



PARMALAT S.p.A.

*2013 Annual Report on
Corporate Governance*

Approved by the Board of Directors on March 7, 2014

CONTENTS

1. Issuer's Governance Structure and Profile	4
1.1 Governance Structure	4
1.2 Mission of the Parmalat Group	4
1.3 Compliance	5
2. Share Capital and Shareholders.....	5
2.1 Share Capital.....	5
2.2 Shareholder Base.....	5
2.3 Information About the Ownership Structure (as per Article 123-bis of the Uniform Financial Code)	6
3. Board of Directors	7
3.1 Composition, Election and Replacement	7
3.2 Function of the Board of Directors.....	12
3.2.1 Function of the Board of Directors	12
3.2.2 The Parmalat Code of Conduct+.....	13
3.3 Meetings of the Board of Directors.....	14
4. Handling of Corporate Information	14
5. Establishment and Rules of Operation of the Internal Committees of the Board of Directors	15
6. Litigation Committee	16
7. Nominating and Compensation Committee	16
8. Compensation of Directors	17
9. Internal Control, Risk Management and Corporate Governance Committee	17
10. Committee for Related-party Transactions	18
11. Internal Control and Risk Management System.....	19
11.1 Statutory Independent Audits of the Financial Statements	22
11.2 Corporate Accounting Documents Officer	23
12. Guidelines for Related-party Transactions.....	23
13. Election of Statutory Auditors	24
14. Statutory Auditors	26
15. Relationship with Shareholders	28
16. Shareholders' Meeting	29

17. Changes Occurring Since the End of the Reporting Year..... 31

18. Information About Compliance with the Code 31

Annex "A" 32

Annex "B" 33

1. Issuer's Governance Structure and Profile

1.1 Governance Structure

The Company's system of corporate governance consists of a series of rules and activities that it has adopted to ensure that its governance bodies and control systems function efficiently and transparently. This Report was prepared in accordance with the provisions of the Code of Conduct published by Borsa Italiana and is consistent with best international practices. It describes the practice of corporate governance at Parmalat S.p.A. in 2013.

Parmalat's corporate organization is based on the so-called "conventional" model, which consists of the following corporate governance bodies: the Shareholders' Meeting, the Board of Directors (supported by Consulting Committees), the Board of Statutory Auditors and, separately, the Independent Auditors (external governance body).

The corporate governance model also includes a series of powers, delegations of power, and internal control procedures, as well as the Parmalat Code of Conduct, a Code of Ethics, the Internal Dealing Handling Code and the Organization, Management and Control Model required by Legislative Decree No. 231/01, with which all members of the Company — Directors, Statutory Auditors and employees — are required to comply.

This Report was approved by the Board of Directors on March 7, 2014. It is available on the Company website (www.parmalat.com → Corporate Governance page) and is included in the 2013 Report on Operations.

1.2 Mission of the Parmalat Group

The Group's mission is set forth in the Code of Ethics, which is available on the Company website: www.parmalat.com → Corporate Governance page.

The Code of Ethics encompasses 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 provides 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 under its 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 reputation and ensure that all counterparts are treated with respect. Therefore, the Parmalat Code of Ethics should be applied by all Group companies in Italy and abroad, taking into account cultural, political, social, economic and commercial differences. The Code of Ethics is divided into three sections. The Group's Mission is set forth in the first section.

The strategy pursued by the Group is based on the identification of a clear mission in the global market. Parmalat intends to consolidated its position as a primary player both domestically and internationally. The mission of the Parmalat Group is as follows:

"The Parmalat Group is a food-industry group with a multinational strategy that seeks to increase the well-being of 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.

We intend to establish Parmalat as one of the top players in the global market for foods with a high value added, which deliver improved nutrition and wellness to consumers, and attain clear leadership 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."

1.3 Compliance

Parmalat endorses the recommendations of the Corporate Governance Code published by Borsa Italiana S.p.A. (hereinafter referred to as the “Code”); it is available on the Borsa Italiana S.p.A. web site at the following address: www.borsaitaliana.it.

Parmalat also approved a separate Code of Conduct, which in this Report is cited as the “Parmalat Code of Conduct” and is discussed in greater detail in Section 3.2.2 below.

Information related to the compliance with the Code are explained in the following sections of this Report.

Parmalat and its most strategic subsidiaries are not subjected to non-Italian Laws requirements which might affect its Corporate Governance structure.

2. Share Capital and Shareholders

2.1 Share Capital

Further to the distribution of shares, the Company’s approved share capital amounted to 1,940,000,000 euros, of which 1,824,401,241 euros was subscribed and allocated at February 27, 2014; with regard to this amount please note that:

- 3,865,408 shares representing 0.2% of the share capital are still in a deposit account c/o Parmalat S.p.A. registered in the name of individually identified commercial creditors;
- 2,049,096 shares, or 0.1% of the share capital, are available to the Company as treasury shares.

As of the same date, a total of 89,916,758 warrants had been issued, 59,191,393 of which have been exercised. Because the process of distributing shares and warrants is ongoing, the Company’s share capital could vary on a monthly basis, up to a maximum amount of 1,940.000,000 euros, which was approved by the Shareholders’ Meeting on May 31, 2012, or until the expiration of the warrant conversion deadline, i.e., December 31, 2015.

2.2 Shareholder Base

Based on the data contained in the Stock Register, the communications received pursuant to law and other information available as of February 27, 2014, the shareholders listed on the table that follows are believed to own, either directly or through representatives, nominees or subsidiaries, an interest in the Company that is greater than 2% of the voting shares. The ownership percentages shown were computed based on a share capital of 1,824,401,241 euros, which is the amount deposited as of March 7, 2014.

Significant interests held		
Shareholder	No. of shares	Percentage
Sofil S.a.s.	1,531,814,563	84.0%
Total significant interests held	1,531,814,563	84.0%

2.3 Information About the Ownership Structure (as per Article 123-*bis* of the Uniform Financial Code)

As of the date of approval of this Report:

a) Share Capital Structure

At March 7, 2014, the Company's share capital amounted to 1,824,401,241 euros. The share capital consists of common shares, all of which convey all of the rights and obligations required pursuant to law. Pursuant to the relevant provisions of the law and the Bylaws, the common shares, which are registered shares, entitle their holders to attend ordinary and extraordinary meetings of the Company's shareholders and convey all of the administrative and property rights that the law provides to owners of voting shares.

b) Restrictions on the Transfer of Shares

There are no restrictions on the transfer of shares, such as limitations on stock ownership or the requirement that the transfer be approved by the Issuer or other owners of the securities.

c) Shareholder Base and Shareholders with Significant Equity Interests

Information about this issue is provided in Section 2.2 above.

d) Securities that Convey Special Rights

No securities that convey special control rights have been issued.

e) Employee Stock Ownership: Method of Exercising Voting Rights

There is no employee stock ownership plan.

f) Restrictions of the Right to Vote

There are no restrictions of the right to vote.

g) 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 the Uniform Financial Code..

h) Election and Replacement of Directors

Information about this issue is provided in Section 3.1 below.

i) Authorization to Increase Share Capital.^(*)

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

j) Change of Control Clause (pursuant to Article 123-*bis*, Section 1, Letter h), Uniform Financial Code) and provisions of the Bylaws concerning Tender Offers (pursuant to Article 104, Section 1-*ter*, and Article 104-*bis*, Section 1)

There was no change of control clause in effect as of the approval date of this Report.

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

k) Indemnities Payable to Directors in the Event of Resignation or Dismissal Without Just Cause or if the Relationship Is Terminated Due to a Tender Offer

Parmalat is not a party to any agreements with Directors calling for the payment of indemnities in the event of resignation or dismissal without just cause or if the relationship is terminated due to a tender offer.

^(*) Please note that pursuant to and by virtue of the Parmalat Composition with Creditors, the share capital can change, on a monthly basis, due to the share award process and the exercise of warrants.

l) Guidance and coordination activities

The Company is subject to guidance and coordination by BSA SA (resolution adopted by the Board of Directors on July 31, 2012).

m) Compliance.

Neither the Issuer nor its strategically significant subsidiaries are subject to provisions of non-Italian laws that affect the Issuer's governance structure.

3. Board of Directors

3.1 Composition, Election and Replacement

The Company is governed by a Board of Directors comprising 11 (eleven) Directors, who are elected from slates of candidates. 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 Regular Shareholders' Meetings are entitled to file slates of candidates.

In the course of an election, at least 6 (six) of the Directors elected by the Shareholders' Meeting must be independent Directors possessing the requirements set forth in Article 12 of the Bylaws.

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.

In accordance with Article 11 of the Company Bylaws, 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 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 in proportion to the number of votes received plus two, but not more than 9 (nine), will be taken from the slate that received the majority of votes. Fractions greater than 0.5 (zero point five) will be rounded to the next higher whole number, and fractions smaller than 0.5 (zero point five) will be eliminated;
- b) The remaining Directors will be elected from the remaining slates. To that end, the votes cast for these lists will be divided in sequence by one, two, three or four, depending on the number of Directors that need to be elected. The quotients thus obtained will be attributed progressively to the candidates in each of the slates, in the order in which the candidates are listed on the slates. The quotients thus attributed to the candidates on the various slates will be arranged in decreasing order. The candidates with the highest quotients will be elected. If more than one candidate receives the same quotient, the candidate belonging to the slate that contains no elected Directors or the smallest number of elected Directors will be elected.

If none of these slates contains an elected Director or all contain the same number of elected Directors, the candidate who received the highest number of votes will be elected. If candidates

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

If the group of candidates elected from the slate that received the majority of the votes cast does not include a sufficient number of independent Directors, the non-independent candidate elected with the smallest quotient from the slate that received the highest number of votes after the first slate will be replaced by the unelected independent candidate from the same slate with the highest quotient, and so forth, slate by slate, until the required number of 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 Article 11, Paragraph 2, of the 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 fiscal year, irrespective of the reason, the Board of Directors shall proceed in accordance with provisions of Article 2386 of the Italian Civil Code, taking appropriate action to ensure 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 had been elected from a slate 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 gender parity regulations in effect at any given time. If an independent Director should leave office, he must be replaced, to the extent that it is feasible, with the first of the unelected independent Directors in the slate from which the departing Director was drawn, while complying with the gender parity regulations in effect at any given time.

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 who have been 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 (and of the Code of Conduct published by the company that operates the regulated market in Italy on which the Company's shares are traded). The following individuals may not be elected to the Board of Directors and, should such an individual currently be serving in such capacity, he shall be removed from office automatically: (i) individuals against whom the Company or its predecessors in title have filed legal actions at least 180 (one hundred eighty) days prior to the date of the Shareholders' Meeting convened to elect the Board of Directors; (ii) individuals who, prior to June 30, 2003, served as Directors, Statutory Auditors, General Managers or Chief Financial Officers of companies that at that time were part of the Parmalat Group; (iii) individuals who are defendants in criminal proceedings related to the insolvency of the Parmalat Group or who have been found guilty in such proceedings and ordered to pay damages, even if the decision is not final.

With regard to corporate governance posts, the Bylaws state that the same person may not serve both as Chairman of the Board of Directors and Chief Executive Officer.

The table that follows lists the Directors who were in office as of the writing of this Report and the governance posts that they held. The current Board of Directors was elected for a term of three years (until the Shareholders' Meeting convened to approve the annual financial statements at December 31, 2014) by the Shareholders' Meeting convened on May 31, 2012. On February 25, 2014, the Directors Gabriella Chersicla, Francesco Gatti, Yvon Guérin, Marco Jesi, Daniel Jaouen, Marco Reboa, Antonio Sala, Franco Tatò and Riccardo Zingales announced that they were resigning from the Board of Directors effective as of the approval of the annual financial statements at December 31, 2013. As a result of these resignations, pursuant to Article 11 of the Company Bylaws, the term of the entire Board of Director shall end at the Shareholders' Meeting that is being convened to approve the financial statements at December 31, 2013. This Shareholders' Meeting will elect a new Board of Directors.

As of the writing of this Report, nine of the 11 Directors currently in office were elected from a slate of candidates filed by Sofil S.a.s. – Société pour le Financement de l'Industrie Latière S.a.a. on March 26, 2012 and the remaining two Directors were elected from a minority slate of candidates filed by Amber Capital on March 26, 2012. Both slates were filed and published pursuant to law and the Company Bylaws.

Name of Director	Post held at Parmalat S.p.A.	Posts held at other companies that are not part of the Parmalat Group
Francesco Tatò	Chairman (Independent)	➤ Chief Executive Officer of Istituto Enciclopedia Italiana Treccani
Yvon Guérin	Chief Executive Officer General Manager	
Antonio Sala		➤ Chairman of the Board of Directors of Groupe Lactalis Italia S.p.A. ➤ Director of Groupe Lactalis S.A.
Marco Reboa	Independent Director	➤ Chairman of the Board of Statutory Auditors of Indesit Group S.p.A. ➤ Director of Luxottica Group S.p.A. ➤ Director of Interpump Group S.p.A. ➤ Director of Carrara Group S.p.A.
Francesco Gatti		➤ Director of Fenice Srl ➤ Director of Fondazione Aretè
Daniel Jaouen		➤ Chairman of the Board of Directors of Groupe Lactalis S.A. ➤ Chairman of the Board of Statutory Auditors of Dukat Dairy Industry Inc. ➤ Director of Lactalis Nestlé Produits Frais
Marco Jesi	Independent Director	➤ Chairman of Gruppo Argenta S.p.A. ➤ Chairman of Arcaplanet ➤ Director of Safilo Group ➤ Director of Autogrill S.p.A.
Riccardo Zingales	Independent Director	➤ Director of Banca Albertini Syz & C. S.p.A. ➤ Chairman of the Board of Statutory Auditors of Sogefi S.p.A. ➤ Chairman of the Board of Statutory Auditors of Tirreno Power S.p.A. ➤ Statutory Auditor of COFIDE S.p.A. ➤ Statutory Auditor of CIR S.p.A. ➤ Statutory Auditor of Sorgenia S.p.A.

Name of Director	Post held at Parmalat S.p.A.	Posts held at other companies that are not part of the Parmalat Group
Umberto Mosetti	Independent Director	
Antonio Aristide Mastrangelo	Independent Director	➤ Statutory Auditor of Banca Italease S.p.A.
Gabriella Chersicla	Independent Director	➤ Chairman of the Board of Statutory Auditors of Webank ➤ Director of Maire Tecnimont

Information about the personal and professional backgrounds of the Directors referred to in Article 144-*octies*, Letter b.1), of the Issuers' Regulations, as cited in Article 144-*decies*, of the Issuers' Regulations, is available on the Company website: www.parmalat.com → Corporate Governance → Board of Directors.

Independence

The requirement of independence is governed by Article 12 of the Company Bylaws. The Board of Directors assesses the independence of the Directors at least once a year, at the time of their election and upon the occurrence of events with a material impact on their independence.

Each independent Director certified that he or she qualified as independent and these qualifications were verified by the Board of Directors at its meeting of March 14, 2013. At that meeting, which was attended by the entire Board of Statutory Auditors, the Directors performed the independence verification process in a manner consistent with the recommendations of Sections 3.C.1 and 3.C.2 of the Code, which require that substance rather than form be the guiding principle in assessing the independence of non-executive Directors. The Board of Directors also took into account the criteria mentioned in the Code and the provisions of Article 148, Section 3, of the Uniform Financial Code and Article 12 of the Company Bylaws. The outcome of this assessment was communicated to the market on the same day, March 14, 2013.

On May 7, 2013, further to a decree by which the Court of Parma, pursuant to Article 2409 of the Italian Civil Code, ordered that *"the Board of Directors of Parmalat S.p.A. replace Marco Reboa on the Committee for Related-party Transactions with another independent Director who is not a related party pursuant to Article 12 of the Bylaws of Parmalat S.p.A."*, the Board of Directors, with all Directors voting in favor except for Messrs. Mastrangelo and Mosetti, who voted against the resolution, confirmed that the Director Marco Reboa continued to possess the independence qualifications verified by the resolution of March 14, 2013. An opinion about the independence of Director Reboa prepared by the attorney Guido Ferrarini at the request of the Board of Statutory Auditors was published on the Company website on June 14, 2013 and is available at the following address: http://www.parmalat.com/en/corporate_governance/documents/.

The Board of Directors currently in office includes seven independent Directors, which is more than the minimum number of independent directors required pursuant to Article 11 of the Company Bylaws.

On March 7, 2014, the Board of Directors verified that the Directors who qualified as independent at the time of their election continued to meet the independence requirement. The outcome of this assessment was disclosed to the market that same day.

The independent Directors did not hold any meetings in 2013, due to the well-known events that affected the Board of Directors.

Self-assessment

The Board of Directors agreed not to carry out a self-assessment process in 2013, due to the well-known events that affected the Board of Directors.

Guidelines About the Maximum Number of Governance Positions

The guidelines adopted by the Board of Directors on March 9, 2012 remain in effect, as no new decision has been made in this area.

With regard to this issue, please note that, on March 9, 2012, the Board of Directors—taking into account: i) the composition and rules of operation of the current Board of Directors; ii) the high level of attendance by Directors at the meetings held by the Board of Directors and its Committees; iii) the obligations of Directors, as set forth in Article 13 of the Company Bylaws and Article 4 of the Parmalat Code of Conduct—provided an indication as to 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 3 (three) for executive Directors and 7 (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). The Board of Directors also stated that, in exceptional cases, this limit could be changed (both downward or upward) 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 companies in question.

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 Section 2.C.3 of the Code.

Non-compete Obligation

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

Chairman and Deputy Chairman

On May 31, 2012, the Shareholders' Meeting elected Francesco Tatò Chairman of the Board of Directors. Pursuant to the Bylaws, the Chairman 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 Chairman of the Board of Directors and he does not perform a specific function in the development of Company strategies. The role of the Chairman of the Board of Directors is governed by Article 14 of the Bylaws and Article 5 of the Parmalat Code of Conduct, which is available on the Company website: www.parmalat.com → Corporate Governance page.

Parmalat Code of Conduct confirms the already recognized essential role of the Chairman of the Board of Directors; to the Chairman, in fact, many tasks related to the management of the Board of Directors' activities have been assigned.

The specific duties of the Chairman of the Board of Directors include:

- convening meetings of the Board of Directors, determining the meeting's Agenda and, in preparation for the meetings, transmitting to the Directors, as expeditiously as appropriate based on the circumstances, the materials required to participate in the meeting with adequate knowledge of the issues at hand;
- supervising the meeting and the voting process;
- handling the preparation of Minutes of the meeting;
- ensuring that there is an adequate flow of information between the Company's management and the Board of Directors and, more specifically, ensuring the completeness 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;

- ensuring that the Board of Directors and the Board of Statutory Auditors are provided with adequate information ahead of meetings of the Board of Directors;
- in general, ensuring that the Company is in compliance with the provisions of all laws and regulations, and with the Bylaws and the corporate governance rules of the Company and its subsidiaries; is responsive to the regulations and conduct guidelines issued by the entity governing the regulated market where the Company's shares are traded, and adheres to best industry practices.

The Chairman of the Board of Directors is not the person who is chiefly responsible for managing the Issuer and is not the Issuer's controlling shareholder.

On January 25, 2013, the independent Director Gabriella Chersicla was named Deputy Chairperson, with the powers provided by the Bylaws. Pursuant to the Bylaws, the Deputy Chairperson shall chair the meetings of the Board of Directors and Shareholders' Meetings when the Chairman is absent or unavailable.

Chief Executive Officer and General Manager

On May 31, 2012, the Board of Directors named Yvon Guérin Chief Executive Officer of Parmalat S.p.A. Subsequently, on September 16, 2013, the Board of Directors, further to the redesign of Parmalat's organization, revoked the power granted to the Chief Executive Officer on May 31, 2012, providing him with new powers consistent with the abovementioned organizational design and appointed him to the post of General Manager.

The Chief Executive Officer may carry out all actions and transactions involving an amount of up to 100 million euros per action or transaction, within the limits imposed by the applicable laws and excluding those transactions that fall under the exclusive jurisdiction of the Board of Directors, as listed in Section 3.2.1 below. In this area, the Board of Directors reserved sole jurisdiction over the review and approval of transactions that have a material impact on the Company's operations, particularly when they involve a related party. The criteria adopted to identify such transactions are those set forth in Consob Regulation No. 17221 of March 12, 2010, Consob Communication No. DEM10078683 of September 24, 2010 and the Procedure Governing Related-party Transactions of November 11, 2010.

As required pursuant to law, the Chief Executive Officer reports to the Board of Directors and the Board of Statutory Auditors on the work he has performed and the use of the powers of attorney he has been granted.

In his capacity as General Manager, the Chief Executive Officer, in addition to being empowered to act as the Company's legal representative, has been granted the additional powers, including disciplinary powers, and responsibilities inherent in his office, with authority to execute actions and transactions, with a limit of 10 million euros for each transaction.

With regard to the performance of his duties, the General Manager reports only to the Board of Directors, which has exclusive jurisdiction over the management of his employment relationship, which, consequently, was excluded from the powers of the Chief Executive Officer.

3.2 Function of the Board of Directors

3.2.1 Function of the Board of Directors

In the corporate governance system adopted by Parmalat S.p.A., 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.

The Board of Directors has sole jurisdiction over the most important issues. Specifically, it is responsible for:

- reviewing and approving 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, and defining the Company's governance system and the Group's structure;

- adopting 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;
- assessing 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;
- drafting and adopting the rules that govern the Company and its Code of Ethics, and defining the applicable Group guidelines, while acting in a manner that is consistent with the principles of the Bylaws;
- granting and revoking powers to Directors and the Executive Committee, if one has been established, defining the manner in which they may be exercised, and determining at which intervals these parties are required to report to the Board of Directors on the exercise of the powers granted them;
- determining whether Directors meet and continue to satisfy requirements of independence;
- adopting 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.

At a meeting held on February 25, 2014, the Board of Directors concluded that Parmalat's organizational, administrative and general accounting structure was adequate, based on a special documents made available in advance. This document, which describes the Group's organizational structure, governance system, corporate IT system and administrative and accounting system, was reviewed earlier by the Internal Control, Risk Management and Corporate Governance Committee on February 18, 2014.

In the performance of their duties, the Directors reviewed the information they received, specifically asking for all clarifications, 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.

3.2.2 The Parmalat Code of Conduct

The Code of Conduct was updated by the Board of Directors of Parmalat S.p.A. on March 20, 2013 in accordance with the new recommendations of Borsa Italiana's Code of Corporate Governance; the Code reserves for the exclusive jurisdiction of the Board of Directors all 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, including transactions carried out with related parties, and identifies for this purpose the following transactions that may be executed by Parmalat S.p.A. or its subsidiaries:

- Placements of issues of financial instruments with a total value of more than 100 million euros;
- Granting of loans and guarantees, investments in and disposals of assets (including real estate) and acquisitions and divestitures of equity investments, companies, businesses, assets and other property valued at more than 100 million euros;
- Mergers and 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 assets that are being demerged/total assets of the Company (taken from the consolidated financial statements, if available);
 - b) Profit before taxes and extraordinary items of the absorbed (merged) company or assets earmarked for demerger/income before taxes and extraordinary items of the Company (taken from the consolidated financial statements, if available);
 - c) Total shareholders' equity of the absorbed (merged) company or business earmarked for demerger/total shareholders' equity of the Company (taken from the consolidated financial statements, if available).
- Mergers of publicly traded companies and mergers between a publicly traded company and a privately held company are always deemed to be material operating, financial and asset transactions.

Information must also be provided about transactions that, while on their own involve amounts lower than the threshold listed above or that trigger the exclusive jurisdiction of the Board of Directors, are linked together in a strategic or executive project and taken together exceed the materiality threshold.

Consequently, transactions such as those listed above are not covered by the powers that the Board of Directors granted to the Chief Executive Officer and General Manager.

The Parmalat Code of Conduct is available on the Company website: www.parmalat.com → Corporate Governance page.

3.3 Meetings of the Board of Directors

To the extent that it is feasible, Directors and Statutory Auditors must receive, together with the notice of a meeting, documents explaining the items on the Agenda, except in urgent cases or when special confidentiality must be maintained. In these cases, a comprehensive discussion of the issues must take place. When necessary, the Chief Executive Officer may ask Company executives to attend Board meetings to provide useful information about the items on the Agenda.

In 2013, the Board of Directors met 19 (nineteen) times. The attendance percentage of each Director at the abovementioned Board meetings is listed in the table below:

	Attendance percentage at Board Meetings
F. Tatò	73.7%
Y. Guérin	100.0%
G. Chersicla	100.0%
F. Gatti	89.5%
D. Jaouen	78.9%
M. Jesi	63.1%
A.A. Mastrangelo	100.0%
U. Mosetti	89.5%
M. Reboa	84.2%
A. Sala*	73.7%
R. Zingales	94.7%

* Please note that during the period from March 28, 2013 to June 14, 2013, Mr. Sala did not attend meetings of the Board of Directors (on April 11, 2013, April 22, 2013, May 7, 2013, May 10, 2013 and May 30, 2013) pursuant to a Decree issued by the Court of Parma on March 28, 2013. This decree is available on the company website at the address:

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

Four meetings of the Board of Directors have been scheduled for 2014.

A calendar of Board meetings scheduled for 2014 to review annual and interim results was communicated to the market and Borsa Italiana on January 27, 2014 in a press release that was also published on the Company website: www.parmalat.com, Press Room → Press Releases page. On that occasion, the Company indicated that it would disclose promptly any changes to the dates announced in the abovementioned press release.

4. 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 all 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.

This procedure, which was adopted in 2005, is used both to manage insider documents and information internally and to communicate them outside.

Among other issues, the abovementioned procedure defines the functions, operating procedures and responsibilities that relate to the communication and dissemination of information concerning the Company and the Group. In all cases, the dissemination of such information requires the prior approval of the Chief Executive Officer. The purpose of this procedure is to ensure that corporate information is not disclosed selectively, at an inappropriate time or in incomplete or inadequate form.

Also in 2005, as part of this procedure, the Company established the Register of Parties with Access to Insider Information required pursuant to Article 115-*bis* of the Uniform Financial Code (hereinafter "the Register"). The Register is operated with a special software and contains the following information: identity of each individual who has access to insider information on a regular or occasional basis; the reason why each person is entered in the Register; and the date when information about each person was last updated.

On March 20, 2013, the Company updated its Internal Dealings Handling Code, consistent with the applicable regulations. This code governs the disclosure requirements and conduct obligations associated with transactions involving financial instruments issued by the Company in an amount greater than 5,000.00 euros, as required by Consob Regulation No. 11971/99, by so-called Significant Persons who may have access to insider information about the Company and the Group. If a Significant Person or one of the parties closely related to a significant person listed in Article 152-*sexies*, Section 1, Letters c.1), c.2) and c.3), of the Consob's Issuers' Regulations were to execute transactions for an aggregate amount greater than 5,000 euros, such Person or parties shall disclose the transaction to the relevant Officer within five stock market trading days from the date of the transaction. The amount of 5,000 euros shall be computed by adding up the transactions that involve Company shares and financial instruments related to them executed for the account of a Significant Person and those executed by one of the parties closely related to that significant person. Significant Persons are required to sign a special affidavit stating that they are thoroughly familiar with and accept the Internal Dealings Handling Code.

As shown in Annex "A," no Director or Statutory Auditors of Parmalat S.p.A. indicated that the he/she holds or has held an equity interest in the Company.

5. Establishment and Rules of Operation of the Internal Committees of the Board of Directors

The establishment of the Committees is governed by Article 18 of the Company Bylaws. The tasks of the individual Committees and the rules governing their activities were defined by the Board of Directors with special regulations and may be expanded or amended by subsequent resolutions of the Board of Directors.

These Committees are:

- Litigation Committee;
- Nominating and Compensation Committee;
- Internal Control, Risk Management and Corporate Governance Committee.
- Committee for Related-party Transactions

Individuals who are not Committee members may be invited to attend Committee meetings for discussions involving specific items

Each Committee reports periodically to the Board of Directors about the work it performed.

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

The composition, activities and rules of operation of these Committees are explained below.

6. Litigation Committee

As of the approval date of this Report, this Committee was comprised of four members (Francesco Tatò, Chairman, and the Directors Antonio Sala, Gabriella Chersicla, and Antonio Aristide Mastrangelo, the latter appointed by the Board of Directors on March 14, 2013). This Committee provides consulting support to the Chief Executive Officer on litigation related to the insolvency of the companies included in the Composition with Creditors. The Corporate Counsel of Parmalat S.p.A. attends the meetings of this Committee.

The opinions rendered by the Committee with regard to settlement proposals are forwarded to the Board of Directors ahead of the meeting that has the issues in question on its Agenda.

In 2013, the Litigation Committee met 2 (two) times to reviewed settlement proposals prior to their submission to the Board of Directors; a breakdown of the attendance at Committee meetings is provided on the table below.

Minutes were kept of each Committee meeting.

Committee members	Number of meetings attended in 2013	Attendance percentage
Francesco Tatò	1	50
Antonio Sala	1	50
Gabriella Chersicla	2	100
Antonio Aristide Mastrangelo	2	100

7. Nominating and Compensation Committee

As of the approval date of this Report, this Committee was comprised of three Directors (Marco Jesi, Chairman, Riccardo Zingales and Umberto Mosetti); this Committee performs a proposal-making and consultative function.

Committee meeting may also be held jointly with the Board of Statutory Auditors.

The specific functions of this Committee include the following:

- It submits proposals to the Board of Directors regarding the appointment of a Chief Executive Officer and the names of Directors who will be coopted by the Board when necessary, as well as proposals regarding the compensation of Directors who perform special functions. A portion of the overall compensation paid to the abovementioned individuals may be tied to the operating performance of the Company and the Group and may be based on the achievement of specific predetermined targets.
- At the request of the Chief Executive Officer, it evaluates proposals for the appointment and compensation of Chief Executive Officers and Board Chairmen of the main subsidiaries. A portion of the overall compensation paid to the abovementioned individuals may be tied to the operating performance of the Company and the Group and may be based on the achievement of specific predetermined targets. In

performing this task, the Committee may request the input of the Manager of the Group Human Resources Department.

- At the request of the Chief Executive Officer, it defines the parameters used to determine the compensation criteria applicable to the Company's senior management and the adoption of stock option and share award plans or other financial instruments that may be used to provide an incentive to and increase the loyalty of senior management. In performing this task, the Committee may request the input of the Manager of the Group Human Resources Department.

In 2010/3 the Nominating and Compensation Committee met 5 (five) times; a breakdown of the attendance at Committee meetings is provided on the table below.

Minutes were kept of each Committee meeting.

Committee members	Number of meetings attended in 2013	Attendance percentage
Marco Jesi	5	100
Riccardo Zingales	5	100
Umberto Mosetti	5	100

8. Compensation of Directors

On April 22, 2013, the Shareholders' Meeting voted to award to the Directors a total compensation of 2,500,000 euros for 2013, up from a total annual compensation of 2,000,000 awarded by the Shareholders' Meeting on May 31, 2012. Also on April 22, 2013, the Shareholders' Meeting approved the 2013/2015 three-year incentive plan for the top management of the Parmalat Group, as described in the Information Memorandum published pursuant to Article 84 *bis*, Section 1, of the Issuers' Regulations.

At the meeting held on July 31, 2013, the Board of Directors agreed to award to the Deputy Chairperson, Gabriella Chersicla, a fee of 10,000 euros for each meeting of the Board of Directors and a fee of 15,000 euros for each Shareholders' Meeting at which she performs the function of Chairman.

Information about the compensation of Directors is provided in a special report on compensation that will be submitted to the Shareholders' Meeting on April 17, 2014 and will be published on the Company website: www.parmalat.com → Corporate Governance page.

See Section 2.3, Letter m, of this Report for information about indemnities payable to Directors in the event of resignation or dismissal without just cause or if the relationship is terminated due to a tender offer.

9. Internal Control, Risk Management and Corporate Governance Committee

As of the approval date of this Report, this Committee was comprised of four Directors (Marco Reboa, Chairman, Riccardo Zingales, Gabriella Chersicla and Antonio Aristide Mastrangelo). This Committee performs a proposal-making and consultative function.

Committee meeting may also be held jointly with the Board of Statutory Auditors.

The specific functions of this Committee include the following:

- It verifies that the internal control system is adequate and working effectively and supports the Board of Directors in defining guidelines for the internal control system. It also supports the Director responsible for the internal control and risk management system in defining the tools and methods needed to implement the internal control system.

- It assists the Board of Directors in performing the tasks described in Article 17, Letters d) and k), of the Bylaws.
- Taking into account the provisions of Article 19 of Legislative Decree No. 39 of January 27, 2010, it reviews the findings of the Independent Auditors, as stated in their report and management letter.
- It makes recommendations to the Board of Directors as part of its consulting and proposal-making function.
- 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, in the case of groups, their consistent use in the preparation of the consolidated financial statements.
- It renders opinions concerning specific issues related to mapping, assessing and monitoring the main enterprise risks.
- It reviews reports prepared by the Internal Auditing Function to assess the internal control and risk management system.
- It monitors the independence, adequacy, effectiveness and independence of the Internal Auditing Function and approves its annual audit plan.
- It can ask the Internal Auditing Function to audit specific operational areas, concurrently communicating it to the Chairman of the Board of Statutory Auditors.
- With the input of the Chairman of the Board of Directors and the Board of Statutory Auditors, it reviews proposals to appoint and dismiss the Internal Auditing manager submitted to the Board of Directors by the Director responsible for the internal control and risk management system and renders an opinion about his or her compensation, consistent with Company policies;
- 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 the Board of Directors in periodically (at least once a year) assessing the adequacy, effectiveness and actual implementation of the internal control system for the purpose of describing in the annual report on corporate governance the key features of the internal control system and providing an overall assessment of the system.
- It performs additional tasks assigned to it by the Board of Directors, particularly regarding interaction with the Independent Auditors.
- It ensures that the rules of corporate governance are complied with and updates these rules.
- It performs any other activity that it may deem useful or consistent with the performance of its functions.

In 2013, the Internal Control, Risk Management and Corporate Governance Committee met 8 (eight) times. A breakdown of the attendance at Committee meetings is provided in the table below.

As a rule, Parmalat's Chief Financial Officer (who also serves as the Corporate Accounting Documents Officer) and the manager of the Internal Auditing Function, who serves as secretary, attend Committee meetings.

Minutes were kept of each Committee meeting.

Committee members	Number of meetings attended in 2013	Attendance percentage
Marco Reboa	8	100
Riccardo Zingales	7	87.50
Gabriella Chersicla	8	100
Antonio Aristide Mastrangelo	7	87.50

10. Committee for Related-party Transactions

In implementation of the Decree issued on March 28, 2013 by the Court of Parma pursuant to Article 2409 of the Italian Civil Code, the Board of Directors agreed to reduce from four (4) to three (3) the number of Directors who serve on the Committee for Related-party Transactions, confirming the following Directors as

Committee members: Gabriella Chersicla, Chairperson of the Committee, Antonio Aristide Mastrangelo and Riccardo Zingales. This Committee performs a proposal-making and consultative function.

The specific functions of this Committee include the following:

- It reviews transactions with related parties in accordance with the relevant Company procedure and regulations in effect for the purpose of issuing its preemptive opinion;
- For “highly material” transactions, it participates to the negotiations phase and the due diligence phase, receiving a complete and timely flow of information, and may request information from and make suggestions to the delegated entities and the parties responsible for the negotiations and the due diligence process.

As a rule, Parmalat’s Chief Financial Officer (who also serves as the Corporate Accounting Documents Officer) and the manager of the Internal Auditing Function, who serves as secretary, attend Committee meetings.

Committee meetings may also be held jointly with the Board of Statutory Auditors.

Minutes were kept of each Committee meeting.

In 2013, this Committee met 12 (twelve) times. A breakdown of the attendance at Committee meetings is provided in the table below.

Committee members	Number of meetings attended in 2013	Attendance percentage
Gabriella Chersicla	12	100
Antonio Aristide Mastrangelo	12	100
Riccardo Zingales	12	100

11. Internal Control and Risk Management System

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 market.

The Board of Directors defines the guidelines of the Internal Control System and verifies its effectiveness in managing enterprise risks.

The Chief Executive Officer defines the tools and procedures needed to implement the Internal Control System in a manner that is consistent with the guidelines established by the Board of Directors and ensures that the overall system is adequate, functions correctly and is updated in response to changes in the operating environment and in the statutory and regulatory framework.

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 protections adjusted accordingly;
- the Internal Control System must be supervised on an ongoing basis and reviewed and updated periodically.

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.
- 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 Board of Directors uses the support of the Internal Control, Risk Management and Corporate Governance Committee to ensure that the guidelines provided above are complied with.

The Internal Control, Risk Management and Corporate Governance Committee meets periodically, frequently in joint session with the Board of Statutory Auditors, to discuss the topics listed above. On those occasions, it reviews 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 referred to in Implementation Guideline 7.C.4 of the Code who is responsible for ensuring that the Internal Control System is functioning effectively.

The Manager of the Group Internal Auditing Function is hierarchically independent of executives that oversee operational departments and reports directly to Board of Directors and, in organizational terms, to the Chief Executive Officer. The Internal Control Officer provides information on a regular basis to the Internal Control, Risk Management and Corporate Governance Committee and the Board of Statutory Auditors.

By a resolution adopted on March 20, 2013, the Board of Directors approved the new Internal Auditing Guidelines, which reflect the guidance provided in the December 2011 edition of Borsa italiana's Corporate Governance Code.

Consistent with the abovementioned 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 (so-called compliance audits);
- The reliability of accounting and operating data and information (so-called financial audits);
- The effectiveness and efficiency of the Group's operations (so-called operational audits);
- Protection of the Group's assets (as the combined effect of the abovementioned audits).

The abovementioned engagements may also be performed with the methodology 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 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 Issuer 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).

See Sections 13 and 14 below for provisions governing additional issues concerning the Board of Statutory Auditors.

The Organization and Management Model required by Legislative Decree No. 231/2001 is an integral part of the Internal Control System and the Oversight Board required by the abovementioned Decree is responsible for overseeing the implementation of the Model. On May 7, 2013, the Board of Directors appointed Luigi Scudieri as a replacement for Roberto Cravero, who resigned on April 3, 2013. The Board of Directors, after hearing the input of the Board of Statutory Auditors, 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 that includes being barred (even if temporarily) from holding public office or disqualifies the defendant from holding a management position; (ii) having been convicted of one of the crimes referred to in the abovementioned Decree.

A member of the Oversight Board may be removed from office only if there is sufficient cause to justify such cause and the removal decision must be set forth in a resolution approved by the Board of Directors, based on the input provided by the Board of Statutory Auditors.

In 2013, the Oversight Board met 12 times in total. 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 14, 2013, the Board of Directors approved a budget earmarked for use by the Oversight Board in 2013. The Oversight Board performed its monitoring activities with regard to the procedure pursuant to Article 2409 of the Italian Civil Code for any effects relevant for the purposes of Legislative Decree 231/01.

In 2013, regularly scheduled training courses were provided to all members of the Oversight Boards of the Group's Parent Company and the Italian operating companies.

The Organization, Management and Control Models of the main Italian subsidiaries were reviewed periodically at the request of the various Oversight Boards. Guidelines for foreign Group companies, as approved by the Parent Company's Board of Directors 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.

In 2013, the Board of Directors, meeting on November 8, approved Parmalat's Organizational Model, updated to address an expansion of the range of prosecutable offenses, specifically with the implied crimes entailing the *"employment of citizens of foreign countries who are illegal residents"* (Decree Law No. 108/12) and *"corrupt practices between private parties"* (Law No. 190/12).

Subsequent to the approval by the Board of Directors, the customary activities to provide employees with training about the additions made to the Model got under way and the Chief Executive Officer of Parmalat S.p.A. issued environmental guidelines for the subsidiaries, which were reviewed by the respective governance bodies for implementation in compliance with regulations in effect locally.

With regard to the internal control and risk management system, please note that following the Company becoming subject to guidance and coordination by B.S.A. S.A. (as per resolution by the Board of Directors dated July 31, 2012), all changes to decision making processes and the organizational structure entailed the need to amend the Organization and Control Models and the procedural structure at the Group level.

For the sake of complete information, please also note that the Committee for Related-party Transactions, comprised of Ms. Chersicla (Chairperson), Mr. Mastrangelo and Mr. Zingales is the entity empowered to perform the function referred to in Consob Regulation No. 17221/10, specifically with regard, in 2013, to the adjustment process for the consideration paid by Parmalat to the sellers of the equity stake in LAG, as per Article 2.3.3 of the acquisition contract, information about which is provided in a separate section of this Report.

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 Uniform Financial Code, 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 Tradeway Commission). The components of this Model are:

- A set of key corporate policies/procedures at the Group and local level;
- A process to map the main risks inherent in financial/accounting disclosures;
- Assessment and monitoring activities performed on a regular basis;
- A process for the communication of the internal control and testing objectives with regard to accounting disclosures provided to the market.

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, but on a constant basis. The Company's senior management is appraised of the outcome of such audits on an ongoing basis.

The Group's Parent Company issued instructions to the effect that, when a subsidiary forwards to the Corporate 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 are certified by the Corporate Accounting Documents Officer pursuant to Article 154-*bis*, such data submissions must be accompanied by an Affidavit signed by the subsidiary's General Manager or Chief Executive Officer attesting, inter alia, that: i) adequate accounting and administrative procedures consistent with the guidelines provided by the Corporate 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 include the disclosures required by Article 154-*bis*, Section 5, Letter e), of the Uniform Financial Code; 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 Uniform Financial Code.

The Chief Executive Officer and the Corporate Accounting Documents Officer of Parmalat S.p.A. are primarily responsible for the implementation of this Model.

Consistent with the requirements of Article 2428, Section 1, of the Italian Civil Code and the Corporate Governance Code published by Borsa Italiana (Implementation Guideline 7.C.1, Letter a) concerning risks and uncertainties, the Group has been implementing for several years a semiannual risk self-assessment process for operational risks. This project entails the collection of self-assessment questionnaires filled out by local managers concerning the main external and internal risks and how managers of the Group's subsidiaries managed these risks, with the support of the relevant departments of Parmalat S.p.A., quantifying any potential economic risk (measured in EBIT percentage terms) determined by multiplying the economic impact by the occurrence probability of the risk in question. This process is repeated for each Strategic Business Unit.

11.1 Statutory Independent Audits of the Financial Statements

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, 2013 is PricewaterhouseCoopers S.p.A., which was awarded the auditing assignment pursuant to a resolution approved by the Shareholders' Meetings on March 15, 2005; the assignment was extended by a resolution approved by the Shareholders' Meeting on April 28, 2007. The abovementioned assignment will end on the date when the Shareholders' Meeting approves the 2013 financial statements.

In addition, 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 of the legal entities, in addition to the consolidation package.

Please note that the 2013 financial statements will be the last statutory (and consolidated) financial statements undergoing a statutory independent audit by PwC. As of January 1, 2014, the statutory independent auditors, appointed as required by Legislative Decree No. 39/10 are KPMG, which was

awarded the statutory independent audit of Parmalat S.p.A. by a resolution approved by the Shareholders' Meeting on April 22, 2013.

11.2 Corporate Accounting Documents Officer

The Corporate 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 the law's standards of integrity and professionalism. These requirements are set forth in Article 20-*bis* of the Company Bylaws.

The Company appointed a Corporate Accounting Documents Officer (hereinafter the "Documents Officer"), as required by Article 154-*bis* of the Uniform Financial Code (Legislative Decree No. 58/98). The appointment of the Documents Officer 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 Internal Control, Risk Management and Corporate Governance Committee, adopted on July 28, 2011, naming the Group Chief Financial Officer to the post of Corporate Accounting Documents Officer. At the same meeting, the Board of Directors approved guidelines to govern the tasks assigned to the Documents Officer; the manner in which the Documents Officer is appointed, is terminated or dismissed; the powers and resources awarded to the Documents Officer; and the relationships between the Documents Officer and other corporate governance bodies and departments.

At a meeting held on March 20, 2013, the Board of Directors approved the 2013 expense budget for the Documents Officer, who is required to report to the Board of Directors at least semiannually about the use of his 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 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 Documents Officer is part of the senior management team and is a member of the Chief Executive Officer's staff. The Documents Officer is empowered to organize his activity with maximum autonomy.

The 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 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 in the Parmalat Group by which he was employed; or ii) he no longer meets the integrity requirements he possessed when he was appointed.

The 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 of the Italian Civil Code that apply to the dismissal of Directors must be met.

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

12. Guidelines for Related-party Transactions

On November 11, 2010, the Board of Directors approved the Procedure Governing Transactions with Related Parties, 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. The Procedure was reviewed in advance by the Internal Control and Corporate Governance Committee, now the Internal Control, Risk Management and Corporate Governance Committee, which issued a favorable opinion on November 9, 2010. On July 29, 2010, the Board of Directors had entrusted to this Committee the task of rendering an opinion about this Procedure prior to its approval. In addition, Parmalat's Board of Directors designated the abovementioned Committee as the "*Committee Comprised Exclusively of Independent Directors*" responsible for performing the role required by the abovementioned Regulation. Pursuant to Article 148,

Section 3, of the Uniform Financial Code and as required by the Corporate Governance Code of Borsa Italiana (Section 3.C.1), the Committee is currently comprised of four Independent Directors.

The Procedure sets forth the principles that Parmalat S.p.A. must abide by in order to ensure the fairness and transparency of transactions with related parties with respect to three main issues: identification of the counterparties, handling of the transaction and reporting transparency. With this in mind, the Procedure identifies the parties who qualify as related parties and the transactions that qualify as related-party transactions. In analyzing any relationship with a related party, attention must be focused on the substance of the relationship and not merely on legal form.

The expression transaction with a related party shall be understood to mean any transfer of resources, services or obligations between related parties, whether consideration is stipulated or not.

More specifically, the Procedure classifies related-party transaction into the following categories: (a) Highly Material Transactions, (b) Less Material Transactions, and (c) Transactions of Inconsequential Amount.

The Procedure also provides for situations in which the applicability of this procedure may be waived. This Procedure shall not apply to the following transaction categories: (a) Resolutions concerning the compensation of Directors and executives serving in special capacities and managers with strategic responsibilities. However, if a transaction does not qualify for the exemptions referred to in Section 8, Letter a), *“Resolutions concerning the compensation of Directors and executives serving in special capacities and managers with strategic responsibilities,”* only in this specific case, the Board of Directors shall designate the Nominating and Compensation Committee as the Committee with jurisdiction over reviewing the compensation referred to in the abovementioned Section, pursuant to this Procedure; (b) Compensation plans based on financial instruments approved by the Shareholders’ Meeting (stock option plans), pursuant to Article 114-*bis* of the Uniform Financial Code, and transaction executed to implement them; (c) Intra-Group transactions; (d) Transactions executed in the ordinary course of business on terms consistent with market or standard terms, it being understood that these are routine transactions executed on terms comparable to those usually applied in transactions of similar nature, amount or risk with non-related parties, or transactions based on regulated rates or controlled prices or transactions with counterparties with whom the Company is required by law to stipulate a specific consideration; (e) Transactions executed in accordance with instructions issued by the regulatory authorities or based on instructions issued by the Group’s Parent Company to implement instructions issued by the regulatory authorities to bolster the Group’s stability.

The adopted Procedure was applied as of as of January 1, 2011 and amended by the Board of Directors on March 7, 2014. It is available to the public on the Company website: www.parmalat.com → Corporate Governance page.

Consistent with the provisions of the Code, the Board of Directors has established a special process to review and approve transactions with related parties. More specifically, 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.

In this area, the cash pooling transaction approved in 2011 and, subsequently, the acquisition of Lactalis America Group (LAG) qualify as related-party transactions.

With regard to this transaction, please see the detailed description provided in the Report on Operations included in the 2012 Annual Report.

13. Election of Statutory Auditors

The Board of Statutory Auditors is the governance body charged with ensuring that the Company is operating in compliance with the law and the Bylaws and performs a management oversight function. By law, it is not responsible for auditing the financial statements, as this function is performed by independent auditors designated by the Shareholders’ Meeting.

Pursuant to 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 applicable provisions of laws and regulations.

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' Regulations.

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, as it relates to its permanent members, 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.

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 Issuer's 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 Issuer's Regulations. A specific disclosure shall be provided by means of a notice published the Company.

Statutory Auditors can also be selected among candidates who 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 and technology/science.

In addition to the other cases listed in the applicable law, individuals who serve as Statutory Auditors in more than 5 (five) companies whose shares are traded in 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 and, in particular it is not admitted to elect those individuals: (i) individuals against whom the Company or its predecessors in title have filed legal actions at least 180 (one hundred eighty) days prior to the date of the Shareholders' Meeting convened to elect the Board of Directors; (ii) individuals who, prior to June 30, 2003, served as Directors, Statutory Auditors, General Managers or Chief Financial Officers of companies that at time were part of the Parmalat Group; (iii) individuals who are defendants in criminal proceedings related to the insolvency of the Parmalat Group or who have been found guilty in such proceedings and ordered to pay damages, even if the decision is not final.

14. Statutory Auditors

On April 22, 2013, the Shareholders' Meeting, acting pursuant to Article 2401 of the Italian Civil Code, made the following appointments:

- It elected Michele Rutigliano, formerly an Alternate who, on January 3, 2013, replaced Mario Stella Richter, who resigned on December 27, 2012, effective immediately;
- It elected Giorgio Loli as a replacement for Alfredo Malguzzi, who resigned the post of Statutory Auditor on March 19, 2013, effective as of the Shareholders' Meeting of April 22, 2013; and
- It elected Alberto Bestetti to the post of Alternate.

Messrs. Rutigliano and Bestetti were nominated by minority shareholders and Mr. Loli was nominated by the majority shareholder.

On June 14, 2013, following the resignation of the Statutory Auditor Roberto Cravero (on June 11, 2013, effective as of the Shareholders' Meeting of June 14, 2013), the Shareholders Meeting elected to the post of Statutory Auditor Alessandra Stabilini, who was nominated by the majority shareholder.

The term of office of the Statutory Auditors thus elected will end concurrently with that of the Board of Statutory Auditors, i.e., with the Shareholders' Meeting convened to approve the financial statements at December 31, 2013.

The current Board of Statutory Auditors includes the following three Statutory Auditors:

Michele Rutigliano	<i>Chairman</i>
Giorgio Loli	<i>Statutory Auditor</i>
Alessandra Stabilini	<i>Statutory Auditor</i>

and
the following Alternates:
Alberto Bestetti
Andrea Lionzo

The table that follows lists the main posts held by the Statutory Auditors, as of the writing of this Report.

Name of Statutory Auditors	Post held at Parmalat S.p.A.	Posts held at other companies and entities
Michele Rutigliano	Chairman	<ul style="list-style-type: none"> ➤ Chairman of the Board of Statutory Auditors of Citifin S.r.l., in liquidation ➤ Chairman of the Board of Statutory Auditors of Pioneer Global Asset Management SpA ➤ Statutory Auditor of ERG Renew SpA
Giorgio Loli (in office since April 22, 2013)	Statutory Auditor	<ul style="list-style-type: none"> ➤ Chairman of the Board of Statutory Auditors of Coesia SpA ➤ Statutory Auditor of UnipolSai SpA ➤ Statutory Auditor of Maire Tecnimont SpA ➤ Chairman of the Board of Statutory Auditors of Sasib SpA
Alessandra Stabilini (in office since June 14, 2013)	Statutory Auditor	

Alfredo Malguzzi and Roberto Cravero, who resigned, respectively, on March 19, 2013 (*effective as of the Shareholders' Meeting of April 22, 2013*) and June 11, 2013 (*effective as of the Shareholders' Meeting of June 14, 2013*), held the following posts; **Alfredo Malguzzi**: Director of Autogrill S.p.A., Director of Benetton Group S.p.A, Director of Candy S.p.A., Director of FinecoBank S.p.A., Chairman of the Board of Directors of LaGare S.p.A., Director of Borgo Scopeto e Tenuta Caparzo S.r.l. Azienda Agricola, Statutory Auditors of Big S.r.l., Statutory Auditor of BNP Paribas Lease Group S.p.A. Chairman of the Board of Statutory Auditors of DeA Capital Real Estate S.p.A. (formerly Fare Holding S.p.A.), Statutory Auditor of Gruppo Lactalis Italia S.p.A., Statutory Auditor of S.p.A. Egidio Galbani; **Roberto Cravero**: Chairman of the Board of Statutory Auditors of Anthilia SGR S.p.A., Director of Cassa Lombarda S.p.A., Statutory Auditor of Ermenegildo Zegna Holditalia S.p.A., Director of Fidor S.p.A..

The Statutory Auditors currently in office, in addition to meeting the requirements of independence set forth in the Code, also meet the statutory requirements of integrity and professionalism.

The Board of Statutory Auditors verified that the independence requirements were met by Chairman Rutigliano, on January 12, 2013, and by the Statutory Auditors Cravero and Malguzzi, on February 1, 2013. Furthermore, the Board of Statutory Auditors verified compliance with the independence requirements by the Statutory Auditors Loli, on May 3, 2013, and Stabilini, on June 17, 2013.

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

In 2013, the Board of Statutory Auditors worked in coordination with the Internal Control, Risk Management and Corporate Governance Committee. The Chairman of the Board of Statutory Auditors, or another member of the Board of Statutory Auditors, attended all Committee meetings. In the performance of its duties, the Board of Statutory Auditors makes it a practice to coordinate its activities with the Internal Audit Department.

Lastly, the Board of Statutory Auditors monitored the independence of the firm of independent auditors.

In 2013, the Board of Statutory Auditors met 32 (thirty-two) times. A breakdown of attendance at the meetings of the Board of Statutory Auditors is provided below:

From January 1, 2013 to April 22, 2013

Statutory Auditors	Number of meetings attended in 2013	Attendance percentage
Michele Rutigliano	13	100
Alfredo Malguzzi	13	100
Roberto Cravero	13	100

From April 22, 2013 to June 14, 2013

Statutory Auditors	Number of meetings attended in 2013	Attendance percentage
Michele Rutigliano	8	100
Giorgio Loli	8	100
Roberto Cravero(*)	0	0

(*) Please note that, during the period from March 28 to June 14, 2013, the Statutory Auditor Roberto Cravero did not attend meeting of the Board of Directors, as required by the Decree issued by the Court of Parma on March 28, 2013. The Decree is available at the following address:
http://www.parmalat.com/en/corporate_governance/annual_general_meeting/.

From June 14, 2013 to December 31, 2013

Statutory Auditors	Number of meetings attended in 2013	Attendance percentage
Michele Rutigliano	11	100
Giorgio Loli	11	100
Alessandra Stabilini	11	100

15. Relationship with Shareholders

Parmalat's communication policy has always been based on providing a steady flow of information to institutional investors, shareholders 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 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.

The Company supports any initiative that encourages the largest possible number of shareholders to attend Shareholders' Meetings and helps them exercise their rights. Accordingly, it publishes all Notices of Shareholders' Meetings on the Company website and in at least two Italian newspapers with national circulation and the *Financial Times*, and makes material with relevant information available on its website, pursuant to law.

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.

16. 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 law, including those specified by the Consob in its regulations pursuant to Article 113 *ter*, Section 3, of Legislative Decree No. 58/1998.

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.

In addition, the Company shall provide the public with information about the items on the Meeting's Agenda by making relevant material available at its headquarter, communicating it to Borsa Italiana through the NIS system and posting it on its website (www.parmalat.com).

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 Issuer 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 seven 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 Bank of Italy. 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 Chairman of the Board of Directors. If the Chairman is absent, Meetings are chaired by the Deputy Chairperson, appointed pursuant to a resolution by the Board of Directors on January 25, 2013, or by a person elected by the Shareholders' Meeting.

Insofar as the handling of Shareholders' Meetings is concerned, thus far, the Company has chosen not to propose the adoption of specific Meeting Regulations, since the powers attributed to the Chairman of the Meeting pursuant to the Bylaws should be sufficient to enable the Chairman to conduct orderly Shareholders'

Meetings. This approach avoids the risks and inconveniences that could result if the Shareholders' Meeting should fail to comply with all of the provisions of such Regulations.

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.

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' Meeting were held in 2013, one on April 22, 2013 and another one on June 14, 2013. The Shareholders' Meeting of April 22, 2013 postponed the approval of the 2012 financial statements and the corresponding dividend distribution, elected the Chairman of the Board of Statutory Auditors and a Statutory Auditor and an Alternate, approved the compensation policy and the three-year cash incentive plan for top management and increased the annual compensation of the Board of Directors, awarded to KPMG the auditing assignment for the 2014-2022 period, and, lastly, approved the amendments to the Bylaws. More specifically, insofar as the amendments to the Bylaws are concerned, the Shareholders' Meeting, convened in extraordinary session, agree to amend Article 8, entitled "Shareholders' Meeting," Article 9, entitled "Attendance and Representation at Shareholders' Meetings," Article 10, entitled "Convening, Chairing and Managing Shareholders' Meetings," Article 11, entitled "Board of Directors," Article 12, entitled "Requirements of Independent Directors," Article 13, entitled "Obligations Incumbent Upon Directors," Article 17, entitled "Powers of the Board of Directors and Delegation of Powers," Article 18, entitled "Committees," Article 21, entitled "Board of Statutory Auditors," and Article 31, entitled "Transitional Provisions."

The reason why the approval of the 2012 financial statement was postponed was the withdrawal by the Board of Directors of the draft financial statements at December 31, 2012, pending an assessment of the potential impact on those statements of the decision handed down by the Court of Rome on April 18, 2013.

The Shareholders' Meeting of June 14, 2013 approved the 2012 financial statements and the corresponding dividend distribution, agreed not to replace the Director Antonio Sala (who was thus confirmed in his post)* and elected Alessandra Stabilini to the post of Statutory Auditor, as a replacement for the Statutory Auditor Roberto Cravero, who resigned.

* For additional information, see the Decree issued by the Court of Parma on March 28, 2013, which is available on the Company website: http://www.parmalat.com/en/corporate_governance/annual_general_meeting/i.

17. 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 submitted for approval, other than those mentioned in this Report, except as noted above in Section 3.1 "Composition, Election and Replacement" with regard to the resignation from the Board of the Directors Gabriella Chersicla, Francesco Gatti, Yvon Guérin, Marco Jesi, Daniel Jaouen, Marco Reboa, Antonio Sala, Franco Tatò and Riccardo Zingales (effective as of the approval of the annual financial statements at December 31, 2012.).

18. Information About Compliance with the Code

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

Annex “A”

EQUITY INVESTMENTS HELD BY MEMBERS OF THE CORPORATE GOVERNANCE BODIES (as of the approval date of this Report)

FIRST AND LAST NAME	INVESTE COMPANY	NUMBER OF SHARES HELD	NUMBER OF SHARES BOUGHT	NUMBER OF SHARES SOLD	NUMBER OF SHARES HELD
		at January 1, 2013	in 2013	in 2013	at December 31, 2013
Directors					
Francesco Tatò	---	---	---	---	---
Yvon Guérin	---	---	---	---	---
Antonio Sala	---	---	---	---	---
Marco Reboa	---	---	---	---	---
Francesco Gatti	---	---	---	---	---
Daniel Jaouen	---	---	---	---	---
Marco Jesi	---	---	---	---	---
Riccardo Zingales	---	---	---	---	---
Gabriella Chersicla	---	---	---	---	---
Antonio Aristide Mastrangelo					
Umberto Mosetti	---	---	---	---	---
Statutory Auditors (in office on the date this Report was prepared)*					
Michele Rutigliano					
Giorgio Loli	---	---	---	---	---
Alessandra Stabilini	---	---	---	---	---

* Please note that neither Alfredo Malguzzi (a Statutory Auditor who resigned on March 19, 2013, effective as of the Shareholders' Meeting of April 22, 2013) nor Roberto Cravero (a Statutory Auditor who resigned on June 11, 2013, effective as of the Shareholders' Meeting of June 14, 2013) indicated that they had bought and/or sold any Company shares in 2013.

Annex “B”

PERSONAL AND PROFESSIONAL DATA OF THE MEMBERS OF THE BOARD OF STATUTORY AUDITORS

MICHELE RUTIGLIANO – Chairman of the current Board of Statutory Auditors

Born in Milan in 1953, he graduated in Business Administration from Milan’s Università Commerciale Luigi Bocconi and holds a Specialization in Finance at the Wharton School, University of Pennsylvania. Currently, Mr. Rutigliano is Full Professor of “Economics of Financial Intermediation ” and Lecturer of “Corporate Finance” at the University of Verona. Mr. Rutigliano also serves as: Director of the “Observatory on Financing and Maximizing the Value of Industrial Assets,” Department of Business Economics, University of Verona; Senior Lecturer at SDA – Bocconi, Milan; Certified Public Accountant; Certified Independent Auditor; Conciliator of the “Banking Conciliation Organization” established by the Association for the resolution of banking, financial and corporate disputes,” Rome (Banking financial conciliator); Conciliator and Arbitrator at the Consob’s “Conciliation and Arbitration Chamber;” Technical Consultant to the Milan Law Court and Court of appeals. Mr. Rutigliano is also the author of numerous publications on financial issues.

GIORGIO LOLI –Statutory Auditor

Born in Livorno in 1939, he earned a Degree in Economics and Business Administration from the University of Bologna. A Certified Public Accountant and Independent Auditor, he engaged in the profession of independent auditor as a partner of KPMG up to 1998. After that date, he pursued his professional occupation independently. He served as Chairman of the External Audit Committee of the International Monetary Fund and Chairman of the Board of Statutory Auditors of Unicredit SpA. He was contract Professor of Accounting and Financial Statements at the Bocconi University and contributed to the first edition of the Accounting Principles and Auditing Principles adopted in Italy. He currently serves on corporate posts at various publicly traded and privately held companies.

ALESSANDRA STABILINI – Statutory Auditor

Born on November 5, 1970, she earned a Law Degree from the University of Milan (1995), followed by a Postgraduate Degree in Commercial Law from Università Commerciale Luigi Bocconi in Milano (2003) and a Master of Laws (LL.M) from the University of Chicago Law School (2000). She is an Tenured Researcher in Commercial Law (since 2004, tenure in 2007) and an Adjunct Professor of International Corporate Governance (since 2011) at the University of Milan. She is a practicing attorney in Milan and collaborates with NCTM Studio Legale Associato with the Of Counsel title. She is an associate and member of the Management Committee of NED Community. She is the author of several publications concerning corporate law and competition law. She was appointed by the Bank of Italy to the oversight board in connection with proceedings concerning crisis situations at some financial intermediaries.