and two Alternates, all of whom may be reelected. Starting with the first Board of Statutory Auditors elected after the date of enactment of the statute governing gender parity, and as long as these provisions are in effect, the composition of the Board of Statutory Auditors shall comply with the criteria set forth in the legislation in effect at any given time.

Statutory Auditors are elected through slate voting to ensure that minority shareholders can elect one Statutory Auditor and one Alternate. Only shareholders who, alone or together with other shareholders, hold a number of shares equal in the aggregate to at least 1% of the Company's shares that convey the right to vote at Ordinary Shareholders' Meetings are entitled to file slates of candidates.

In accordance with Article 21 of the Bylaws, slates of candidates presented by the shareholders must be filed at the Company's registered office, directly or using a remote communication system that allows identification of the filers, and published in accordance with the regulations published by the Consob. Other issues concerning the methods and eligibility to file slates of candidates are governed by the provisions of Article 11 of the Bylaws, insofar as they are not in conflict with the provisions of Article 144-*sexies*, Section 5, of the Issuers Regulation.

Together with each slate of candidates, shareholders must file and publish affidavits by which each candidate accepts to stand for election and attests, on his responsibility, that there is nothing that would bar the candidate's election or make the candidate unsuitable to hold office and that he has met the requirements for election to the respective office. Each candidate must file a curriculum vitae together with his affidavit, listing his personal and professional data.

Pursuant to Article 21 of Parmalat's Bylaws, the first 2 (two) candidates from the slate that received the highest number of votes and the first candidate from the slate with the second highest number of votes will be elected to the post of Statutory Auditor. The candidate from the slate with the second highest number of votes will serve as Chairman of the Board of Statutory Auditors. The first candidate from the slate with the highest number of votes and the first candidate from the slate with the second highest number of votes will be elected to the post of Alternate.

In case of a tie involving two or more slates, the oldest candidates will be elected to the post of statutory Auditor until all posts are filled.

If the composition of the Board of Statutory Auditors, not counting the Alternates, obtained by applying the modalities described above does not meet the requirements of the legislation on gender parity in effect at any given time, the necessary replacements shall be made from among the candidates to the post of Statutory Auditor in the slate that received the highest number of votes, in the sequence in which the candidates are listed, without prejudice to the requirements of the applicable laws and these Bylaws regarding the post of Chairman of the Board of Statutory Auditors.

If only one slate is filed, the candidates in that slate will be elected to the posts of Statutory Auditor and Alternate.

If a Statutory Auditor needs to be replaced, the vacancy will be filled by the Alternate elected from the same slate as the Auditor who is being replaced, while complying with the gender parity regulations in effect at any given time.

Resolutions concerning the election of Statutory Auditors, Alternates and the Chairman necessary to fill vacancies on the Board of Statutory Auditors are adopted by the Shareholders' Meeting with a relative majority and without the use of slate voting, while complying with the gender parity regulations in effect at any given time. If the vacancies that are being filled refer to minority Directors, the Shareholders' Meeting shall vote, if possible, on motions filed by minority shareholders who, alone or together with other shareholders, own in the aggregate a number of shares equal as a minimum to the percentage required to file slates of candidates for election to the Board of Statutory Auditors.

Lastly, if no slate of candidates is filed twenty-five days before the Shareholders' Meeting, or if only one slate is filed, or if no slate is filed by shareholders who are linked with each other pursuant to Article 144-*quinquies* of the Issuers Regulations, slates of candidates may be filed up to five days after the expiration of the 15-day deadline, as allowed by Article 144-*sexies* of the Issuers Regulations. A specific disclosure shall be provided by means of a notice published the Company.

Statutory Auditors may also be selected among candidates who do not qualify as independent based on the criteria provided in the Code for Directors. The Board of Statutory Auditors will verify compliance with these criteria after the election and, subsequently, once a year. The results of this review process shall be disclosed in the Annual Report on Corporate Governance.

Individuals who, pursuant to laws or regulations, are not electable, are no longer allowed to remain in office or lack the required qualifications may not be elected Statutory Auditors and, if elected, must forfeit their office. The requirements of Article 1, Section 2, Letters b) and c), and Section 3 of Ministerial Decree No. 162 of March 30, 2000 apply when a candidate's professional qualifications refer, respectively, to the Company's area of business and to the fields of law, economics, finance, technology and science.

In addition to the other cases listed in the applicable law, individuals who serve as Statutory Auditors at more than five Italian companies listed on regulated markets in Italy or who are in one of the situations described in the last paragraph of Article 11 of the Bylaws may not be elected Statutory Auditors and, if elected, must forfeit their office.

13. Composition and Activities of the Board of Statutory Auditors

The current Board of Statutory Auditors, which was elected by the Ordinary Shareholders' Meeting on April 28, 2017, is comprised of: Marco Pedretti, Chairman (minority slate filed by Amber Capital UK LLP in its capacity as manager of the Amber Active Investors Limited fund, who resigned on February 23, 2018, effective as of the Shareholders'

Meeting convened to approve the financial statements at December 31, 2017), Barbara Tadolini and Franco Carlo Papa, Statutory Auditors (majority slate filed by Sofil S.a.s.). The Shareholders' Meeting also elected as Alternates Marianna Tognoni (majority slate) and Matteo Tiezzi (minority slate). The term of office of the Board of Statutory Auditors will run for three years, i.e., until the approval of the financial statements at December 31, 2019.

The Shareholders' Meeting also adopted a resolution concerning the compensation of the Board of Statutory Auditors, which was set at 50,000 euros annually for the Statutory Auditors and 75,000 euros annually for the Chairman.

Until the Shareholders' Meeting of April 28, 2017, the Board of Statutory Auditors was comprised of Marco Pedretti (Chairman), Giorgio Loli (Statutory Auditor) and Alessandra Stabilini (Statutory Auditor).

Professional Profile of the Statutory Auditors Currently in Office

A brief profile of the Chairman of the Board of Statutory Auditors and the Statutory Auditors is provided below.

MARCO PEDRETTI – Chairman of the Board of Statutory Auditors

Marco Pedretti was born in Parma on May 9, 1978 and earned a degree in Corporate Economics from the University of Parma. As a Certified Public Accountant and Independent Auditor he pursues his activities in an associate capacity handling tax and labor law disputes and corporate restructurings and reorganizations. He also serves as Receiver in Bankruptcy and Judicial Commissioner appointed by the Court of Parma and Liquidating Commissioner for the Italian Ministry of Economic Development.

FRANCO CARLO PAPA – Statutory Auditor

Certified Public Accountant, Independent Auditor and Financial Analyst. He provides consulting services to Italian and foreign companies and industrial groups and serves on Boards of Directors and Boards of Statutory Auditors of corporations and listed companies.

Having earned a degree in Business Economics from Università L. Bocconi, he began his career at Olivetti Venture Capital, later at Citicorp. He became a partner at KPMG, responsible for Corporate Finance in Italy and member of the Board of KPMG Worldwide Corporate Finance in Italy. From 2001 to 2005 he was at Ernst & Young Financial –Business Advisors, where he rose to post of President with national responsibility for M&A, IPO and valuations. He was then appointed manager responsible for Southern Europe of the Corporate Finance and Transaction Support of the Italian and the Southern Europe Area Board.

He served as President of AIAF and has written several books and numerous publications in the strategy, finance and treasury areas.

BARBARA TADOLINI – Statutory Auditor

Born in Milan on March 20, 1960, she earned a degree in Economics and Commerce from the University of Genoa. Certified Public Accountant and Independent Auditor, since 1991 she carries her activity at her own firm and is a partner of the associated firm Studio Terre in Genoa, specialized in business and taxation consulting services, as well as in business valuations and expert appraisals. She always actively participated in the activities of the Genoa Board of Certified Public Accountants and served as Statutory Auditor and Chairperson of the Boards of Statutory Auditors of several companies.

Marianna Tognoni – Alternate

Matteo Tiezzi – Alternate

The main posts held by the Statutory Auditors on the date of preparation of this Report are listed on Table 3 in the annexes.

In 2017, the Board of Statutory Auditors held 18 (eighteen) meetings; the average length of the meetings was about 1 hour and 50 minutes for each meeting.

From January 1 to April 28, 2017:

Members of the Board of Statutory Auditors	Number of meetings of the Board of Statutory Auditors attended in 2017	Percentage
Marco Pedretti	11	100
Giorgio Loli	11	100
Alessandra Stabilini	10	90,91

From April 28 to December 31, 2017

Members of the Board of Statutory Auditors	Number of meetings of the Board of Statutory Auditors attended in 2017	Percentage
Marco Pedretti	7	100
Franco Carlo Papa	7	100
Barbara Tadolini	7	100

At this point, 10 meeting of the Board of Statutory Auditors have been scheduled for 2018, three of which had already been held when this Report was approved.

Diversity policies

As of the writing of this Report, the Company had not adopted any diversity policies concerning the Board of Statutory Auditors.

The Board of Directors discussed this issue at its meeting of March 15, 2018 and, also considering the recommendation of the Nominating and Compensation Committee, concluded that the requirements of the laws and regulations currently in effect are sufficient for an adequate composition of the Board of Statutory Auditors.

In light of the above, the Board of Directors decided, at this stage, not to proceed with the adoption of specific policies regarding diversity; however, it will revisit the issue of diversity so as to take into account also alternative measures that could be adopted to improve composition diversity in time for the election of a new Board of Statutory Auditors.

The Board of Statutory Auditors, in its previous composition, had verified the independence of its members on March 3, 2017. The Board of Statutory Auditors, in its new composition, informed the Board of Directors that, at a meeting held on May 5, 2017, in accordance with Article 8.C.1. of the Corporate Governance Code, it verified that all of its members met the independence requirements, including those set forth in Article 3.c.1. of the abovementioned Code regarding the independence of Directors; the results of the verification process were communicated to the market by means of a press release issued at the end of a meeting of the Board of Directors held on May 8, 2017.

The Board of Statutory Auditors again verified that its members met the independence requirements on March 9, 2018. The criteria of Article 148, Section 3, of the TUF and the independence criteria for Directors of the Corporate Governance Code were applied for assessment purposes.

The results of the verification process were communicate to the Board of Directors.

As part of the tasks that it is required to perform pursuant to law, the Board of Statutory Auditors also verified that the criteria and procedures adopted by the Board of Directors to assess the independence of its members were being correctly applied.

Lastly, the Board of Statutory Auditors monitored the independence of the independent auditors, as required by current laws.

With regard to induction programs, please see the information provided in Chapter 4 of this Report entitled “Board of Directors.”

The Statutory Auditors were provided with detailed information about Company dynamics, risk management issues and changes in the reference legislative and self-regulation framework at meetings of the Board of Directors.

A Statutory Auditor who, directly or through a third party, has an interest in a transaction that the Company is executing must promptly disclose this interest to the other Statutory Auditors and the Chairman of the Board of Directors, providing information about the nature, terms, origin and scope of his/her interest.

In 2017, the Board of Statutory Auditors worked in coordination with the Control and Risk Committee, the Committee for Related-party Transactions and the Nominating and Compensation Committee, attending all meetings of this committee.

In the performance of its duties, the Board of Statutory Auditors makes it a practice to coordinate its activities with the Internal Auditing Function.

The compensation of the Statutory Auditors is commensurate with the significance of the role performed, the size of the company and the industry within which it operates.

14. Shareholder Relations

Parmalat adopted a communication policy based on providing a steady flow of information to shareholders, institutional investors and the market in general. The objective pursued by this approach to communications is to ensure the dissemination of complete, accurate and timely information on a regular basis.

The disclosure of information to shareholders, investors, the market and the media is achieved by means of press releases, meetings with institutional investors and the financial community and documents that are posted on the Company website (www.parmalat.com), which includes a special page, easily identifiable and accessible.

In addition to the opportunities provided by the Shareholders’ Meetings, the Company’s ongoing dialog with its shareholders is maintained by the Investor Relations Office headed by Lorenzo Bertolo.

15. Shareholders’ Meeting

Pursuant to Article 8 of the Bylaws, the Board of Directors may convene the Company’s Shareholders’ Meeting at a location that need not be the Company’s registered office but must be in Italy, by means of a notice published, within the statutory deadline, on the Company website and with the additional modalities required pursuant to the relevant laws and regulations.

The Company provides the public with information about the items on the Meeting’s Agenda by making relevant material available at its registered office, through the 1Info storage mechanism (www.1Info.it) and on the Company website at the following address:

[http://www.parmalat.com/en/corporate_governance/annual_general_meeting/.](http://www.parmalat.com/en/corporate_governance/annual_general_meeting/)

Shareholders may consult these documents and request copied of them.

An Ordinary Shareholders’ Meeting shall be convened at least once a year within one hundred and twenty days from the close of the reporting year. A Meeting may be convened within one hundred and eighty days from the close of the reporting year when the statutory requirements for exercising this option can be met.

The Board of Directors shall promptly convene a Shareholders' Meeting when shareholders representing the percentage of the Company's share capital required by the applicable provisions of laws and regulation request it, listing in the application the items on the Agenda.

As described in Article 9 of the Bylaws, the eligibility to attend the Shareholders' Meeting and exercise the right to vote shall be certified by means of a communication sent to the Company by the intermediary, in accordance with the data in its accounting records, for the benefit of the party qualified to exercise the right to vote.

The abovementioned communication shall be sent by the intermediary, based on the corresponding evidence available at the close of business on the seventh stock market trading day before the date set for the Shareholders' Meeting. Debit or credit entries posted to the accounting records after this deadline are irrelevant for purpose of determining the eligibility to exercise the right to vote at the Shareholders' Meeting.

The communication must reach the Company by the close of business three stock market trading day before the date set for the Shareholders' Meeting or other deadline required by the Consob pursuant to regulations issued in concert with the Banca d'Italia. However, shareholders will be eligible to attend the Shareholders' Meeting and vote even if the communications are delivered to the Company after the deadline set forth in this paragraph, provided they are delivered before the Shareholders' Meeting is called to order.

Any shareholder who is entitled to attend the Shareholders' Meeting may be represented at the Meeting, pursuant to law, by means of a written or electronically conveyed proxy, when allowed by the applicable regulations and in the manner set forth therein. If electronic means are used, the notice of the proxy may be given using the page of the Company website provided for this purpose or in accordance with any other method listed in the notice of the Shareholders' Meeting.

The Company may designate for each Shareholders' Meeting one or more parties whom shareholders may appoint as their representative, in the manner required pursuant to law and the applicable regulations, before the close of business two stock market trading days before the date of the Shareholders' Meeting, providing the representative with a proxy with voting instructions regarding all or some of the items on the agenda. The proxy shall not be effective for motions for which no voting instructions were provided. The names of the designated representatives and the methods and deadline for granting proxies shall be set forth in the notice of the Shareholders' Meeting.

Shareholders' Meetings are chaired by the Chairperson of the Board of Directors. If the Chairperson is absent, Meetings are chaired by the Deputy Chairman or by a person elected by the Shareholders' Meeting.

Pursuant to Article 10 of the Bylaws, the Chairman is responsible for determining whether a Shareholders' Meeting has been properly convened, overseeing the Meeting's activities and discussions and verifying the outcomes of votes.

Insofar as the handling of Shareholders' Meetings is concerned, on December 12, 2016, the Board of Directors resolved not to ask the Shareholders' Meeting to adopt a specific Meeting Regulation, since the powers attributed to the Chairman of the Meeting pursuant to the Bylaws are sufficient to enable the Chairman to conduct orderly Shareholders' Meetings.

On the occasion of the Shareholders' Meeting, the Board of Directors reported on its past and planned activities and answered specific questions asked by shareholders. The Board has strived to provide shareholders with ample disclosures about issues that are relevant to the process of making informed decisions about matters over which the Shareholders' Meeting has jurisdiction.

Two Shareholders' Meetings was held in 2017:

- (1) the first one, on April 28, 2017, adopted resolutions regarding:
 - a) the approval of the financial statements for the year ended December 31, 2016 and a motion to distribute a dividend, and

- b) the election of the Board of Statutory Auditors;
- (2) the second one, on May 29, 2017, concerned the report of the Board of Statutory Auditors pursuant to Article 2408, Section Two, c.c. dated February 6, 2017, on the basis of which the motion put forth by the shareholder Amber Active Investors Limited to pursue an action for damages against certain Director in office while the cash pooling system was in effect was rejected.

While the Shareholders' Meeting were taking place, each shareholder was guaranteed the right to be recognized to discuss the items on the meeting's agenda, including by filling out forms distributed together with informational material prior to the meeting being called to order.

The meeting of April 28, 2017 was attended by seven Directors (out of a total of nine) and three Statutory Auditors. The meeting of May 29, 2017 was attended by seven Directors and two Statutory Auditors.

No significant changes occurred in 2017 in the Company's market capitalization or in the composition of its stock ownership structure.

16. Changes Occurring Since the End of the Reporting Year

The Company's system of corporate governance did not undergo changes during the period between the end of the reporting year and the date when this Report was approved.

Please note that on February 23, 2018, Marco Pedretti, Chairman of the Board of Statutory Auditors resigned from his post, effective as of the Shareholders' Meeting convened to approve the statutory financial statements at December 31, 2017.

17. Information About Compliance with the Corporate Governance Code

This Report also serves the purpose of providing a detailed disclosure of the Company's compliance with the recommendations of the Corporate Governance Code and lists any deviations from said recommendation, providing the rationale for these deviations.

18. Remarks About the Letter of December 13, 2017 from the Chairman of the Corporate Governance Committee

At the meeting of the Board of Directors held on February 1, 2018, the Chairman of the Board of Directors brought to the attention of the Directors and Statutory Auditors the content of a letter dated December 13, 2017 from the Chairman of the Corporate Governance Committee.

The Board of Directors, taking also into account the findings of the self-assessment process, decided regarding (i) the clarity and completeness of the compensation policies, the assessment of compliance with independence requirements and the self-assessment activities, not to undertake any additional activities beyond those already implemented or started because already in compliance, (ii) the information provided ahead of Board meetings, to provide more information about compliance with the deadlines for sending information material, (iii) the separation of the Nominating Committee, for the time being, but reporting separately about the activities of the Nominating and Compensation Committee, and (iv) the succession plans, not to implement for the time being specific actions for the reasons stated in the corresponding section of this Report.

Tables

Table 1. Information About the Stock Ownership Structure

SHAREHOLDER	SIGNIFICANT EQUITY INTERESTS	
	NO. OF SHARES	%
SOFIL S.A.S	1,662,786,326	89.63

Table 2. Structure of the Board of Directors and the Committees

<i>Post held at Parmalat S.p.A.</i>	<i>Director</i>	<i>Year of birth</i>	<i>Date when first elected</i>	<i>In office since</i>	<i>In office until</i>	<i>Slate (*)</i>	<i>Exec. /Non exec.</i>	<i>Independent</i>	<i>Posts held at other companies that are not part of the Parmalat Group</i>	<i>Control and Risk Committee</i>	<i>Nominating and Compensation Committee</i>
Chairperson of the Board of Directors	Chersicla Gabriella	1962	May 31, 2012	April 29, 2016	Shareholders' Meeting to approve financial statements at 12/31/18	M	Non exec.	Pursuant to Art. 147-ter of the TUF(**)	<ul style="list-style-type: none"> ➤ Director Maire Tecnimont S.p.A. ➤ Director Castello SGR S.p.A. ➤ Stat. Auditor RCS MediaGroup S.p.A. ➤ Stat. Auditor ePRICE S.p.A. ➤ Stat. Auditor Snam Rete Gas S.p.A. ➤ Stat. Auditor Tim S.p.A. 		
Chief Executive Officer	Bernier Jean-Marc	1968	September 12, 2017 (elected per Art.2386 c.c. and Art. 11 of Bylaws)	September 12, 2017	Shareholders' Meeting to approve financial statements at 12/31/17		Exec.	Not independent			
Director	Biandrino Pier Giuseppe	1957	April 29, 2016	April 29, 2016	Shareholders' Meeting to approve financial statements at 12/31/18	M	Non exec.	Pursuant to Art. 3 Corp. Gov. Code and Art. 147-ter TUF (**)	<ul style="list-style-type: none"> ➤ Director Edison Energia S.p.A. ➤ Director Acsm Agam S.p.A. 	Chairman	
Director	Dubini Nicolò	1948	February 18, 2016 (elected per Art.2386 c.c. and Art. 11 of Bylaws)	April 29, 2016	Shareholders' Meeting to approve financial statements at 12/31/18	M	Non exec.	Pursuant to Art. 3 Corp. Gov. Code and Art. 147-ter TUF (**)	<ul style="list-style-type: none"> ➤ Director Banco di Desio e della Brianza S.p.A. 	Member	Member
Director	Gamba Angela	1970	April 29, 2016	April 29, 2016	Shareholders' Meeting to approve financial statements at 12/31/18	M	Non exec.	Pursuant to Art. 3 Corp. Gov. Code and Art. 147-ter TUF (**)	<ul style="list-style-type: none"> ➤ Director Mediobanca S.p.A. 	Member	Member

Post held at Parmalat S.p.A.	Director	Year of birth	Date when first elected	In office since	In office until	Slate (*)	Exec./Non exec.	Independent	Posts held at other companies that are not part of the Parmalat Group	Control and Risk Committee	Nominating and Compensation Committee
Director	Gassenbach Patrice	1946	April 17, 2014	April 29, 2016	Shareholders' Meeting to approve financial statements at 12/31/18	M	Non exec.	Not independent			
Director	Mosetti Umberto	1965	May 31, 2012	April 29, 2016	Shareholders' Meeting to approve financial statements at 12/31/18	m	Non exec.	Pursuant to Art. 3 Corp. Gov. Code and Art. 147-ter TUF (**)	<ul style="list-style-type: none"> ➤ Director Sorgenia S.p.A. ➤ Director Rai Way S.p.A. 		
Director	Peslier Michel	1959	April 29, 2016	April 29, 2016	Shareholders' Meeting to approve financial statements at 12/31/18	M	Non exec.	Not independent			
Director	Vasco Elena	1964	February 18, 2016 (elected per Art.2386 c.c. and Art. 11 of Bylaws)	April 29, 2016	Shareholders' Meeting to approve financial statements at 12/31/18	M	Non exec.	Pursuant to Art. 3 Corp. Gov. Code and Art. 147-ter TUF (**)	<ul style="list-style-type: none"> ➤ Director DeA Capital S.p.A. ➤ Director Terna S.p.A. ➤ Director Fiera Milano S.p.A. 		Chairman

(*) This column shows the slate from which each Director was drawn ("M" Majority slate – Sofils S.a.s., "m" minority slate – *FIL INVESTMENTS International, Gabelli Funds LLC, Setanta Asset Management Limited, Amber Capital UK LLP and Amber Capital Italia SGR S.p.A.*)

(**) Please note that Article 147-ter, Section 4, of the TUF cites Article 148, Section 3, of the TUF.

Table 3. Structure of the Board of Statutory Auditors

<i>Post held at Parmalat S.p.A.</i>	<i>Statutory Auditor</i>	<i>Year of birth</i>	<i>Date when first elected</i>	<i>In office since</i>	<i>In office until</i>	<i>Slate (*)</i>	<i>Exec./ Non exec.</i>	<i>Independent.</i>	<i>Posts held at other companies that are not part of the Parmalat Group</i>
Chairman of the Board of Statutory Auditors	Pedretti Marco	1978	April 29, 2016	April 28, 2017	Shareholders' Meeting to approve financial statements at 12/31/19	m		Pursuant to Art. 147-ter Section 4 TUF (**)	
Statutory Auditor	Papa Franco Carlo	1957	April 28, 2017	April 28, 2017	Shareholders' Meeting to approve financial statements at 12/31/19	M		Pursuant to Art. 147-ter Section 4 TUF (**)	<ul style="list-style-type: none"> ➤ Director of Risanamento S.p.A. ➤ Director of Gabetti Property Solutions S.p.A. ➤ Director of F2i SGR S.p.A. ➤ Statutory Auditor of Autogrill Italia S.r.l. and Autogrill Europe ➤ Statutory Auditor of Borsa Italiana S.p.A. ➤ Chairman of the Board of Statutory Auditors of Moby S.p.A.
Statutory Auditor	Tadolini Barbara	1960	April 28, 2017	April 28, 2017	Shareholders' Meeting to approve financial statements at 12/31/19	M		Pursuant to Art. 147-ter Section 4 TUF (**)	<ul style="list-style-type: none"> ➤ Statutory Auditor of Luxottica Group S.p.A. ➤ Statutory Auditor of Unipol Sai S.p.A.

(*) This column shows the slate from which each Statutory Auditor was drawn ("M" Majority slate – Sofil S.a.s., "m" minority slate – *Amber Capital UK LLP*, in its capacity as managers of the *Amber Active Investors Limited* fund).

(**) Please note that Article 147-ter, Section 4, of the TUF cites Article 148, Section 3, of the TUF.