



PARMALAT S.p.A.

*Annual Report on Corporate Governance
and the Company's Ownership Structure
(for the year ended December 31, 2014)*

Approved by the Board of Directors on March 6, 2015

Available on the Company website:

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

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1. Issuer's Profile and Compliance

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 Corporate Governance Code published by Borsa Italiana, which the Company adopted, and is consistent with best international practices. It describes the practice of corporate governance at Parmalat S.p.A. in 2014.

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 entity).

The corporate governance model also includes a series of powers, delegations of power, and internal control procedures, as well as the Parmalat Corporate Governance Code, a Code of Ethics, the Internal Dealing Handling Code and the Organization, Management and Control Model required by Legislative Decree No. 231/01, which Directors, Statutory Auditors, employees and, in some cases, anyone who enters into a contractual relationship with the Company are required to comply with.

This Report was approved by the Board of Directors on March 6, 2015 and is available on the Company website (www.parmalat.com – Corporate Governance page) and is included in the 2014 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 adopted the recommendations of the Corporate Governance Code published by Borsa Italiana S.p.A. (hereinafter referred to as the "Code"); the Code is available to the public on the following page of the Corporate Governance Committee website:

<http://www.borsaitaliana.it/comitato-corporate-governance/codice/2014cleaneng.en.pdf>.

Parmalat also approved a separate Corporate Governance Code, which in this Report is cited as the "Parmalat Corporate Governance Code" 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. Information About the Company's Ownership Structure

a) Share Capital at December 31, 2014

At December 31, 2014, the Company's approved share capital amounted to 1,940,000,000 euros, of which 1,831,068,945 euros was subscribed and paid-in.

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.

A breakdown of share capital at December 31, 2014 is provided below:

SHAREHOLDER	NO. OF SHARES	%
Sofil S.a.s	1,569,110,108	85.69%
TOTAL SIGNIFICANT EQUITY INTERESTS	1,569,110,108	85.69%

Please also note that at December 31, 2014:

- 3,770,057 shares representing 0.2% of the share capital were 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, were available to the Company as treasury shares.

As of the same date, a total of 89,916,758 warrants had been issued, 64,720,571 of which have been exercised.

Because the process of periodically 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, as stated in the 2005-2015 Parmalat Common Share Regulations published on the Company website at the following address:

http://www.parmalat.com/en/investor_relations/parmalat_share/listing_details/.

These Regulations were approved by the Shareholders' Meeting on March 1, 2005.

a.1) Share Capital on the Approval Date of This Report

On the date this Report was approved, the Company's share capital had changed compared with December 31, 2014, amounting to 1,831,455,357 euros.

Please also note that at the date of the approval of this Report:

- 3,757,905 shares representing 0.2% of the share capital were 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, were available to the Company as treasury shares.

As of the same date, a total of 89,917,408 warrants had been issued, 65,094.358 of which have been exercised.

It is also worth mentioning that the Extraordinary Shareholders' Meeting held on February 27, 2015 extended the subscription deadline for the share capital increase referred to in Article 5, Letter b), of the Company Bylaws and delegated powers to the Board of Directors to implement the abovementioned extension and empowered the Board of Directors to regulate the allocation of warrants subsequent to January 1, 2016.

The Extraordinary Shareholders' Meeting of February 27, 2015 resolved:

1. to verify and acknowledge that the ten-year subscription deadline for the share capital increase ("Paragraph b") approved by the Extraordinary Shareholders' Meeting on March 1, 2005 runs from March 1, 2005 and expires on March 1, 2015;
2. to extend by five additional years, i.e., from March 1, 2015 to March 1, 2020 the official subscription deadline for the share capital increase approved by the Extraordinary Shareholders' Meeting of Parmalat S.p.A. on March 1, 2005, for the part reserved for Challenging Creditors, Conditional Creditors and Late-Filing Creditors, and for its implementation by the Board of Directors, also with regard to the warrants;
3. consisted with the foregoing terms of this Resolution, to amend Article 5) of the Company Bylaws, second sentence of Paragraph b);
4. to require that the subscription of the shares of "Parmalat S.p.A." by parties who, because of the events mentioned in Section 9.3, Letters ii), iii) and iv), of the Parmalat Proposal of Composition with Creditors will be recognized as creditors of "Parmalat S.p.A." after March 1, 2015 and up to March 1, 2020, be carried out not later than 12 months from the dates set forth in the abovementioned Section 9.3, Letters ii), iii) and iv), of the Parmalat Proposal of Composition with Creditors, it being understood that once this deadline expires the subscription right shall be extinguished;
5. to provide the Board of Directors with a mandate to implement the foregoing terms of this resolution and file with the Company Register the updated version of the Company Bylaws, as approved above;
6. to provide the Board of Directors with a mandate to:
 - a. adopt regulations for the award of warrants also to parties who, because of the events mentioned in Section 9.3, Letters ii), iii) and iv), of the Parmalat Proposal of Composition with Creditors, will be recognized as creditors of "Parmalat S.p.A." after December 31, 2015 and up to March 1, 2020, and request the award of the warrants within 12 months from the dates set forth in the abovementioned Section 9.3, Letters ii), iii) and iv), of the Parmalat Proposal of Composition with Creditors, it being understood that the abovementioned Regulations shall substantively reflect the content of the Warrant Regulations currently in effect, providing the warrant subscribers with the right to exercise the subscription rights conveyed by the warrants until March 1, 2020;
 - b. request listing of the abovementioned warrants and carry out the required filings pursuant to Article 11.1 of the Proposal of Composition with Creditors.

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 on the Approval Date of This Report

Based on the data contained in the Stock Register, the communications received from the Shareholders' Meeting pursuant to law in connection with the Extraordinary Shareholders' Meeting of February 27, 2015 and other information available as of the approval date of this Report, 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 existing on the approval date of this Report, amounting to 1,831,455.357 euros.

Significant interests held		
Shareholder	No. of shares	Percentage
Sofil S.a.s.	1,570,633,182	85.75%
Total significant equity interests	1,570,633,182	85.75%

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) 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.

(*) 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.

i) 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).

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

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.

j) 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.

k) Provisions Governing the Election and Replacement of Directors

The provisions governing the election and replacement of Directors are those of the relevant laws and regulations. The election and replacement processes are discussed in Section 3 below.

I) Guidance and Coordination Activities

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

With regard to the procedures adopted to identify decisions influenced by the company that exercises oversight and coordination, pursuant to Article 2497-*ter* of the Italian Civil Code, in 2014, the tool provided to make such an identification must be found in the internal group communications issued by management, in accordance with the system for the delegation of authority. In addition, there were no decisions or transactions influenced by the party that exercises oversight and coordination activity over Parmalat pursuant to Article 2497-*ter* of the Italian Civil Code in 2014 that produced effects harmful to the Company.

As announced earlier by the Chairman of the Board of Directors in office until the Shareholders' Meeting of April 17, 2014, Parmalat retained the services of an external consultant with the aim of receiving support with regard to oversight and coordination issues and identifying the interactions between the Parmalat Group and the Lactalis Group and, if necessary, implementing tools capable of regulating the exercise of such activities by the latter. The work involved began with a preliminary internal assessment phase designed to map transactions between Parmalat and the Lactalis Group, with the aim of obtaining all of the information needed to develop an internal procedure that, similarly to the procedure for related-party transactions, can govern operational decisions within the framework of oversight and coordination activities.

A second phase followed, which, based on the findings of the first phase, focused on developing a procedure setting forth rules and safeguards applicable whenever a "decision influenced" by the Lactalis parent company needs to be adopted with regard to transactions with parties other than those who qualify as related parties. In this regard, considering that no express reference parameters are provided in the law, the Company made its best effort to define the procedure's subjective and objective scope of implementation, establishing clear obligations for Directors and key executives whenever, in the course of their activity, they are the recipients of a relevant directive from the Lactalis Group.

This document, which is at an advance stage of the internal discussion phase, with the involvement of the relevant committees, will be submitted in its final version to the Board of Directors for approval and adoption by the companies belonging to the Parmalat Group.

In this regard, once the procedure is approved the Company will publish its text.

At the end of this process, the Company will be one of the first operators to adopt an internal procedural system capable of ensuring a more effective governance and greater transparency in transactions with the controlling entity that exercises oversight and coordination activity over the Company.

The Company is in compliance with the requirements of Article 37 of the Consob's Market Regulations, as specified in the corresponding certification included in the Report on Operations.

3. Board of Directors

3.1 Composition, Election and Replacement

In accordance with the provisions of Article 11 of the Bylaws, the Company is governed by a Board of Directors comprised of not less than 7 (seven) and not more than 11 (eleven) Directors, who are elected from slates of candidates. The only shareholders entitled to file slates of candidates are those 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 or, if lower, represent the percentage required by the Consob of the of the share capital subscribed on the date the slate is filed and consisting of shares that convey the right to vote at Ordinary Shareholders' Meetings. This percentage interest must be documented in special certifications that, if not available on the date the slates are filed, must be produced at least 21 days before the date of the Shareholders' Meeting. The percentage interest

that must be held in order to file slates of candidates for election to the Board of Directors shall be specified in the notice of the Shareholders' Meeting convened to vote on the election of the Board of Directors.

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

Slates filed by shareholders must be deposited at the Company's registered office, directly or using a remote communication system that allows identification of the filers, twenty-five days before the date of the Shareholders' Meeting convened to vote on the election of the Board of Directors. The slates of candidates shall be made available to the public at 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 9/11 (nine eleventh) of the Directors that must be elected, will be taken from the slate that received the majority of votes, as per the resolution approved by the Shareholders' Meeting of April 17, 2014. 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.

Subsequently, the Shareholders' Meeting shall fill vacancies on the Board of Directors in accordance with the same criteria. However, if it is not possible to elect a candidate originally listed on the slate from which the Director no longer in office was taken, the Shareholders' Meeting shall proceed in accordance with statutory majorities, without restrictions with regard to slate and candidacies, but in compliance with gender parity rules 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 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. 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 (article 14) state that the same person may not serve both as Chairman of the Board of Directors and Chief Executive Officer.

No succession plans for executive Directors and key executives have been examined thus far, due in part to the priority given to other issue on the Board's agenda. The Board of Directors indicated that it was aware of the importance of this issue and of the need to conduct adequately detailed studies specifically regarding the Group's ability to cover positions that may become vacant or may be needed. This topic will be reviewed in due course by the Nominating and Compensation Committee.

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, 2016) by the Shareholders' Meeting convened on April 17, 2014.

On February 25, 2014, upon the meeting of the Company's Board of Directors being called to order, 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, the term of the entire Board of Director expired. Consequently, the 7 (seven) Directors in office as of the writing of this Report were elected by the Shareholders' Meeting of April 17, 2014.

On March 24, 2014, a total of 6 (six) Directors were elected from a slate of candidates filed by Sofil S.a.s. – Société pour le Financement de l'Industrie Latière S.a.a., while one Director was elected from a minority slate of candidates filed by the shareholders: "Fidelity Funds", "Gabelli e Funds LLC", "Setanta Asset Management Limited" and "Amber Global Opportunities Master Fund Ltd," also on March 24, 2014. Both slates were filed and published pursuant to law and the Company Bylaws and may be viewed on the Company website at the following address:

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

Post held at Parmalat S.p.A.	Director	Year of birth	Date when first elected	In office since	In office until	Slate	Exec./ Non-exec.	Independent	Posts held at other companies that are not part of the Parmalat Group
Chairperson of the Board of Directors	Gabriella Chersicla	1962	May 31, 2012	April 17, 2014	Shareholders' Meeting to approve financial statements at 12/31/16	Sofil Sas	Non-exec.	Pursuant to Art. 147-ter of the TUF* and Art. 12 of the Bylaws	<ul style="list-style-type: none"> ➤ Director of Maire Tecnimont S.p.A. ➤ Statutory Auditor of RCS MediaGroup S.p.A. ➤ Chairperson of the Board of Director of Impresa Costruzioni Giuseppe Maltauro S.p.A.
Director	Antonio Sala	1960	June 28, 2011	April 17, 2014	Shareholders' Meeting to approve financial statements at 12/31/16	Sofil Sas	Exec.	Not independent	<ul style="list-style-type: none"> ➤ Chairman of the Board of Director of Groupe Lactalis Italia S.p.A. ➤ Director of Groupe Lactalis S.A.
Director	Riccardo Perotta	1949	April 17, 2014	April 17, 2014	Shareholders' Meeting to approve financial statements at 12/31/16	Sofil Sas	Non-exec.	Pursuant to Art. 3 of Borsa Italiana's Corporate Governance Code, Art. 147-ter of the TUF* and Art. 12 of the Bylaws	<ul style="list-style-type: none"> ➤ Statutory Auditors of Boing S.p.A. ➤ Director of Compagnia Italiana di Navigazione S.p.A. ➤ Chairman of the Board of Statutory Auditors of Jeckerson S.p.A. ➤ Statutory Auditor of Mediolanum S.p.A. ➤ Statut. Auditor of Savio Macchine Tessili S.p.A. ➤ Director of Value Partners Management Consulting S.p.A. ➤ Statutory Auditor of Visco Lube S.r.l.
Director	Patrice Gassenbach	1946	April 17, 2014	April 17, 2014	Shareholders' Meeting to approve financial statements at 12/31/16	Sofil Sas	Non-exec.	Not independent	<ul style="list-style-type: none"> ➤ Director of Europacorp ➤ Director of Dalkia Pologne ➤ Consultant to IFM Investor
Director	Paolo Francesco Lazzati	1958	April 17, 2014	April 17, 2014	Shareholders' Meeting to approve financial statements at 12/31/16	Sofil Sas	Non-exec.	Pursuant to Art. 3 of Borsa Italiana's Corporate Governance Code, Art. 147-ter of the TUF* and Art. 12 of the Bylaws	<ul style="list-style-type: none"> ➤ Chairman of the Board of Statutory Auditors of PIRELLI TYRE S.p.A. ➤ Statutory Auditor of PRYSMIAN S.p.A. ➤ Chair. Board of Statut. Auditors of CartaSi S.p.A. ➤ Statutory Auditor of Istituto Centrale delle Banche Italiane S.p.A. ➤ Statutory Auditor of Fondo Italiano di Investimenti SGR S.p.A.
Director	Laura Gualtieri	1968	April 17, 2014	April 17, 2014	Shareholders' Meeting to approve financial statements at 12/31/16	Sofil Sas	Non-exec.	Pursuant to Art. 3 of Borsa Italiana's Corporate Governance Code, Art. 147-ter of the TUF* and Art. 12 of the Bylaws	<ul style="list-style-type: none"> ➤ Statutory Auditor of Mediobanca SpA

Post held at Parmalat S.p.A.	Director	Year of birth	Date when first elected	In office since	In office until	Slate	Exec./ Non-exec.	Independent	Posts held at other companies that are not part of the Parmalat Group
Director	Umberto Mosetti	1965	May 31, 2012	April 17, 2014	Shareholders' Meeting to approve financial statements at 12/31/16	"Fidelity Funds", "Gabelli e Funds LLC", "Setanta Asset Management Limited" and "Amber Global Opportunities Master Fund Ltd"	Non-exec.	Pursuant to Art. 3 of Borsa Italiana's Corporate Governance Code, Art. 147-ter of the TUF* and Art. 12 of the Bylaws	

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

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.

On November 7, 2014, the Board of Directors requested and was provided with an authoritative legal opinion concerning governance issues and, more specifically, those concerning the governance structure of the Board of Directors. In this area, the model currently used (Board of Directors and General Manager without Chief Executive Officer) was found to present the following problems:

- ✓ the powers and duties of the General Manager are not fully comparable to those of a Chief Executive Officer;
- ✓ the position of the General Manager is that of a "subordinate" of the Board of Directors;
- ✓ this creates for the Directors and obligation to be particularly vigilant and act as informed parties;
- ✓ the equivalency between General Manager and Chief Executive Officer can be strengthened in terms of private autonomy, but within the stated limits.

The Board of Directors has agreed that the usual model consisting of a Board of Directors with delegated entities, even if just a Chief Executive Officer, is preferable in terms both of the clearer definition of the respective jurisdictions and a more well-defined separation of duties.

The abovementioned legal opinion also provided assessments of the Procedure and Policy for Related-party Transactions and regarding Oversight and Coordination issues.

With regard to Related-party Transactions a recommendation was made to verify, with regard to transactions that are not executed in the "ordinary course of business," whether or not the threshold of 30 million euros listed in the Procedure and Policy should be revised downward.

Independence

The independence requirement is governed by Article 12 of the Company Bylaws, as amended by the Shareholders' Meeting of April 17, 2014. The Board of Directors assesses the independence of the Directors at least once a year, taking also into account the information that interested parties are required to provide.

The assessment of the independence of the Board of Directors is focused on ensuring that none of the Directors are parties to relationships that could presently affect their independence of judgment, without prejudice to the obligation to comply with legal and regulatory provisions applicable from time to time.

The Board of Directors shall provide the rationale for the assessments it made.

Upon being nominated as a candidate, each Director stated whether he/she met the independence requirements and this statement was verified by the Board of Directors subsequent to his/her election.

The Board of Directors verified that each of the Directors who declared that they met the independence requirements at the meeting held on May 7, 2014, with the majority of the Board of Directors in attendance, did indeed meet these requirements. On that occasion, the Board of Directors adopted the recommendation of Criterion 3.C.1 of the Code, according to which the independence of non-executive Directors must be assessed paying more attention to substance than to form. The Board of Directors also took into account the implementation criteria mentioned in Article 3 of the Code and the provisions of Article 147, Section 3, of the TUF and Article 12 of the Bylaws. The outcome of the assessment was disclosed to the public on the same day, May 7, 2014.

The Board of Directors, meeting on February 23, 2015, verified that the independence requirements were being met.

At that meeting, which was attended by the entire Board of Statutory Auditors, the Board of Directors performed the independence verification process in a manner consistent with Criterion 3.C.1, which requires that substance rather than form be the guiding principle in assessing the independence of non-executive Directors. The Board of Directors took into account the implementation criteria mentioned in Article 3 of the Code and the provision of Article 147, Section 3, of the TUF and Article 12 of the Company Bylaws. The outcome of this assessment was disclosed to the public on the same day, February 23, 2015.

The Board of Directors currently in office is comprised of five independent Directors, including:

- a) G. Chersicla, Chairperson of the Board of Directors, pursuant to Article 147-ter, Section 4, of the TUF and pursuant to Article 12 of the Company Bylaws;
- b) L. Gualtieri, P. Lazzati, U. Mosetti and R. Perotta, pursuant to Article 3 of the Borsa Italiana's Corporate Governance Code, pursuant to Article 147-ter, Section 4, of the TUF and pursuant to Article 12 of the Company Bylaws.

Please note that on April 17, 2014, upon being named Chairperson of the Board of Directors, Gabriella Chersicla became a Senior Officer of the Company, pursuant to implementation criterion 3.C.2 of the Corporate Governance Code of Borsa Italiana. Consequently, in accordance with the combined provisions of implementation criteria 3.C.1 and 3.C.2 of the Corporate Governance Code of Borsa Italiana, the Chairperson of the Board of Directors no longer meets the technical requirements to qualify as an Independent Director pursuant to Article 3 of the Corporate Governance Code. However, no situations have occurred, other than those related to the post of Chairperson, that could compromise the independence of Gabriella Chersicla pursuant to Article 3 of the Corporate Governance Code.

Independent Directors in office since April 17, 2014 held only one meeting in 2014, on December 3, 2014, without the presence of the other Directors.

Self-assessment

Consistent with the provision of the Corporate Governance Code, Parmalat's Board of Directors carried out a self-assessment of the Board itself and its Committees for the year 2014. It was implemented through interviews of each Director regarding the size, composition and activities of the Board of Directors, carried out with the support of Spencer Stuart, a specialized advisor. The interviews were performed using an "Interview Guide" sent to each Director before the meeting. Answers and comments were collected by the advisor and processed anonymously and confidentially. The minutes of the meetings of the Board of Directors and its Committees were also analyzed in order to understand the interaction modalities among the Directors, speeches made, issues discussed and their frequency on the Agenda.

With regard to the activities of the Board of Directors, an analysis was also performed of best practices in comparison with the practices adopted by Parmalat's Board of Directors; to that effect, a specific study, recently updated with the help of international experts from Spencer Stuart called "Boardroom Best Practices 2014" was also used.

The interviews also uncovered some issues that require the attention of the Board of Directors, the most important of which is the appointment of a Chief Executive Officer and the resulting need to expand the membership of the Board of Directors. Another issue was the recommendation to increase the knowledge of the Company's businesses, specifically with regard to the Group's operations abroad, also through visits of Company locations and operating facilities.

The findings of the self-assessment process were analyzed in detail by the Directors at a meeting convened for that purpose on February 20, 2015, at the end of which a specific plan of action was agreed upon. This plan will provide a baseline, during the next self-assessment, for evaluating the effectiveness of the actions taken.

The advisor declared that it received no other assignments from the Company or its subsidiaries.

Maximum Number of Governance Positions Held at Other Companies

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 Corporate Governance Code, provided guidance 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). In this regard, 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 various companies in question.

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

Induction Program

Subsequent to the election of the Board of Directors currently in office, the new Directors were given a presentation about the Company and its business activities.

No additional or detailed induction project were planned for the Directors as of the approval date of this Report. The Directors acknowledged the need to proceed in this direction and include in the program more detailed information about the synergies with the Group's Parent Company.

Independent Directors and Lead Independent Director

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

The 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.

Chairperson

On April 17, 2014, the Shareholders' Meeting elected as Chairperson of the Board of Directors Gabriella Chersicla, who up to that date, served as Deputy Chairperson.

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

As of the writing of this Report, no management powers have been delegated to the Chairperson of the Board of Directors and she does not perform a specific function in the development of Company strategies. The role of the Chairperson of the Board of Directors is governed by Article 14 of the Bylaws and Article 5 of the Parmalat Corporate Governance Code.

Parmalat Corporate Governance Code confirms the already recognized essential role of the Chairperson of the Board of Directors; to whom the task of managing the activities of the Board of Directors' activities has 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, but at least two days before the meeting, the supporting documents required to participate in the meeting with adequate knowledge of the issues at hand;
- 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 and confidentiality of the

information that the Board uses as a basis for making its decisions and exercising its power to manage, guide and control the activities of the Company and the entire Group;

- 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.

With regard to the forwarding of supporting documents, the deadline of at least two days before a meeting of the Board of Directors was generally complied with. Moreover, in view of the complexity and volume of the available supporting documents, the practice of using executive summaries was followed to present the most significant information regarding acquisitions. At the invitation of the Chairperson, Company executive with strategic responsibilities and managers of the relevant Company functions, depending on the items on the Agenda, also attend meetings of the Board of Directors.

The Chairperson 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.

General Manager

On May 7 and July 10, 2014, the Board of Directors confirmed Yvon Guérin to the post of General Manager, providing him with the powers necessary to perform this function. It is worth mentioning that Yvon Guérin was originally appointed General Manager of September 25, 2013 combining this post with that of Chief Executive Officer until April 17, 2014. More specifically, Yvon Guérin, in his capacity as General Manager was provided with additional powers complementing those he already received, with a limit of 10 million euros per transaction, with the following exceptions:

- power to execute, amend and cancel supply contracts and sales agreements with members of large retailing organizations and supermarket chains and/or other Company customers, stipulating for that purpose sales terms, granting the discounts and promotions deemed necessary and, in general, handling all negotiations and related transactions (for a maximum of 80 million euros per transaction);
- power to execute, amend and cancel contracts to buy and agreements for the procurement, supply under finance leases, transportation and insurance of raw materials, ancillary materials, packaging and packing materials, finished goods, equipment, machinery and systems (for a maximum of 50 million euros per transaction);
- power to establish/renew time bank deposits and similar transactions, transfer sums between accounts established in the Company's name, provide loans, guarantees and endorsements to direct and indirect subsidiaries negotiating their terms, modalities and conditions, provide financing, sign tax returns and certifications provided in lieu of taxes, sign motions, appeals and complaints, and represent the Company before tax commission (for a maximum of 100 million euros per transaction);
- power to sign contract and insurance policies of any nature and type, including those used for the purpose of investing liquid assets (for a maximum of 50 million euros per transaction);
- power to buy and sell equity investments (for a maximum of 50 million euros per transaction);
- power to buy mobile assets and real estate and sell real estate (for a maximum of 50 million euros per transaction).

The General Manager may not carry out transactions that fall under the exclusive jurisdiction of the Board of Directors, as listed in Section 3.2.1 below.

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 amended on March 7 and May 7, 2014.

The General Manager reports to the Board of Directors and the Board of Statutory Auditors on the work he performed and the use of the powers he has been granted on a quarterly basis as a minimum.

With regard to the performance of his duties, the General Manager reports only to the Board of Directors, which has exclusive jurisdiction over the handling of his employment relationship

The General Manager Y. Guérin also served in the capacity as Chief Executive Officer until April 17, 2014.

Executive Directors

Please note that only the Director A. Sala, who serves in the capacity as Director responsible for the internal control system, qualifies as executive Director in accordance with the implementation criterion 2.C.1 of the Corporate Governance Code; Mr. Sala also serves in the following capacities: Chairman of the Board of Directors of Groupe Lactalis Italia S.p.A. and Director of Groupe Lactalis S.A.

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;
- 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 to 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.
- Defining the nature and risk level compatible with the issuer's strategic objectives;
- assessing the overall performance of the operations, specifically taking into account information received from the delegated entities and periodically comparing actual results with planned results.

At a meeting held on February 23, 2015, the Board of Directors concluded that Parmalat's organizational, administrative and general accounting structure was adequate, based on the special document made available subsequent to its review by the Internal Control, Risk Management and Corporate Governance

Committee. The Board of Directors was also informed of the declaration by which the General Manager Yvon Guérin confirmed that he found that the existing organizational, administrative and accounting system was adequate pursuant to Article 2381, Section 3, of the Italian Civil Code, based on the document prepared by the Company. In that same declaration, the General Manager stated that the Company carefully monitors on an ongoing basis the existing organizational structure to promptly identify any changes they may become necessary as a result of the recent acquisitions or other material events.

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 Corporate Governance Code

The Code, as amended and approved by the Board of Directors on March 20, 2013, 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.

These provisions also apply to 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 General Manager.

The Code was updated by the Board of Directors on March 6, 2015 based on the amendments to the Bylaws approved in April 2014 and the amendments introduced in Borsa Italiana's Corporate Governance Code in July 2014.

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

3.3 Meetings of the Board of Directors

As stated in Section 3.1 above, 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. Specifically with regard to acquisitions, taking into account the increased responsibilities placed on the Board of Directors due to the absence of a Chief Executive Officer and in view of the complexity of the context, the lead the time for the delivery of the supporting documents and the level of detail provided have been improved. When necessary, the Chairperson may ask Company executives to attend Board meetings to provide useful information about the items on the Agenda. The Committees report periodically to the Board of Directors about the work they perform.

Meeting on November 7, 2014, the Board of Directors, adopting a recommendation by the Internal Control, Corporate Governance and Risk Management Committee, requested a was provided with an authoritative legal opinion on governance issues and, specifically, those concerning the governance structure of the Board of Directors, given the presence of a General Manager instead of a Chief Executive Officer, and concerning the existing Related-party Procedure and Oversight and Coordination issues.

In 2014, the Board of Directors held 15 (fifteen) meetings, including the first 4 (four) in the composition that existed before the current one, i.e., until April 17, 2014. The attendance percentage of each Director at the abovementioned Board meetings is listed in the tables below.

On February 25, 2014, upon the meeting of the Board of Directors being called to order, 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 effective as of the approval of the financial statements for the year ended December 31, 2013. As a result of these resignations, the term of office of the entire Board of Directors ended effective as of the Shareholders' Meeting of April 17, 2014, which therefore elected a new Board of Directors.

On March 4, 2014, the shareholder Sofil S.a.s. filed a request to submit to the Shareholders' Meeting of April 17, 2014, convened in extraordinary session, some amendments to the Bylaws "to allow the Shareholders' Meeting to proceed with the election of the Board of Directors within the framework of the new governance structure."

In this regard, it is worth mentioning that Article 11 of the Bylaws, in the version proposed by the shareholder Sofil S.a.s., called for a Board of Directors comprised of not less than 7 (seven) and not more than 11 (eleven) Directors. The Shareholders' Meeting that elected the Board of Directors currently in office set at 7 (seven) the number of members of the Board of Directors.

Until April 17, 2014

	Attendance percentage at Board Meetings
F. Tatò	100,0%
Y. Guérin	100,0%
G. Chersicla	100,0%
F. Gatti	100,0%
D. Jaouen	50,0%
M. Jesi	75,0%
A.A. Mastrangelo	100,0%
U. Mosetti	100,0%
M. Reboa	75,0%
A. Sala	75,0%
R. Zingales	100,0%

After April 17, 2014

	Attendance percentage at Board Meetings
G. Chersicla	100,0%

P. Gassenbach	90,90%
L. Gualtieri	100,0%
P. Lazzati	90,90%
U. Mosetti	90,90%
R. Perotta	90,90%
A. Sala	100,0%

The average length of the meetings of the Board of Directors was about four hours for each meeting (implementation criterion 1.C.1, Letter I).

In 2015, the first meeting of the Board of Directors was held on January 27, 2015.

At this point, four meetings of the Board of Directors have been scheduled for 2015, as per the Company calendar published on January 30, 2015. In addition to mandatory meetings, three meetings of the Board of Directors have already taken place.

A calendar of Board meetings scheduled for 2015 to review annual and interim results was communicated to the market and Borsa Italiana on January 30, 2015 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 and updated in 2014, is used both to manage insider and confidential documents and information internally and communicate them outside.

This procedure governs the management, including disclosure to the public, of insider information (Section ONE of the procedure) and all information that could become insider information (the so-called confidential information discussed in Section TWO of the procedure), providing a balance between the need for the fluidity of internal information processes and the interest in protecting information, specifically with regard to the opposing needs of disclosing insider information and protecting data confidentiality as it is developed. Accordingly, the procedure is coordinated with general internal rules concerning the classification and management of information from the standpoint of confidentiality.

At the operational level, the procedure provides the rules that the recipients of the information are required to comply with when managing Insider Information during the phase prior to its disclosure. The Procedure specifically governs:

1. the identification and traceability of company activities that by generating Insider Events create Insider Information;
2. the rules and the tools used to protect the confidentiality of activities that generate Insider Events;
3. the rules and the tools used to protect the confidentiality's of the parties entered into the Register;
4. the modalities for managing and updating the Register;
5. the modalities for designating the Project Manager, the Manager of the Register and the Technical Manager;

6. the management of insider information.

Lastly, the abovementioned procedure defines the functions, operating modalities 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 General Manager. 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.

Because its shares are not listed on the “Star” segment, the Company is not required to adopt the blackout provision for 15 days before a meeting of the Board of Directors convened to approve the accounting data for a reporting period, during which the members of the Board of Directors and Board of Statutory Auditors, as well as any parties who perform management functions and parties who qualify as executives in accordance with Consob Regulation No. 11971/99, are forbidden to execute, directly or through an intermediary, transactions that involve buying, selling, subscribing or exchanging shares or share-based financial instruments.

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. The expense budgets for the individual Committees have not been approved thus far; this issue is currently being assessed by the Committees. In the performance of the tasks assigned to them, these Committees are entitled to access the company information and functions they may be necessary for the performance of their tasks and use the support of external consultants in accordance with terms determined by the Board of Directors.

The following Committees have been established:

- Litigation Committee;
- Nominating and Compensation Committee;
- Internal Control, Risk Management and Corporate Governance Committee, which, since May 7, 2014, also performs the tasks originally assigned to the 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

The Litigation Committee is established pursuant to Article 18 of the Company Bylaws. It provides consulting support to the Chief Executive Officer, if appointed, and/or the Board of Directors with regard to litigation arising from the insolvency of the companies included in the Composition with Creditors.

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 accordance with Article 17 of the Company Bylaws.

During the first four months of the year (until the Shareholders' Meeting of April 17, 2014), the Committee was comprised of four members (Francesco Tatò – Chairman, independent, Antonio Sala, Gabriella Chersicla, independent, and Antonio Aristide Mastrangelo, independent, elected from the minority slate).

From May 7, 2014, it has been comprised of three members (Antonio Sala – Chairman, Laura Gualtieri, independent, Umberto Mosetti, independent, elected from the minority slate). The committee provides consulting support to the Chief Executive Officer (if appointed) and/or the Board of Directors on litigation related to the insolvency of companies included in the Composition with Creditors, the provisions of Article 17 of the Company Bylaws notwithstanding.

The Corporate Counsel of Parmalat S.p.A. attends the meetings of this Committee.

In 2014, the Litigation Committee held 2 (two) meetings, 1 (one) meeting by the previous committee, with all members in attendance, and 1 (one) meeting by the committee appointed by the Board of Directors on May 7, 2014, with all members in attendance, during which it analyzed settlement proposals later approved by the Board of Directors.

Minutes were kept of each Committee meeting.

The average length of Committee Meetings was about 30 minutes for each meeting.

A breakdown of the attendance at Committee meetings is provided in the tables below:

Until April 17, 2014

Committee members	Number of meetings attended in 2014	Attendance percentage
Francesco Tatò	1	100
Antonio Sala	1	100
Gabriella Chersicla	1	100
Antonio Aristide Mastrangelo	1	100

After April 17, 2014

Committee members	Number of meetings attended in 2014	Attendance percentage
Antonio Sala	1	100
Laura Gualtieri	1	100
Umberto Mosetti	1	100

7. Nominating and Compensation Committee

The functions of the Nominating and Compensation Committee include the following:

- It provides the Board of Directors with the opinions regarding the Board's size and composition and makes recommendations about the professional competencies the presence of which is deemed desirable within the Board of Directors and regarding the issues referred to in Article 1.C.3 (guidance concerning the maximum number of Directors and Statutory Auditors) and Article 1.C.4 (waiver of noncompete agreement) of Borsa Italiana's Corporate Governance Code.

- It submits proposals to the Board of Directors regarding the appointment of a Chief Executive Officer, a General Manager and a Deputy Chairman and the names of Directors who will be coopted by the Board when necessary to fill vacancies for independent Directors, as well as proposals and recommendations regarding the compensation of Directors who perform special functions and the General Manager. 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. The Committee also monitors the implementation of the resolutions adopted by the Board of Directors, specifically verifying whether the performance targets are being met.
- At the request of the General Manager, 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 or the General Manager, it defines the parameters and submits proposals for determining the compensation of 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.
- It supports the Board of Directors in defining a compensation policy for Directors and executive with strategic responsibilities, periodically assesses the adequacy, overall consistency and concrete implementation of the abovementioned compensation policy, using for this purpose the information provided by the managing directors.

Since May 7, 2014, this committee is comprised of three members (Paolo Francesco Lazzati – Chairman, independent, Laura Gualtieri, independent, and Umberto Mosetti, independent, elected from the minority slate); this Committee performs a proposal making and consultative the function.

During the first four months of 2014 (until the Shareholders' Meeting of April 17, 2014) this committee was comprised of three members (Marco Jesi, – Chairman, independent, Riccardo Zingales, independent, and Umberto Mosetti, independent, elected from the minority slate).

In 2014, the Nominating and Compensation Committee held 6 (six) meetings, 3 (three) meetings by the previous committee, with all members in attendance, and 3 (three) meetings by the committee appointed by the Board of Directors on May 7, 2014, with all members in attendance.

Meetings were also held jointly with the Board of Statutory Auditors, whose members are always invited to attend Committee meetings; in 2014, at least one member of the Board of Statutory Auditors was present at all Committee meetings.

Since May 2014, the Chairperson of the Board of Directors is invited to attend Committee meetings.

Committee meetings are chaired by the Committee Chairman and the proceedings are recorded in minutes of the meeting.

The average length of Committee Meetings was about one hour the for each meeting.

A breakdown of the attendance at Committee meetings is provided in the tables below:

Until April 17, 2014

Committee members	Number of meetings attended in 2014	Attendance percentage
Marco Jesi	3	100
Riccardo Zingales	3	100
Umberto Mosetti	3	100

Until April 17, 2014

Committee members	Number of meetings attended in 2014	Attendance percentage
Paolo Francesco Lazzati	3	100
Laura Gualtieri	3	100
Umberto Mosetti	3	100

8. Compensation of Directors

On April 17, 2014, the Shareholders' Meeting voted to award to the Board of Directors a total annual compensation of 1,000,000 (one million) euros, before statutory withholdings, for the entire Board of Directors; in addition, it awarded to Directors who serve on committees an additional variable compensation, based on the number of committee meetings actually attended, in the amount of 3,900 euros per meeting per committee member and 6,500 euros per meeting for the Chairman.

At the meeting of May 15, 2014, the Board of Directors agreed to allocate the compensation provided by the Shareholders' Meeting, for the partial amount of 600,000.00 euros, as follows:

- to each Director, an annual gross compensation of 50,000.00 euros, plus statutory chargers payable by the Company;
- to the Chairperson, and additional gross compensation of 250,000.00 euros, plus statutory chargers payable by the Company.

For additional information regarding the compensation policy for Directors and executives with strategic responsibilities implemented thus far by the Company and the policy planned for the future, see the corresponding Report approved by the Board of Directors on March 6, 2015. The Compensation Report will be submitted to the Shareholders' Meeting convened for April 16, 2015 and has been published on the Company website at the following address:

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

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

See Section 2, Letter j), of this Report for information about indemnities payable to Directors in the event of resignation or dismissal or if their relationship with the Company is terminated due to a tender offer.

As required by Principle 6.P.5 and Criterion 6.C.8, the Company immediately disclosed by means of a press release issued on December 31, 2014 the removal of A. Vanoli from the post of Chief Operating Officer due to expiration of his mandate.

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

The compensation of Directors with strategic responsibility is defined in a manner that aligns their interests with the pursuit of the priority objective of creating value for the shareholders over the medium to long-term. For executives with strategic responsibilities, a significant portion of their compensation is tied to the achievement of specific performance targets, including some of a non-economic nature, previously identified and determined consistent with the guidelines contained in the policy referred to in Principle 6.P.4 of Borsa Italiana's Corporate Governance Code. Pursuant to Borsa Italiana's Corporate Governance Code, the compensation of non-executive Directors must be commensurate with the commitment required of each one of them, taking into account their work at one or more committees. The issue of the compensation of non-executive Directors is under review by the Nominating and Compensation Committee.

The Board of Directors established an internal Nominating and Compensation Committee comprised exclusively of independent Directors. Upon appointing its members, the Board of Directors assessed whether the Committee members met the necessary knowledge and expertise requirements.

9. Internal Control, Risk Management and Corporate Governance Committee

The functions of the Internal Control, Risk Management and Corporate Governance 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, with the input of the Board of statutory Auditors, the findings of the Independent Auditors, as stated in their report and management letter, all of the above in the exercise of the consulting and proposal-making functions it performs in support of the Board of Directors.
- 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 and risk management system for the purpose of describing in the annual report on corporate governance the key features of the internal control and risk management system 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 performs the functions required by the regulation governing related-party transactions and the corresponding Procedure initially adopted on November 11, 2010 and amended by the Board of Directors and meeting held on March 7, 2014 (hereinafter the "Procedure"), which are hereby cited by reference in their entirety;
- it renders opinions with regard to amendments to the Procedure and may submit to the Board of Directors proposals to amend or integrate the Procedure;
- it ensures that the rules of corporate governance are complied with and periodically updated, including the rules concerning oversight and coordination issues, as per Article 2497 and following articles of the Italian Civil Code;
- it performs any other activity the it may deem useful of consistent with the performance of its functions.

By a resolution adopted by the Board of Directors on May 7, 2014, the Internal Control, Risk Management and Corporate Governance Committee was also asked to perform the tasks assigned to the Committee for Related-party Transactions, consistent with the amendment to Article 5 of the corresponding Procedure.

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

Since the date of the abovementioned resolution, this committee has been comprised of three members (Riccardo Perotta – Chairman, independent, Paolo Francesco Lazzati, independent, and Umberto Mosetti, independent, elected from the minority slate).

This committee, in the capacity as Committee for Related-party Transactions, performs the following functions:

- 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.

Since the date of its establishment this Committee held 10 (ten) meetings with virtually all of its members in attendance. A breakdown of attendance is provided below:

Committee members	Number of meetings attended in 2014	Attendance percentage
Riccardo Perotta	10	100
Paolo Francesco Lazzati	9	90
Umberto Mosetti	10	100

Committee meetings may also be held jointly with the Board of Statutory Auditors, whose members are always invited to attend Committee meetings; in 2014, at least one member of the Board of Statutory Auditors was present at all Committee meetings.

Committee meetings are chaired by the Committee Chairman and the proceedings are recorded in minutes of the meeting.

As a rule, Parmalat’s Chief Financial Officer who also serves as the Corporate Accounting Documents Officer), the manager of the Internal Auditing Department and, since May 2014, the Chairperson of the Board of Directors attend Committee Meetings. Various Company executives and department managers, may be asked to attend Committee meetings and provide reports on issues on the meeting’s Agenda and external professionals may be invited to attend Committee meetings.

The average length of committee meetings was about 2 hours and 30 minutes for each meeting.

Please keep in mind that for the first four months of the year (specifically, until April 17, 2014), the Internal Control, Risk Management and Corporate Governance Committee and the Committee for Related-party Transactions were two separate committees. Their composition is detail below:

1. Internal Control, Risk Management and Corporate Governance Committee: Marco Reboa – Chairman, independent, Riccardo Zingales, independent, Gabriella Chersicla, independent, and Antonio Aristide Mastrangelo, independent, elected from the minority slate. During this period the committee held 3 (three) meetings with all of its members in attendance. A breakdown of attendance is provided below:

Committee members	Number of meetings attended	Attendance
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	in 2014	percentage
Marco Reboa	3	100
Riccardo Zingales	3	100
Gabriella Chersicla	3	100
Antonio Aristide Mastrangelo	3	100

2. Committee for Related-party Transactions: Gabriella Chersicla – Chairperson, independent, Riccardo Zingales, independent and Antonio Aristide Mastrangelo, independent, elected from the minority slate. During this period the Committee held 1 (one) meeting; a breakdown of attendance at this Committee meeting is provided below:

Committee members	Number of meetings attended in 2014	Attendance percentage
Gabriella Chersicla	1	100
Riccardo Zingales	1	100
Antonio Aristide Mastrangelo	1	100

In 2014, the Internal Control, Risk Management and Corporate Governance Committee held 13 (thirteen) meetings, including 3 (three) meetings by the previous committee, with all of its members in attendance, and 10 (ten) meetings by the committee appointed on May 7, 2014, with virtually all of its members in attendance.

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 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 Board of Directors designated an executive Director as the party responsible for ensuring that the internal control system is functioning effectively, as required by implementation criterion 7.C.4 of the Code.

The executive responsible for the internal control and risk management system handles the design, implementation and management of the internal control system, verifying on an ongoing basis its adequacy and effectiveness within the Company's operating context and ensuring that it is in compliance with changes in the regulatory framework, in implementation of the guidelines defined by the Board of Directors.

The Manager of the Group Internal Auditing Function is hierarchically independent of executives that oversee operational departments and reports directly to Board of Directors.

The manager of the Internal Auditing Department:

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

The manager of the Internal Auditing Department also reports to the Internal Control, Risk Management and Corporate Governance Committee and to the Board of Statutory Auditors. On April 24, 2014, Francesco Albieri, Group Internal Auditing Manager, left the Company and, on May 23, 2014, while a new manager was being recruited, the Board of Directors assigned this position on an interim basis to Giacomo Galli, Managing Director of the consultancy Protiviti S.r.l. Since October 13, 2014, Diego Sonda has been serving as Group Internal Auditing Manager.

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, Management Control 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. The Board of Directors appoints the members of the Oversight Board based on requirements that include professional background, competence, integrity, autonomy and independence. The reasons that would make a candidate unelectable to the Oversight Board include: (i) having been barred or disqualified from holding public office, filed for bankruptcy or received a sentence 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 action 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. Consequently, upon election of a new Board of Directors on April 17, 2014, a new Oversight Board was appointed, comprised of two external consultants (Andrea Lionzo and Iole Anna Savini) and a Company employee (Paolo Tanghetti). On October 31, the Board of Directors appointed Diego Sonda as a replacement for Paolo Tanghetti, who resigned on October 20, 2014.

In 2014, the Oversight Board held a total of 10 meetings. 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 7, 2014, the Board of Directors approved a budget earmarked for use by the Oversight Board in 2014. 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.

The Organization, Management and Control Models of Centrale del Latte di Roma S.p.A. was reviewed periodically at the request of this company's Oversight Board.

Guidelines for foreign subsidiaries, 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.

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 (Legislative Decree No. 58/98), 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 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 (Legislative Decree No. 58/98); 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 (Legislative Decree No. 58/98).

The Chairperson of the Board of Directors 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, 2014 is KPMG S.p.A., which was awarded the auditing assignment pursuant to a resolution approved by the Shareholders' Meetings on April 22, 2013. The abovementioned assignment will end on the date when the Shareholders' Meeting approves the 2022 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 and perform independent audits of the consolidation package as well.

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 7, 2014, the Board of Directors approved the 2014 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. At a meeting held on March 6, 2015, the Board of Directors approved the 2015 expense budget consistent with the scope of the powers and functions allocated to him, through the approval, by the Board of Directors, of Guidelines in July 2011, the 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 General Manager'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. Procedure and Policy 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.

Subsequently, on March 7, 2014, the Board of Directors revised the Procedure in order to make it compliant with the implementation requirement of Consob Communication No. DEM/10078683 of September 24, 2010; in addition, on May 7, upon the Internal Control, Risk Management and Corporate Governance Committee taking over the task of reviewing related-party transactions, Article 5 of the Procedure Governing Transactions with Related Parties was amended to "designate the Internal Control, Risk Management and Corporate Governance Committee as the Committee with jurisdiction over reviews of related-party transactions.

The Committee is currently comprised of three independent Directors appointed by the Board of Directors on May 7, 2014, as described in Section 9, earlier in this Report.

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 (Legislative Decree No. 58/98), 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 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. Materiality thresholds applicable to transactions with related Parties are under redesign.

On March 7, 2014, the Board of Directors also updated the Parmalat Group’s Policy Governing Transactions with Related Parties applicable to Group subsidiaries (the “Policy”) consistent with the update of the corresponding Procedure.

This Policy, which is applicable to all Italian and foreign subsidiaries, governs the following transactions:

- transactions executed by the controlling company with Parmalat related parties (“Parmalat Related Parties”);
- transactions executed by a subsidiary with its own related parties (“Company Related Parties”);

all of the above based on specific materiality thresholds.

The Policy was approved by the Board of Directors (or equivalent entity) of each Company.

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.

The Board of Statutory Auditors also monitors the modalities by which the governance rule set forth in the corporate governance codes adopted by the Company are effectively implemented and the resolutions concerning compensation and other benefits.

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

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

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

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

Lastly, if no slate of candidates is filed twenty-five days before the Shareholders' Meeting, or if only one slate is filed, or if no slate is filed by shareholders who are linked with each other pursuant to Article 144-*quinquies* of the 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. Board of Statutory Auditors

On April 17, 2014, the Shareholders' Meeting, acting pursuant to Article 2401 of the Italian Civil Code, elected:

- Michele Rutigliano, Chairman of the Board of Statutory auditors;

who was a candidate taken from the slate filed on March 24, 2014 by the minority shareholders "Fidelity Funds," "Gabelli Funds LLC," "Setanta Asset Management Limited" and "Amber Global Opportunities Master Fund Ltd," which received the second highest number of votes, and consequently, pursuant to Article 21 of the Company Bylaws, was named Chairman of the Board of Statutory Auditors;

and

- Giorgio Loli, and
- Alessandra Stabilini

as Statutory Auditors taken from the Sofil S.a.s. slate, filed by the majority shareholder on March 24, 2014.

The three-year 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, 2016.

The current Board of Statutory Auditors currently in office includes the following three Statutory Auditors:

MICHELE RUTIGLIANO – Chairman of the 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. At present she is the Liquidator at TANK S.G.R. S.p.A. in compulsory liquidation (appointed by Bank of Italy on July 10, 2014).

And the following two alternates:

Saverio Bozzolan
Marco Pedretti

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

Office held at Parmalat S.p.A.	Name of Statutory Auditor	Year of birth	Date when first elected	In office since	In office until	Slate	Exec. Non-exec.	Independent	Posts held at other companies that are not part of the Parmalat Group
Chairman of the Board of Statutory Auditors	Michele Rutigliano	1953	December 27, 2012 (replaced Mario Stella Richter who resigned)	April 17, 2014	Shareholders' Meeting to approve the financial statements at 12/31/16	"Fidelity Funds", "Gabelli e Funds LLC", "Setanta Asset Management Limited" and "Amber Global Opportunities Master Fund Ltd"		Pursuant to Article 148, Section 3, of the TUF	<ul style="list-style-type: none"> ➤ Chairman of the Board of Statutory Auditors of Fidelity S.p.A. ➤ Chairman of the Board of Statutory Auditors of Pioneer Global Asset Management S.p.A. ➤ Chairman of the Board of Statutory Auditors of Unicredit Subito Casa S.p.A. ➤ Statutory Auditor of ERG Renew S.p.A.
Statutory Auditor	Giorgio Loli	1939	April 22, 2013 (replaced Alfredo Malguzzi who resigned)	April 17, 2014	Shareholders' Meeting to approve the financial statements at 12/31/16	Sofil Sas		Pursuant to Article 148, Section 3, of the TUF	<ul style="list-style-type: none"> ➤ Chairman of the Board of Statutory Auditors of Coesia S.p.A. ➤ Statutory Auditor of UnipolSai SpA ➤ Statutory Auditor of Maire Tecnimont S.p.A. ➤ Chairman of the Board of Statutory Auditors of Sasib S.p.A. ➤ Chairman of the Board of Statutory Auditors of Decal S.p.A. ➤ Chairman of the Board of Directors of Genova High Tech S.p.A.
Statutory Auditor	Alessandra Stabilini	1970	June 14, 2013 (replaced Roberto Cravero who resigned)	April 17, 2014	Shareholders' Meeting to approve the financial statements at 12/31/16	Sofil Sas		Pursuant to Article 148, Section 3, of the TUF	<ul style="list-style-type: none"> ➤ Statutory Auditor of Brunello Cucinelli S.p.A. ➤ Non-executive Director of Librerie Feltrinelli s.r.l. ➤ Statutory Auditor of Fintecna S.p.A. ➤ Non-executive independent Director of Banca Widiba 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.

On February 26, 2015, the Board of Statutory Auditors verified that the independence requirements pursuant to Article 148, Section 3, of the TUF were met by Chairman Rutigliano and the Statutory Auditors Loli and Stabilini.

On February 18, 2014, the Board of Statutory Auditors verified that the independence requirements were met by the Chairman and the Statutory Auditors.

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 2014, the Board of Statutory Auditors worked in coordination with the Internal Control, Risk Management and Corporate Governance Committee and the Nominating and Compensation Committee. The Chairman of the Board of Statutory Auditors, or another Statutory Auditor, 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 Auditing Department.

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

In 2014, the Board of Statutory Auditors held 20 (twenty) meetings. A breakdown of attendance at the meetings of the Board of Statutory Auditors is provided below:

Statutory Auditors	Number of meetings attended in 2014	Attendance percentage
Michele Rutigliano	19	95
Giorgio Loli	18	90
Alessandra Stabilini	20	100

The average length of the meetings of the Board of Statutory Auditors was about two hours for each meeting.

See page 15 of this Report for information about induction programs.

Pursuant to Article 18, Section 3, of the Corporate Governance Code, a Statutory Auditor who, directly or through a third party, has an interest in a transaction that the Company is executing must promptly disclose it to the Company and to the other Statutory Auditors and the Chairman of the Board of Directors, providing exhaustive information about the nature, terms, origin and scope of his/her interest.

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 by publishing all Notices of Shareholders' Meetings on the Company website and with the additional modalities required pursuant to law, including those required by the Consob regulation issued pursuant to Article 113 *ter*, Section 3, of Legislative Decree No. 58/1998.

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

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, through the 1Info storage mechanism (www.1Info.it) and on the Company website: http://www.parmalat.com/en/corporate_governance/annual_general_meeting/. Shareholders may consult these documents and request copied of them.

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

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.

In 2014, one Shareholders' Meeting was held on April 17, 2014 with the following items on the Agenda: (1) approval of the 2013 financial statements and corresponding dividend distribution; (2) approval of the compensation policy; (3) election of the Board of Directors, the Board of Statutory Auditors and the Chairman of the Board of Statutory Auditors; and (4) approval of 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 11, entitled "*Board of Directors*," Article 12, entitled "*Requirements of Independent Directors*," Article 18, entitled "*Committees*," Article 19, entitled "*Compensation of the Board of Directors*" and Article 21, entitled "*Board of Statutory Auditors*." Detailed information about the items on the Agenda is available on the Company website:

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

The Shareholders' Meeting was attended by virtually all of the members of the Board of Directors whose term of office was ending (except for Director M. Jesi) and virtually all of the members of the Board of Statutory Auditors (except for Statutory Auditors Loli).

No significant changes occurred in 2014 in the market capitalization of the Company's shares or in the composition of its stock ownership structure.

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.

The Shareholders' Meeting held on February 27, 2015 adopted a resolution to extend the subscription deadline for the share capital increase referred to in Article 5, Letter b), of the Company Bylaws by five years, counting from March 1, 2015, and amend Article 5 of the Bylaws accordingly. The subscription deadline will thus expire on March 1, 2020. The Shareholders' Meeting delegated powers to the Board of Directors to implement the capital increase and regulate the allocation of warrants subsequent to January 1, 2016. Lastly, the Shareholders' Meeting approved the amendments to Article 5 of the Company Bylaws.

Virtually the entire Board of Directors (except for Directors P. Gassenbach and R. Perotta) and the entire Board of Statutory Auditors attended the Shareholders' Meeting

A summary of the results of the vote was published on March 2, 2015 on the Company website, at the following address: http://www.parmalat.com/en/corporate_governance/annual_general_meeting/.

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	INVESTEES COMPANY	NUMBER OF SHARES HELD	NUMBER OF SHARES BOUGHT	NUMBER OF SHARES SOLD	NUMBER OF SHARES HELD
		At January 1, 2014	in 2014	in 2014	at December 31, 2014
Directors					
Gabriella Chersicla	---	---	---	---	---
Antonio Sala	---	---	---	---	---
Patrice Gassenbach	---	---	---	---	---
Laura Gualtieri	---	---	---	---	---
Paolo Lazzati	---	---	---	---	---
Umberto Mosetti	---	---	---	---	---
Riccardo Perotta	---	---	---	---	---
Statutory Auditors					
Michele Rutigliano					
Giorgio Loli	---	---	---	---	---
Alessandra Stabilini	---	---	---	---	---