



**DATALOGIC S.P.A.**

**ANNUAL REPORT ON  
CORPORATE GOVERNANCE AND OWNERSHIP  
STRUCTURES  
2015**

Board of Directors

4 March 2016

## **GLOSSARY**

**Corporate Governance Code:** the Corporate Governance Code approved in July 2015 by the Corporate Governance Committee and sponsored by Borsa Italiana S.p.A., ABI, Ania, Assogestioni, Assonime and Confindustria.

**C.C.:** Italian Civil Code.

**Board:** the Board of Directors of the Issuer.

**Reporting date:** 4 March 2016.

**Datalogic/Company/Issuer:** Datalogic S.p.A.

**Consob Issuers' Regulation:** Regulation issued by Consob under Consob Resolution 11971/1999 (and amendments thereto) governing issuers.

**Consob Market Regulation:** Regulation issued by Consob under Consob Resolution 16191/2007 (and amendments thereto) governing markets.

**Consob Regulation on Related-Party Transactions:** Regulation issued by Consob under Consob Resolution 17221 of 12 March 2010 (and amendments thereto) governing transactions with related parties.

**Report:** Report on Corporate Governance and Ownership Structures of Datalogic, prepared in accordance with and for the purposes of article 123-bis of the Consolidated Law on Finance.

**Consolidated Law on Finance:** Italian legislative decree 58 of 24 February 1998 (and amendments thereto).

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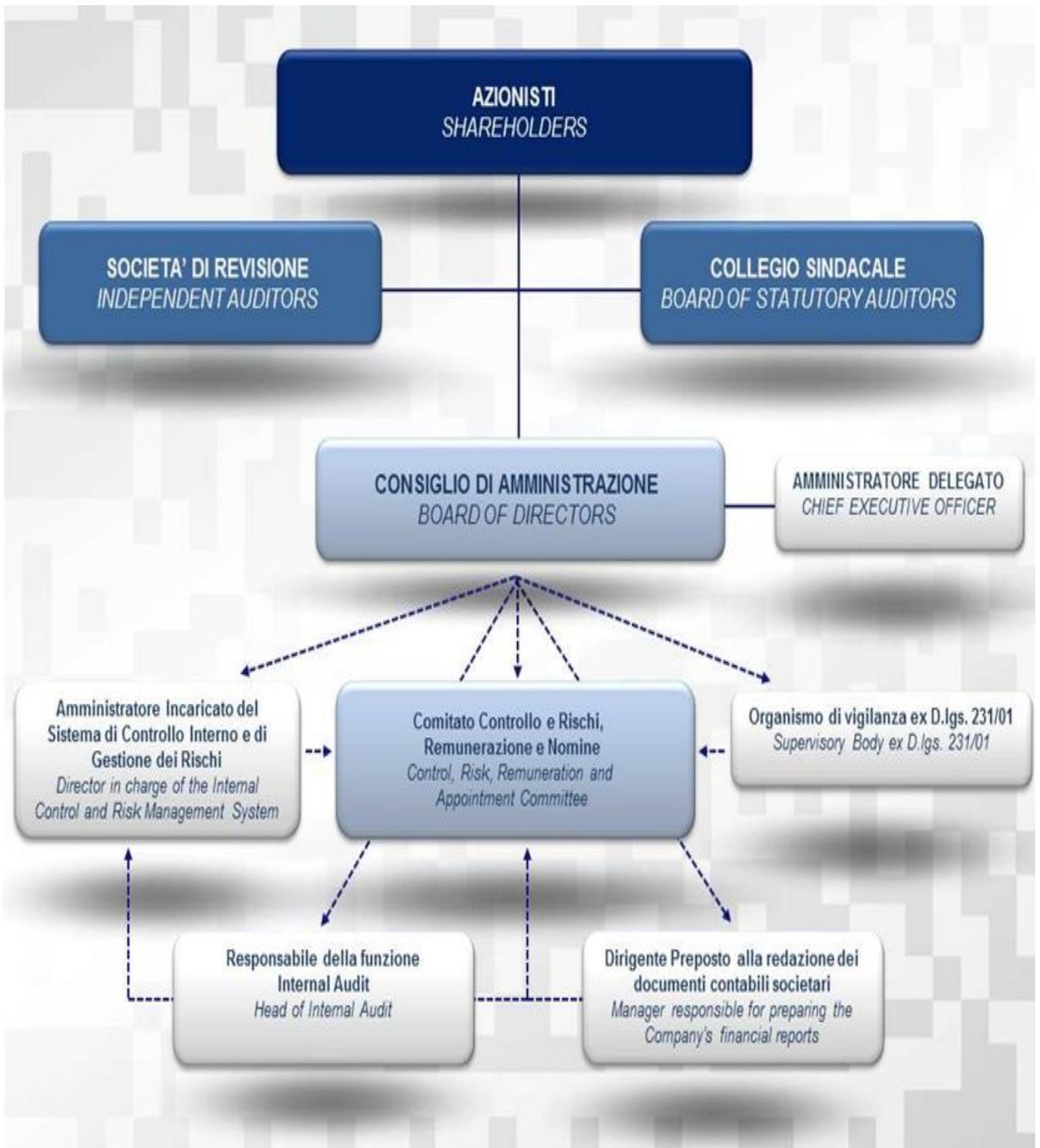
## 1. ISSUER PROFILE

Datalogic (and the corporate group it heads) is a worldwide leader in the automatic data capture and industrial automation sectors. It is a major manufacturer of bar code readers, mobile computers, sensors, vision systems and laser marking devices. Datalogic provides innovative solutions for a vast range of applications, designed for the retail, transport and logistics, manufacturing and healthcare sectors. With products used by over one-third of supermarkets and retail outlets, airports, postal services and logistics carriers worldwide, Datalogic is unique in its ability to provide solutions that simplify and improve our lives.

Datalogic S.p.A. has been listed on the STAR segment of the Italian Stock Exchange since 2001.

Datalogic places great importance on the suitability and proper functioning of its corporate governance system, investing great care and effort in updating its decision-making and control procedures on the basis of national and international best practice in corporate governance.

Datalogic's traditional corporate governance system, shown in the flowchart below, is inspired by the principles of fairness and transparency in management and information, which it achieves through an internal control process that continuously assures the effective implementation and effectiveness of those principles.



## 2. INFORMATION ON OWNERSHIP STRUCTURES

### a) Share capital structure

The Company has a share capital, subscribed and paid-in, of €30,392,175.32, divided into 58,446,491 ordinary shares with a par value of €0.52.

At the reporting date, no financial instruments had been issued carrying an option to subscribe new rights.

The Company does not presently have in place stock-based incentive plans.

For more information see table 1.

### b) Securities transfer restrictions

There are no restrictions on the transfer of securities.

### c) Significant shareholdings

Investors with shareholdings carrying voting rights representing more than 2% of the share capital, as reported by Consob, are shown in table 1.

### d) Securities carrying special rights

No securities exist entitling the holder to special controlling rights.

The Issuer's articles of association do not contemplate the issue of shares with multiple voting rights or preferential voting rights.

### e) Employee shareholdings: mechanisms for the exercise of voting rights

No mechanisms are in place for the exercise of voting rights attaching to shares held by employees in the event that the rights are not exercised directly by the holders.

### f) Restrictions on voting rights

There are no restrictions on voting rights.

### g) Shareholders' agreements

The Issuer is not aware of any agreements between shareholders as per article 122 of the Consolidated Law on Finance.

## **h) Change of control clauses and by-laws concerning takeover bids**

### Change of control clauses

Premised that, at the reporting date:

- (i) Hydra S.p.A., for the intents and purposes of article 2359-C.C., holds a direct controlling interest in Datalogic, as it is the majority shareholder with the majority of voting rights at the Ordinary Shareholders' Meeting;
- (ii) Hydra S.p.A., for the intents and purposes of articles 2497 et seq.-C.C., does not exercise direction and coordination over Datalogic;
- (iii) there is no entity that can exercise direct or indirect control over Hydra S.p.A.

the only agreements that contemplate the renegotiation of contractual terms and conditions in the event of a change of control over Datalogic are, essentially, medium/long-term bank loan agreements made directly by the Issuer.<sup>1</sup>

### By-laws concerning takeover bids

The articles of association of Datalogic do not contemplate departures to the provisions of the Consolidated Law on Finance governing passivity rules or the application of the neutralisation provisions contemplated by article 104-bis of the Consolidated Law on Finance.

## **i) Authority to increase share capital and authorisations to purchase treasury shares**

### Authority to increase share capital

At the reporting date, no mandates existed authorising the directors to issue new rights increasing the share capital, as per article 2443-C.C.

The Board of Directors is not authorised to issue participatory financial instruments.

### Authorisations to purchase of treasury shares

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<sup>1</sup> For additional information on the loan agreements, please see the 2015 Annual Financial Report, published by Datalogic in accordance with article 154-ter of the Consolidated Law on Finance, available on the corporate website [www.datalogic.com](http://www.datalogic.com).

At the reporting date, the Board of Directors of Datalogic is authorised to purchase and sell treasury shares under the terms of the shareholder resolution approved on 28 April 2015. For further information, see the relevant resolution, published on the corporate website [www.datalogic.com](http://www.datalogic.com).

At 31 December 2014, the Company held a total of 192,093 treasury shares, equal to approximately 0.3% of the share capital; at 31 December 2015 the Company held 274,610 treasury shares, equal to approximately 0.47% of the share capital.

**j) Direction and coordination (as per articles 2497 et seq.-C.C.)**

At the reporting date, Datalogic is not subject to the direction and coordination of Hydra S.p.A., as defined by and for the intents and purposes of articles 2497 et seq.-C.C.

In this regard, we report that at the Board meeting held on 7 May 2015, the Board of Directors deemed the presumption of article 2497-*sexies* C.C. not to be applicable, given the absence of direction and coordination by the parent company Hydra S.p.A. over the subsidiary Datalogic, insofar as Hydra is purely a financial holding company and that the following indicators (established by statute and the precedents of case law), by which control and coordination may be presumed to exist, do not hold:

- interlocking directorates between the parent company and the subsidiary;
- an incisive role played by the parent company in determining intragroup collateral agreements;
- an incisive role played by the parent company in determining strategic plans for the entire group;
- an incisive role played by the parent company in determining budgets for the entire group;
- an incisive role played by the parent company in determining the risk profiles of group companies;
- an incisive role played by the parent company in determining codes of conduct and policy applicable to the group;
- an exchange of personnel between the parent company and the subsidiary;
- the existence of a centralised decision-making process for the selection, training, recruitment and organisation of the workforce;

- the existence of contractual arrangements between the parent company and the subsidiary, the establishment and continuation of which are essential for the subsidiary's ability to continue as a going concern;
- the existence of guidelines or directives "imposed" by the parent company concerning the identification and planning of market strategies and the extraordinary finance operations (mergers and acquisitions, disposals, etc.) of the subsidiary;
- a centralised treasury service or other "financial assistance" functions performed by the parent company;
- a lack of independent bargaining power in relation to the subsidiary's dealings with customers, suppliers, banks or other entities;
- a lack of autonomy or independence in relation to decision-making by the subsidiary's board of directors.

At the reporting date, for the intents and purposes of articles 2497 et seq.-C.C., Datalogic exercises direction and coordination over the direct and indirect subsidiaries belonging to the Datalogic Group, as identified in the Annual Financial Report at 31 December 2015.

**k) Indemnities for directors in the event of resignation, unfair dismissal or termination following a takeover bid**

For information see the Company's Report on Remuneration, available on the corporate website [www.datalogic.com](http://www.datalogic.com).

**l) Amendments to by-laws**

Amendments to the Company's articles of association are subject to the provisions of law.

**m) Rules applying to the appointment and replacement of directors**

For information see the "Board of Directors" section of this Report.

### 3. COMPLIANCE

Datalogic endorses the Corporate Governance Code for Listed Companies sponsored by Borsa Italiana, published on the website [www.borsaitaliana.it](http://www.borsaitaliana.it).

On 5 November 2015, by resolution of the Board of Directors, Datalogic formally endorsed the most recent version of the Corporate Governance Code, dated July 2015.

Since the Issuer is, at the reporting date, a company listed on the STAR segment, it is subject to the specific requirements set forth in the “Rules for Markets Organised and Managed by Borsa Italiana S.p.A.” and in the Instructions providing additional requirements necessary to attain and maintain STAR listing.

This Report has been prepared taking into account the reporting format provided by Borsa Italiana.

At the reporting date, neither the Issuer nor any of its subsidiaries of strategic significance are subject to provisions of non-Italian law which could influence the corporate governance structure of the Company.

## **4. BOARD OF DIRECTORS**

In line with the model of a traditional corporate governance system, the Board of Directors is tasked with the strategic steering and oversight of all company business and is invested with powers to steer management as a whole and directly intervene in a series of key decision-making processes that are essential or useful for the pursuit of the corporate purpose.

In performing its tasks, the Board of Directors is assisted by a special committee of directors, tasked with analysis, advisory and consultative functions.

At the invitation of the Chairman and Chief Executive Officer, key management personnel may take part in Board meetings to report on the operations of the Company and the corporate group it heads. It is generally consolidated practice for the Group Chief Financial Officer, Group Chief Technology Officer, division CEOs and the Secretary of the Board to attend Board of Directors meetings. Other management personnel may be invited from time to time to attend single meetings for the discussion of specific items of business.

### **4.1. APPOINTMENT AND REPLACEMENT OF DIRECTORS**

Article 15 of the articles of association states that the Company's Board of Directors is to consist of a minimum of three and a maximum of 15 members, either shareholders or non-shareholders, who may hold office for a maximum of three financial years, as established by the shareholders in the resolution of appointment. Board members are to be appointed through a "slate voting system", with the appointment of at least one director from the minority list in the event that at least two slates of candidates are nominated for election.

Slates nominated for election by shareholders are to be signed by the nominating shareholders and filed at Company headquarters for inspection by anyone who should so request at least 25 days before the scheduled date of the Shareholders' Meeting; the slates are to be made available to the public at large at Company headquarters, on the Datalogic corporate website and through the other channels contemplated by Consob at least 21 days prior to the date of the Shareholders' Meeting.

Each shareholder may nominate or participate in the nomination of only slate, and each candidate may be nominated on one slate only or will otherwise be deemed ineligible.

Each right-holder is entitled to vote for one list only.

Shareholders forming a voting syndicate may nominate or participate in the nomination of only one slate and may not vote for other slates.

Directors may be re-elected to office.

Only shareholders who jointly or severally hold shares with voting rights representing at least 2.5%, the minimum figure contemplated by Consob regulations,<sup>2</sup> of the share capital entitled to vote at the Shareholders' Meeting may nominate slates; nominating shareholders are required to demonstrate that they hold the necessary number of shares required for the nomination of a slate no later than the deadline set by the Company for the publication of slates (21 days prior to the date of the Shareholders' Meeting).

In accordance with the articles of association, each slate of candidates (maximum 15 candidates, each progressively numbered) is to include at least one independent candidate, or at least two independent candidates if by resolution of the shareholders the number of Board members is set at above seven, without prejudice to the requirements of article 147-ter(1) of the Consolidated Law on Finance concerning the balance of genders represented.

In consideration of Datalogic's STAR segment listing by Borsa Italiana and the Company's endorsement of the Corporate Governance Code sponsored by Borsa Italiana, in the event that the Board consists of:

- (i) between 9 and 14 members, it is expected that three of the candidates nominated should be independent candidates;
- (ii) 15 members, it is expected that four of the candidates nominated should be independent candidates.

Together with each slate, a statement of acceptance of nomination by each single candidate is to be filed, along with statutory declarations from each candidate stating that they satisfy the eligibility and compatibility criteria and the specific requirements contemplated for office holders.

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<sup>2</sup> See Consob Resolution 19109 of 28 January 2016, which sets the minimum shareholding for the 2015 financial year required for the nomination by shareholders of a slate of candidates for election to a governance body of Datalogic S.p.A. at 2.5% of the share capital entitled to vote at the Shareholders' Meeting.

The articles of association do not contemplate additional independence criteria over and above those set forth by the Consolidated Law on Finance for members of the governance body or experience requirements for the office of director.

Nevertheless, given the Company's endorsement of the Corporate Governance Code and its STAR segment listing, it is expected that shareholders should nominate as independents only candidates who qualify as such in accordance with the Corporate Governance Code.

Together with the statement of acceptance and statutory declaration of each candidate, a resume is to be filed for each candidate showing his or her personal experience and professional background, with an indication given of the candidate's eligibility to qualify as an independent director under the requirements of law and the criteria endorsed by the Company.

Slates that are filed without fulfilling the aforementioned requirements will not be accepted.

Directors are appointed according to the following process:

- a) all the candidates, except one, taken in progressive order listed, on the slate receiving the highest number of votes cast by those entitled to vote, are appointed to the Board;
- b) the remaining appointment is given to the first candidate, as progressively listed, on the slate receiving the second-highest number of votes and which is no way, whether directly or indirectly, connected with the shareholders entitled to vote who nominated or voted for the slate of candidates receiving the highest number of votes identified in point a).

For the purposes of appointing directors, slates that do not receive a percentage of votes equal to at least half of the share capital percentage required by the articles of association for the nomination of a slate are not taken into consideration.

Where the candidates elected to the Board under the aforementioned procedure do not satisfy the gender balance requirement contemplated by article 147-ter(1) of the Consolidated Law on Finance, the last elected candidates of the over-represented gender, as listed in progressive order on the slate receiving the highest number of votes, will be substituted one by one by non-elected candidates of the under-represented gender from the same slate, as listed in progressive order, until the gender balance required is established.

Similarly, in the event that the Board of Directors consists of more than 7 members, where the candidates elected to the Board do not include a sufficient number of candidates satisfying independence criteria, as required by law and the articles of association, the last elected candidate not qualifying as an independent (or last two candidates, if two independent directors are lacking), as listed in progressive order on the slate receiving the highest number of votes, will be substituted by an unelected candidate (or candidates) qualifying as an independent from the same slate, as listed in progressive order, without prejudice to the gender balance requirement contemplated by article 147-ter(1) of the Consolidated Law on Finance.

If, after his or her appointment to office, an independent director no longer satisfies the criteria required to qualify as an independent, the director is required to notify the Board immediately of the change in status and will immediately forfeit office.

In the event that only one slate is nominated or if no slate is nominated, the aforementioned procedure does not apply and shareholders are called to vote on appointments with the application of the majority thresholds contemplated by law, without prejudice to the requirement that at least two directors satisfying independence requirements must be appointed where the Board of Directors consists of more than seven members, or one independent director if the Board of Directors has seven or fewer members, and without prejudice to the gender balance requirement contemplated by article 147-ter(1) of Legislative Decree 58/1998.

If during the course of the financial year one or more directors leave the Board of Directors, providing that the majority of Board members are directors appointed by the Shareholders' Meeting, and without prejudice to the gender balance requirement contemplated by article 147-ter(1) of Legislative Decree 58/1998, the following procedure will apply:

- (i) the remaining directors are to nominate replacements, by resolution approved by the Board of Statutory Auditors and in accordance with article 2386 of the Civil Code, by co-opting unelected candidates (providing they are still eligible) from the same slates from which the superseded directors were appointed, in progressive order of listing, taking into account provisions concerning the minority director and independent directors, with the nominations submitted to the approval of the shareholders by vote, with the application of the majority thresholds contemplated by law and in accordance with the same principles; OR
- (ii) in the event that the replacement procedure described in point i) cannot be implemented because no unelected

candidates remain or because the unelected candidates decline the appointment, the remaining directors are to proceed with the co-option of candidates from other slates, taking into account provisions concerning the minority director and independent directors, with the nominations submitted to the approval of the shareholders by vote, with the application of the majority thresholds contemplated by law and in accordance with the same principles; OR

(iii) the remaining directors, by resolution approved by the Board of Statutory Auditors, are to submit the decision as to the replacement of the superseded directors to the first following Shareholders' Meeting, taking into account provisions concerning the minority director and independent directors, with the approval of the shareholders by vote, with the application of the majority thresholds contemplated by law and in accordance with the same principles, or b) are to reduce the number of members of the Board of Directors, providing that the number, credentials and capacities of the remaining directors can assure the due performance of the Board's work, according to the principles of joint decision-making; OR

(iv) where the procedures contemplated in points i), ii) and iii) do not enable provisions concerning the minority director and independent directors to be fulfilled, the appointments are to be made by the shareholders using the slate voting system, ensuring that the provisions concerning the minority director and independent directors are satisfied.

If during the course of the financial year the majority of directors appointed by the shareholders leave the Board, the remaining directors are to call a Shareholders' Meeting to provide for the replacement of the superseded directors.

As mentioned earlier, since the Company is listed on the STAR segment, it is subject to the additional requirements set forth in the "Rules for Markets Organised and Managed by Borsa Italiana S.p.A." and the relative Instructions.

The Board of Directors has not adopted a succession plan for executive directors, on the grounds that the number (four out of eight members) and the roles (CTO, COO and Division CEOs) of the executive directors present on the Board is sufficient to guarantee, in the event, the continued ordinary and extraordinary management of the Company up until the redistribution of roles and responsibilities among the members of the Board.

## 4.2. COMPOSITION

As explained above, in accordance with the articles of association, the Company's Board of Directors is made up of a minimum of three and a maximum of 15 members, either shareholders or non-shareholders, who may hold office for a maximum of three financial years, as established by the shareholders in the resolution of appointment.

The Board's term of office expires as of the date of the Shareholders' Meeting called to approve the financial statements for the last financial year of the Board's term; directors can be re-elected to office.

The Board of Directors presently in office was appointed by the Shareholders' Meeting held on 28 April 2015, from a single slate of candidates nominated by the majority shareholder Hydra S.p.A., for a term of three years; as such, the present Board's term of office will expire as of the Shareholders' Meeting called to approve the financial statements for the year ending 31 December 2017.

At the reporting date, the Board of Directors is made up of eight members.

Name	Other positions held
Romano Volta <i>Chairman and Chief Executive Officer</i>	<i>HYDRA S.p.A. – Chairman and Chief Executive Officer</i>
Carlo Aversa <i>Managing Director</i>	-
Pier Paolo Caruso <i>Non-executive director</i>	-
Luigi Di Stefano <i>Independent director</i>	-
Gaia Mazzalveri <i>Independent director</i>	-
Pietro Todescato <i>Executive director</i>	-
Filippo Maria Volta <i>Non-executive director</i>	<i>HYDRA S.p.A. – Managing Director</i>

Valentina Volta <i>Executive director</i>	<i>HYDRA S.p.A. – Director</i> <i>IMA S.p.A. – Director</i>
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For further information concerning the composition of the Company’s board of directors, see table 2.

The average age of the directors holding office at the reporting date is just over 50 years, with an average time in office of approximately 7 years.<sup>3</sup>

The resume of each director is published on the Datalogic corporate website.

As mentioned, on 28 April 2015 a “new” Company Board of Directors was appointed.

Five of the seven members of the previous Board of Directors were re-elected to office (specifically: Romano Volta, Valentina Volta, Filippo Maria Volta, Pietro Todescato and Pier Paolo Caruso) and three “new” directors were appointed (Gaia Mazzalveri, Luigi Di Stefano and Carlo Aversa); the remaining two members of the former Board, Gianluca Cristofori and Emanuela Bonadiman, were thus superseded on the same date.

Since the close of the 2015 financial year, no changes have occurred in the composition of the Issuer’s Board of Directors.

At the indication of the Chairman and Chief Executive Officer, upon appointment each director receives induction from the Company regarding the legal framework and governance rules of reference.

Over the course of the Board’s term, in connection with Board meetings, the Chairman and Chief Executive Officer arranges for in-depth reports to be provided by all executive directors (each in their respective capacity) and Datalogic senior management so as to provide all the directors, and in particular non-executive directors (including independents) with a suitable understanding of the business sector in which the Issuer operates. Besides the four executive directors (who in their respective capacities can claim an in-depth understanding of Datalogic’s business), three of the remaining non-executive directors have been Board members for more than one term, and have thus acquired considerable expertise of the sector in which Datalogic operates.

<sup>3</sup> Average time in office was calculated considering 2001 as the starting point, the year in which the Company was listed on the stock exchange.

Moreover, during the course of the year specific sessions are organised for the lead independent director (the only non-executive director in her first term of office) in order to analyse in advance the documentation that subsequently will be examined formally by the Board Committee and then by the Board of Directors as a whole.

In line with the decision of the previous Board, the Board of Directors has decided not to set a formal limit on the number of governance offices held by directors considered compatible with their commitments as a Datalogic director. This decision takes into account the fact none of the directors holds more than two offices in other relevant companies, as defined by application criterion 1.C.3 of the Corporate Governance Code, and as such the Board sees no need, also from a substantive point of view, to formalise a limit on the number of offices held.

### **4.3. ROLE OF THE BOARD OF DIRECTORS**

#### **4.3.1. Meetings and pre-meeting briefings**

In accordance with laws and regulations in force, Board of Directors' meetings are called at least once every quarter.

In 2015 the Board of Directors held nine meetings, of which six were organised after the appointment of the “new” Board. The meetings had an average length of approximately one and a half hours.

In terms of meeting attendance, we report:

- the Chairman and Chief Executive Officer Romano Volta attended all of the meetings (9/9);
- the director Valentina Volta attended all of the meetings (9/9);
- the director Filippo Volta attended all of the meetings (9/9);
- the director Pier Paolo Caruso attended all of the meetings (9/9);
- the director Pietro Todescato attended 7 of the 9 meetings, with a resulting attendance rate of around 80%;
- the director Gaia Mazzalveri attended all of the meetings (6/6 meetings organised following her appointment to the Board of Directors);
- the director Luigi Di Stefano attended all of the meetings (6/6 meetings organised following his appointment to the Board of Directors);

- the director Gianluca Cristofori attended 2 of the 3 meetings organised before the appointment of the “new” Company Board, with a resulting attendance rate of 66%;
- the director Emanuela Bonadiman attended 2 of the 3 meetings organised before the appointment of the “new” Company Board, with a resulting attendance rate of 66%.

For 2016, Datalogic has released a calendar scheduling four meetings:

- 4 March 2016: Board meeting for the examination of the draft financial statements and the consolidated financial statements at 31 December 2015;
- 13 May 2016: Board meeting for the examination of the interim report on operations at 31 March 2016;
- 4 August 2016: Board meeting for the examination of the half-yearly financial report at 30 June 2016;
- 11 November 2016: Board meeting for the examination of the interim report on operations at 30 September 2016.

At the reporting date, a total of two Board meetings have been held.

As customary, the directors and statutory auditors received the documentation and information necessary to take part in discussions of business at least two/three days prior to the meeting itself.<sup>4</sup>

In cases where it was not possible to release documentation sufficiently in advance, the Chairman and Chief Executive Officer nevertheless ensured full disclosure of matters under discussion by the Board so as to assure that informed decisions could be made.

The meetings held to date saw the participation of key management personnel, including Group CFO Sergio Borgheresi, who attended all meetings in 2015, Group Chief Technology Officer and director Pietro Todescato, the division CEOs, the director Valentina Volta and Board secretary Antonio D’Anna, invited to report in-depth on the items posted in agenda. The Board duly dedicated the time necessary to enable constructive debate on all items of business, encouraging the contribution of each of the directors.

#### **4.3.2. Functions of the Board of Directors**

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<sup>4</sup> Although not formally adopted by resolution, the notice period generally considered appropriate for providing documentation connected with financial reports is two days prior to the meeting date.

The Board of Directors is invested with wide-ranging powers and capacities for the ordinary and extraordinary management of Company business, including decision-making powers, exercisable within the limits of law, on all matters essential for the pursuit of the corporate purpose, with the exception of matters reserved to the shareholders.

Specifically, as established by the articles of association, the Board has the power to (i) establish committees and commissions, also in order to adapt the corporate governance system to the model set forth in the Corporate Governance Code; (ii) open and close Company branches; (iii) approve corporate mergers in the cases contemplated by articles 2505 and 2505-bis-C.C.; (iv) transfer the registered office to locations within national territory and amend the articles of association to comply with the provisions of law.

In line with the guidance provided by the Corporate Governance Code, the Board of Directors is tasked with:

- a) examining the strategic, operational and financial plans of Datalogic and the Datalogic Group and periodically monitoring their implementation;
- b) defining the corporate governance system of Datalogic and the corporate structure of the Datalogic Group;
- c) defining the risk profile, both as to nature and level of risks, in a manner consistent with Datalogic's strategic objectives, taking into account any risk that may affect the sustainability of the Group's business in a medium-long term perspective;
- d) assessing the adequacy of the organisational, administrative and accounting structure of Datalogic, as well as of its strategically significant subsidiaries, in particular with regard to the internal control system and risk management;
- e) specifying the frequency, in any case no less than once every three months, with which the delegated officers are to report to the Board on the activities performed in the exercise of the powers delegated to them;
- f) evaluating the general performance of the Company, paying particular attention to the information received from delegated officers and periodically comparing the results achieved with those planned;
- g) resolving upon transactions to be carried out by Datalogic or its subsidiaries having a significant impact on the Datalogic's strategies, profitability, assets and liabilities or financial position; to this end, the Board also establishes general criteria for identifying the material transactions;
- h) performing at least annually an evaluation of the performance of the Board of Directors and its committees, as

well as their size and composition, taking into account the professional competence, experience (including managerial experience), gender of its members and number of years as director. Where the Board of Directors engages consultants to assist in the self-assessment, the corporate governance report is to provide information on any other services provided by such consultants to Datalogic or to companies having a control relationship with it;

- i) taking into account the outcome of the evaluation mentioned above, reporting its view to shareholders on the managerial and professional profiles deemed appropriate for the composition of the Board of Directors, prior to its nomination;
- j) providing information in the corporate governance report on: 1) its composition, indicating for each member their status (executive, non-executive, independent), the relevant role held within the Board, their main professional characteristics and their time in office since the first appointment; 2) the number and average duration of meetings held by the Board and by the executive committee, where nominated, during the financial year, as well as the effective attendance at meetings of each director; 3) how the self-assessment procedure is conducted;
- k) in order to ensure the correct handling of corporate information, adopting, at the proposal of the chief executive officer or the chairman of the Board of Directors, internal procedures for the internal management and public disclosure of information concerning the Datalogic Group, especially with regard to price-sensitive information.

At the meeting held on 7 May 2015, before the appointment of the Company's "new" Board of Directors, the Board established that:

- with reference to the point d) above, the following subsidiaries are strategic: Datalogic ADC S.r.l., Datalogic Automation S.r.l. and Datalogic IP TECH S.r.l.;
- with reference to point e) above, delegated officers are to report to the Board of Directors at least four times over the financial year, coinciding with the approval of financial reports;
- with reference to point g) above, without prejudice to the capacities and powers reserved by law and the articles of association, the distribution of company powers and internal procedures, the Board of Directors of

Datalogic S.p.A. is responsible for the prior approval of the following decisions and transactions, independently of whether legal responsibility for their approval lies with Datalogic S.p.A. or with the subsidiaries directly or indirectly controlled by it:

- purchase, sale, exchange and contribution of property assets and real property rights;
- establishment of rights to property provided as security;
- assumption, acquisition or sale of equity interests;
- purchase, sale, exchange and contribution of the entire Datalogic business organisation or of individual business units;
- purchase, sale, exchange and contribution and any other deed of purchase or provision of goods, rights and services, as well as generally taking on obligations, commitments and liabilities of any type whatsoever, valued, individually or jointly with other related deals, at over €10 million, as well as amendments to those agreements, contracts, negotiations, commitments or assumptions of liability which involve economic effects worth more than the amount indicated above;
- issue of sureties and collateral or personal guarantees of any type whatsoever worth over €10 million for each individual deed and, if in the interest of parties other than Datalogic and its subsidiaries, of any amount;

identifying such transactions as having a significant impact on the Datalogic's strategies, profitability, assets and liabilities or financial position. It was further established that the Board holds exclusive responsibility for:

- the establishment new subsidiaries;
- the hiring, appointment and dismissal of general managers, authorisations for their powers of attorney and the setting of relative remuneration;
- the adoption a "Model 231" compliance programme, designed in accordance with and for the intents and purposes of Legislative decree 231/2001, as well as the establishment of a supervisory body, the nomination of its members and the setting of relative remuneration;
- the examination and approval of transactions with related parties of "material significance", as defined by the Procedure for Transactions with Related Parties adopted by Datalogic.

At the Board meetings held on 6 March, 30 July and 5 November 2015, and again on 4 March 2016, the Board of Directors heard reports from the competent Board committee tasked with evaluating the internal control and risk management system of the Company and the corporate group it heads. The Committee was supported in its work by the constructive cooperation of the director in charge of the internal control and risk management system, the head of Internal Audit, the Board of Statutory Auditors, the independent auditor and the supervisory body as per Legislative Decree 231/2001. The Board found that the system is adequate, effective and duly functions for the purposes of correctly identifying and suitably measuring, managing and monitoring the main risks to which the Issuer and its subsidiaries are exposed, having regard to the consistency of the risk profile with business management focused on the strategic objectives identified; a positive outcome was also given by the 2015 evaluation.

At the Board meetings held in 2015, concerning, inter alia, the approval of financial statements, as well as at the meeting held on 4 March 2016, the Board of Directors heard reports from delegated officers enabling an appraisal of general business performance compared to objectives planned, as well as reports from the competent Board committee and from the manager responsible for preparing the Company's financial reports, enabling an assessment of the adequacy of the organisational, administrative and accounting structure of Datalogic.

#### **4.3.3. Board performance evaluation**

In continuation of the approach of the previous Board's, the "new" Board of Directors decided to organise the self-assessment process along the lines adopted in past years by tasking the Board of Statutory Auditors (in the role of "facilitator") with the evaluation of the Board's performance for 2015, based on a questionnaire prepared by Company officers with the support of the supervisory body and the independent directors. The Board of Statutory Auditors then presented its final report to the Board of Directors.

The Board of Auditors' report on the Board' performance evaluation for 2015 was discussed at the Board meeting held on 28 January 2016. The report conveyed the appreciation of all the directors (both executive and non-executive) as to the size, composition and functioning of the Board itself as well as of the governance system adopted by the Datalogic Group in terms of (i) the internal organisation of the Board of Directors and, in general, the organisational structure; (ii) the management of transactions with related parties; (iii) the efficiency and

effectiveness of the rules, procedures and organisational structures designed to ensure, through a suitable process for the identification, measurement, management and monitoring of the risk profile, sound business management in line with planned objectives (i.e. the internal control system); (iv) the remuneration policy for directors, designed to align the interests of the Group's top management with the priority of creating value for shareholders in the medium/long term; (v) the handling of market disclosures. A positive assessment was also made of the timing with which documentation is made available for Board meetings, notwithstanding the scope for further improvement in this respect, specifically with regard to documents that are particularly large or lengthy in volume.

In consideration of the outcomes of the self-assessment and the fact that 2015 was the first year of its term, the Board of Directors decided that on the basis of the 2015 performance evaluation there was no need to report formally to the shareholders on management and professional profiles, given that they are sufficiently covered by the Board and that the current composition of the Board is considered optimal by all members, without distinction in the assessments of executive and non-executive directors.

#### **4.3.4. Article 2390, Civil Code**

The Shareholders' Meeting has not authorised any general or preventive departures from the covenant not to compete contemplated by article 2390 C.C.

### **4.4. DELEGATED OFFICERS**

#### **4.4.1. Chairman and Chief Executive Officer**

Under article 15 of the articles of association, the Shareholders' Meeting has the power to appoint the chairperson of the Board of Directors.

At the Shareholders' Meeting held on 28 April 2015, the shareholders appointed Mr Romano Volta as Chairman of the Board of Directors of Datalogic.

Mr Volta also held the office of Chairman of the Company's Board in the first part of 2015, before the aforementioned meeting.

The Chairman of the Board of Directors is the legal representative of Datalogic and is vested with corporate signatory powers, both in relation to third parties and at law, and with the power to pursue legal and administrative action and appeals before all courts and tribunals, including rulings for cassation and revocation.

The Chairman of the Board of Directors plays a role of fundamental significance in Datalogic's dealings with external entities, both national and international. In particular, it is the Chairman who represents Datalogic in dealings with the highest institutional figures in Italy and worldwide and with high-profile representatives of industry, research, the economy and the finance sector.

The Chairman of the Board of Directors is tasked with calling Shareholders' Meetings and chairing them, ensuring that quorum requirements are satisfied and voting procedures duly followed. The Chairman is also responsible for setting the agenda of Board meetings and ensuring that all directors are provided, on a timely basis (consistently with the confidentiality concerns and the urgency and nature of decisions), the documentation and information necessary to enable them to make fully informed decisions.

At the meeting held on 7 May 2015, the Board of Directors nominated Mr Romano Volta as Chief Executive Officer of the Datalogic Group, delegating to him full, several powers of ordinary and extraordinary administration, the capacity of legal representation and signatory powers (in accordance with article 19 of the articles of association) for the approval of transactions with a value, either separately or jointly with other connected deals, of up to a maximum €10,000,000.00, without prejudice to the powers and capacities reserved jointly to the Board, as mentioned earlier.

Mr Volta also held the office of Chief Executive Officer of the Company's Board in the first part of 2015, before the aforementioned Shareholders' Meeting and Board meeting.

In 2015 Mr Volta duly reported to the Board every quarter on the exercise of the powers delegated to him.

At the reporting date, Mr Volta is both Chairman and Chief Executive Officer of the Issuer.

The Board's decision to delegate the role and responsibilities of Chief Executive Officer to the Chairman of the Board of Directors was essentially connected with Mr Volta's consolidated experience and in-depth understanding of Datalogic's business and technologies and the markets in which the Company and the corporate group it heads operates.

Finally, we report that the Chairman and Chief Executive Officer does not hold interlocking directorates as per application criterion 2.C.5 of the Corporate Governance Code, nor is he a controlling shareholder of the Issuer.

#### **4.5. OTHER EXECUTIVE DIRECTORS**

Besides the Chief Executive Officer Mr Romano Volta, at the Board meeting held on 7 May 2015 the Board of Directors nominated Mr Carlo Aversa as Managing Director for the Rationalisation of Group Operations and Interim Group Chief Operating Officer (C.O.O.), delegating to him:

- (i) responsibility for the coordination, oversight and management of all production, engineering, purchasing, planning and logistics operations at Group level, along with responsibility for the implementation of the new organisational plan known internally as the OPE.RA project;
- (ii) without prejudice to the deeds and transactions reserved exclusively to the Board of Directors in its joint decision-making capacity and the powers delegated to the Chief Executive Officer, all connected powers, within the scope of the delegated responsibilities, to approve deeds and transactions relating to delegated responsibilities with a value of (without prejudice to the set budget, unless expressly authorised by the Chief Executive Officer):
  - a. for purchases connected with production, up to €1 million per single transaction with signatory power held severally and over €1 million with signatory power held jointly with the Chief Executive Officer;
  - b. for deeds/transactions other than those identified in point a) above, up to €250,000 per single transaction with signatory power held severally and over €250,000 with signatory power held jointly with the Chief Executive Officer.

The following Board members are also executive directors of the Issuer:

- Ms Valentina Volta, by virtue of her appointment as (i) Chairwoman of the Board of Directors (with management responsibilities) of the strategically significant subsidiary Datalogic ADC S.r.l.; (ii) Chairwoman and Chief Executive Officer of the strategically significant subsidiary Datalogic Automation S.r.l.; (iii) Chairwoman and Chief Executive Officer of the strategically significant subsidiary Datalogic IP TECH S.r.l. In addition, Ms Volta is a corporate officer of other Datalogic Group companies;

- Mr Pietro Todescato, by virtue of his operational role of Chief Technology Officer of the Datalogic Group and appointment as Chief Executive Officer of the strategically significant subsidiary Datalogic ADC S.r.l. Mr Todescato is also a director delegated with responsibility for coordinating the technology operations of the strategically significant subsidiary Datalogic IP TECH S.r.l. and is a corporate officer of other Datalogic Group companies.

#### **4.6. INDEPENDENT DIRECTORS**

At the reporting date a total of two independent directors are members of the Board, representing 25% of all Board members and 50% of the non-executive directors.

In consideration of the information disclosed by the directors in question and available to the Company, the Board of Directors:

- at the meeting held on 7 May 2015 (before the appointment of the Company's "new" Board of Directors), formally recognised that the directors Ms Gaia Mazzalveri and Mr Luigi Di Stefano satisfy the independence criteria set forth in the joint provisions of articles 147-ter(4) and 148(3) of the Consolidated Law on Finance and the criteria provided by the Corporate Governance Code sponsored by Borsa Italiana;
- at the meeting held on 28 January 2016, confirmed that the independent directors in office at that date, as recognised upon their appointment, continued to satisfy of the independence criteria provided by the Consolidated Law on Finance (and the criteria provided by the Corporate Governance Code), namely the directors Ms Gaia Mazzalveri and Mr Luigi Di Stefano.

In line with the recommendations of the Corporate Governance Code, the Board of Statutory Auditors checked and found that the criteria and procedures adopted by the Board to determine the independence of its members had been duly applied.

It should be noted that, in accordance with article 15 of the articles of association, if, after his or her appointment to office, an independent director no longer satisfies the criteria required to qualify as an independent, the director is required to notify the Board immediately of the change in status and will immediately forfeit office.

#### **4.6.1. Independent directors' meetings**

Over the course of 2015, in line with the recommendations of the Corporate Governance Code, the independent directors held two meetings closed to the other directors.

In the meetings, the independent directors discussed issues regarding the corporate governance system implemented across the Datalogic Group, and in particular the impact on the Company of amendments introduced in July 2015 to the Corporate Governance Code sponsored by Borsa Italiana, and expressed their endorsement, for the intents and purposes of article 4(3) of the Consob Regulation on Related-Party Transactions, adopted by Consob Resolution 17221/2010 and amended by Resolution 17389/2010, of the amendments proposed to the Company's Transactions with Related Parties procedure. The amendments were subsequently approved by the Board of Directors at the Board meeting held on 27 July 2015.

In addition, we report that on 15 January 2016, in a joint meeting with the Board of Statutory Auditors, the independent directors inspected the self-assessment questionnaire subsequently used for the 2015 Board performance evaluation.

#### **4.7. LEAD INDEPENDENT DIRECTOR**

Given the applicability of the conditions contemplated by the Corporate Governance Code (the Chairman of the Board holds main responsibility for the Issuer's management), the Board of Directors has nominated a lead independent director.

The lead independent director is Ms Gaia Mazzalveri, independent director and Chairwoman of the Control, Risk, Remuneration and Appointments Committee. The role of the lead independent director is to coordinate and collect the motions and contributions of non-executive directors, in particular independent directors.

As such, the lead independent director:

- works with the Chairman of the Board of Directors to improve the way the Board itself functions;

- has the power to call, at her own initiative or at the request of other directors, independent directors' meetings to discuss issues deemed of interest for the due functioning of the Board of Directors and Company management;
- works with the Chairman of the Board of Directors to ensure that all directors receive complete and timely information.

In performing her duties, the lead independent director can call on the contribution of corporate offices to assist in the performance of her tasks.

As mentioned earlier, the lead independent director organised two independent directors' meeting over the course of 2015 and, in agreement with the Chairman of the Board of Statutory Auditors, organised a specific meeting in January 2016 to examine the Board's self-assessment questionnaire for 2015.

In the first part of 2015, before the Shareholders' Meeting of 28 April 2015, the role of lead independent director was covered by Mr Gianluca Cristofori.

#### **4.8. KEY MANAGEMENT PERSONNEL**

At the reporting date, the following are considered key management personnel of the Datalogic Group:

- Valentina Volta;
- Pietro Todescato;
- Michele Marchesan;
- Stefano Biordi (see the section "Changes Following the Close of the Year").

In this regard we report that:

- Mr William Parnell was a key management officer from 1 January to 30 July 2015;
- Mr Giovanni Sgalambro was a key management officer for all of 2015;
- Ms Federica Lolli was a key management officer from 1 January to 2 November 2015;
- Mr Sergio Borgheresi was a key management officer for all of 2015 and from 1 January to 4 March 2016 (see the section "Changes Following the Close of the Year").

All key management personnel of the Datalogic Group, along with members of the Issuer's Board of Directors and control body, are subject to internal dealing regulations, as per the joint provisions of article 114 of the Consolidated Law on Finance and article 152-sexies et seq. of the Consob Issuers' Regulation.

For further information see the Internal Dealing Code of Conduct adopted by the Company, available on the corporate website [www.datalogic.com](http://www.datalogic.com).

## 5. CORPORATE INFORMATION MANAGEMENT

Transparency towards the market and clear, accurate and complete disclosures are principles which underpin the conduct of all members of corporate bodies and management and all the employees of Datalogic.

Accordingly, in May 2006 the Board of Directors adopted a Procedure for the Management of Price-Sensitive Information, available on the corporate website [www.datalogic.com](http://www.datalogic.com), which also provided for the establishment of a Register of Persons with Access to Price-Sensitive Information.

The Procedure provides instructions applicable to all subsidiaries for the timely provision of information for the prompt and due fulfilment of market disclosure requirements.

In addition, in accordance with applicable laws and regulations, the Board of Directors:

- adopted, as mentioned, an Internal Dealing Code of Conduct with a view to regulating transactions in Company stock and connected financial instruments performed directly by or by nominees on behalf of “relevant parties” or persons closely associated with them;
- determined a series of “black-out periods” (also in fulfilment of specific requirements for attaining and maintaining STAR listing), coinciding with the approval of financial reports, when it is prohibited to perform transactions on Company stock and connected financial instruments; the black-out periods may be extended or suspended by the Board of Directors.

For further information see the Company’s Internal Dealing Code of Conduct, available on the corporate website [www.datalogic.com](http://www.datalogic.com).

## 6. BOARD COMMITTEES

Committees established by the Board of Directors are tasked with analysis, advisory and consultative functions in relation to issues deemed to require more in-depth understanding in order facilitate the effective and informed discussion of opinions.

In view of this, we report:

- in the first part of 2015 (before the Shareholders' Meeting of 28 April 2015), the Board had two separate and distinct committees, named: the Control and Risk Committee and the Remuneration and Appointments Committee;
- on 7 May 2015, the Company's "new" Board of Directors, appointed on 28 April 2015, moved to establish a single committee, named: the Control, Risk, Remuneration and Appointments Committee.

At the meeting held on 27 July 2015, the Control, Risk, Remuneration and Appointments Committee was tasked by the Board of Directors, for the full duration of the Board's term, with the additional functions of Committee for Transactions with Related Parties of Lesser Importance.

The capacities attributed to the Committee are in line with the recommendations of the Corporate Governance Code.

None of the functions reserved under the Corporate Governance Code to the committees it contemplates is attributed jointly to Datalogic's Board of Directors as a whole, under the coordination of its Chairman.

The Chair of the Committee reports to the Board of Directors on its meetings and the issues examined at the first Board meeting scheduled following the Committee meeting.

## 7. CONTROL, RISK, REMUNERATION AND APPOINTMENT COMMITTEE (“COMMITTEE”)

### 7.1. COMPOSITION

In line with the recommendations of the Corporate Governance Code, the Control, Risk Remuneration and Appointments Committee is made up of three directors, of whom two are independents and one is a non-executive, specifically:

- Gaia Mazzalveri (Chairwoman and member possessing adequate experience in accounting and finance);
- Luigi Di Stefano (member);
- Filippo Maria Volta (member possessing adequate experience in accounting and finance).

General Counsel (or a delegated representative) acts as secretary at committee meetings.

The decision to task a single committee with responsibilities for control, risks and remuneration was essentially connected with the limited number of independent directors on the Board and, as a result, the “new” Board’s intention of limiting the number of Board committees with more or less the same make up.

The decision to task the committee with responsibility for nominations was essentially motivated by the close connection between nomination matters and remuneration issues.

Prior to the appointment of the “new” Board of Directors (Shareholders’ Meeting of 28 April 2015), the two Board of Directors Committees were made up of two independent directors, namely Mr Gianluca Cristofori and Ms Emanuela Bonadiman.

### 7.2. TASKS AND FUNCTIONING OF THE COMMITTEE

The Committee is tasked with the duties and responsibilities envisaged by the Corporate Governance Code.

Specifically, the Committee is tasked with assisting the Board of Directors:

- **in internal control and risk management matters**

1. in defining steering guidelines for the internal control and risk management system, so that the main risks concerning the Issuer and its subsidiaries are correctly identified and adequately measured, managed and monitored, determining, moreover, the level of compatibility of such risks with the management of the company in a manner consistent with its strategic objectives;
2. in evaluating, at least on an annual basis, the adequacy of the internal control and risk management system, taking into account the characteristics of the company and its risk profile, as well as its effectiveness;
3. in approving, at least on an annual basis, the plan drafted by the head of Internal Audit;
4. in describing, in the corporate governance report, the main features of the internal control and risk management system and how the different entities involved therein are coordinated, expressing an evaluation of its adequacy;
5. in assessing the findings reported by the independent auditor in the suggestions letter and in the report on the main audit findings;
6. in appointing, removing and determining remuneration (in line with corporate policies) for the head of Internal Audit;
7. in ensuring that the head of Internal Audit is provided with adequate resources for the fulfilment of his/her tasks and responsibilities. Accordingly, in assisting the Board of Directors in matters concerning internal control and risk management, the Committee is responsible for:
  - a) evaluating together with the manager responsible for preparing the Company's financial reports, after hearing the independent auditor and the Board of Statutory Auditors, the correct application of accounting policies, as well as their consistency for the purposes of preparing the consolidated financial statements;
  - b) expressing opinions on specific aspects relating to the identification of the main risks for the company;
  - c) reviewing the periodic audit reports concerning the assessment of the internal control and risk management system, as well as other reports of particular significance prepared by the Internal Audit function;
  - d) monitoring the independence, adequacy, efficiency and effectiveness of the Internal Audit function;

- e) requesting the Internal Audit function to carry out reviews of specific operational areas, giving simultaneous notice to the chair of the Board of Statutory Auditors;
- f) reporting to the Board of Directors, at least every six months, on the occasion of the approval of the annual and half-yearly financial report, on activities carried out, as well as on the adequacy of the internal control and risk management system;
- g) supporting, with adequate preliminary work, the Board of Directors' assessments and resolutions on the management of risks arising from detrimental facts which may have come to the notice of the Board;

- **in remuneration matters**

1. submitting, on an annual basis, proposals to the Board of Directors for its adoption of a remuneration policy for directors and key management personnel;
2. periodically evaluating (and formulating relative proposals for the Board of Directors) the adequacy, overall consistency and actual application of remuneration policy for directors and key management personnel, also on the basis of the information provided by the Chief Executive Officer or other managing directors;
3. presenting proposals or expressing opinions to the Board of Directors on the remuneration of executive directors and other directors with delegated responsibilities, as well as on the setting of performance targets tied to the variable component of their remuneration, while also monitoring the application of decisions adopted by the Board and checking, in particular, the effective fulfilment of performance targets;
4. with reference to stock-based remuneration plans, presenting to the Board of Directors its recommendations in relation to the use of such plans and the technical aspects relating to their formulation and application. As such, the Committee is responsible for formulating proposals to the Board of Directors regarding:
  - the most appropriate stock-based remuneration plan and monitoring the implementation of approved plans over time;
  - the definition of implementation rules for such remuneration plans;

- **in nomination matters**

1. examining, on a periodic basis, the organisational structure of the Company and the corporate group it heads and formulating in this regard, for the Board of Directors, any suggestions or recommendations concerning (i) the professional skills necessary within the Board of Directors; (ii) the maximum number of appointments as director or statutory auditor in other companies listed on regulated markets (also internationally) or in finance companies, banks, insurance companies or corporations of significant size that may be considered compatible with the effective performance of the duties of the office of Company director;
2. proposing to the Board of Directors candidates for the office of director in the event of co-option, should the replacement of independent directors be necessary;
3. where authorised by the Shareholders' Meeting, providing general and prior guidance on waivers to the covenant not to compete contemplated by article 2390-C.C. and assisting the Board of Directors in evaluating any problematic cases in this regard;
4. carrying out preliminary work for the preparation of a succession plan for executive directors, where the Board of Directors of the Company has deemed it necessary to adopt such a plan.

Prior to the appointment of the “new” Board of Directors (Shareholders' Meeting of 28 April 2015), the aforementioned tasks were divided accordingly between the Control and Risk Committee and the Remuneration and Appointments Committee.

In relation to the rules governing the functioning of the Committee, see the regulation available on the corporate website [www.datalogic.com](http://www.datalogic.com).

### **7.3. ACTIVITIES IN THE YEAR**

The Committee was established at the Board Meeting of 7 May 2015 and has been given adequate resources to perform the tasks delegated to it. During the 2015 financial year the Committee held four meetings, including one meeting in its capacity as Committee for Transactions with Related Parties of Lesser Significance. The average duration of the meetings, for which minutes were duly taken and formally registered, was just under one and a half hours.

The meetings were attended by all Committee members. At the meetings, the Committee, in relation to its capacities:

- adopted a Committee regulation;
- with regard to remuneration, formulated a proposal for the Board of Directors for the distribution of the global remuneration set by resolution of the Shareholders' Meeting (held on 28 April 2015) among the members of the Company's Board of Directors;
- with regard to control and risks, (i) examined reports on the status of approved transactions with related parties, on the status of transactions approved by the Board of Directors having a significant impact on the profitability, assets and liabilities and financial position of the Datalogic Group, on the most significant disputes that may give rise to contingent liabilities, on the main changes introduced to Group governance and on amendments to the register of persons with access to price-sensitive information; (ii) reviewed the work of the Internal Audit function, also with regard to compliance with the requirements of Law 262/2005, as well as the activities planned by the function for the 2016 financial year; (iii) reviewed the work of the supervisory body (established as per Legislative Decree 231/2001) and the proposals submitted by the body for the amendment of the Model 231 compliance programme; (iv) examined the trend in workplace injuries recorded in the various Datalogic Group production sites in Italy; (v) examined the amendments introduced to the Corporate Governance Code sponsored by Borsa Italiana and the relative impacts on the governance of Datalogic;
- with regard to transactions with related parties of lesser significance, expressed its opinion in favour of a transaction with related parties of lesser significance having concern to a settlement solution for the termination of the employment contract between a key management officer and Datalogic.

For the purposes of the aforementioned meetings, the Committee was able to access all the information and company functions necessary for the performance of its tasks.

Besides the Board of Statutory Auditors, the Committee chairwoman also invited members of top and senior management to take part in the Committee's meeting on the basis of agenda business.

No director takes part in Committee meetings at which proposals for his/her own remuneration are formulated for the Board.

At the reporting date, the Committee has held one meeting for the year; another four meetings are scheduled for 2016.

Prior to the appointment of the “new” Board of Directors (Shareholders’ Meeting of 28 April 2015):

- the Control and Risk Committee, provided with adequate resources for the performance of its duties, held two meetings (for which minutes were duly recorded).

At the meetings, all of which were attended by all Committee members, the Control and Risk Committee reviewed, in relation to its capacity (i) the work of the Internal Audit function in the year 2014, also with regard to compliance with the requirements of Law 262/2005, as well as the activities planned by the function for the 2015 financial year; (ii) the work of the supervisory body (established as per Legislative Decree 231/2001) over the year 2014, as well as activities planned for 2015; and (iii) the outcomes of impairment test. The Control and Risk Committee also verified the consistency and correct application of the accounting policies used for the preparation of the consolidated financial statements and carried out the preliminary work for the setting of remuneration for the head of Internal Audit;

- the Remuneration and Appointments Committee, provided with adequate resources for the performance of its duties, held two meetings (for which minutes were duly recorded).

At the meetings, all of which were attended by all Committee members, the Remuneration and Appointments Committee, in relation to its capacity, assessed the consistency and appropriateness of proposals for annual variable remuneration payouts to company management officers based on the previous financial year’s results (MIP 2014) and the annual management incentive plan proposed for the 2015 financial year (MIP 2015) and examined the 2015 incentive plan for sales staff (SIP 2015) and, in general, the remuneration policy of the Datalogic Group.

The Remuneration and Appointments Committee also looked at the 2013–2015 long-term management incentive plan (LONG-TERM MIP) and recommended the approval of the 2015 Remuneration Report by the Board of Directors; the report was subsequently submitted to a non-binding vote at the Shareholders’ Meeting called to approve the annual financial report at 31 December 2014.

For the purposes of the aforementioned meetings, both the Control and Risk Committee and the Remuneration and Appointments Committee were able to access all the information and company functions necessary for the performance of their respective tasks.

Besides the Board of Statutory Auditors, the chairs of the Committees also invited members of top and senior management to take part in the meetings of the Committee on the basis of agenda business.

## 8. REMUNERATION POLICY

Every year Datalogic prepares a remuneration policy which is submitted to the non-binding vote of the shareholders.

The 2016 Remuneration Report provides further information on Datalogic's remuneration policy. The Remuneration Report is to be submitted to the Shareholders' Meeting for a non-binding voting and will therefore be available for viewing on the corporate website [www.datalogic.com](http://www.datalogic.com) at least 21 days prior to the Shareholders' Meeting called to approve the financial report at 31 December 2015 and discuss other business.

## **9. INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM**

### **9.1. INTRODUCTION**

The internal control and risk management system is a set of rules, procedures and organisational structures designed to ensure the identification, measurement, management and monitoring of the risk profile. The system is integrated into the general organisational arrangements and corporate governance system adopted by Datalogic and duly takes into consideration models of reference and best practices at the national and international levels.

An effective internal control and risk management system helps ensure that the management of business is in line with the corporate objectives identified by the Board of Directors, enabling informed decisions to be made. It contributes to ensuring the protection of company assets, the efficiency and effectiveness of company processes and the reliability of information provided to corporate officers and disclosed to the market, as well as compliance with laws and regulations in force, the articles of association and internal procedures.

Accordingly, the Board assesses the suitability of the internal control and risk management system in relation to the characteristics of Datalogic and ensures that appropriate preliminary work is performed to support its assessments and decisions about the internal control and risk management system, the approval of the annual and half-yearly financial statements and interim reports and relations between Datalogic and the independent auditor. For this purpose the Board has tasked a committee with specific duties in relation to internal control and risk management, made up for the majority of independent directors.

### **9.2. RISK MANAGEMENT AND INTERNAL CONTROLS IN THE FINANCIAL REPORTING PROCESS.**

#### **INTRODUCTION.**

Risk management and internal control in the financial reporting process is aimed at significantly mitigating any risk to the reliability, accuracy, trustworthiness and timeliness of disclosures.

Of particular importance for the internal control system is the administrative and accounting organisational plan approved by the Board of Directors to meet the requirements of Law 262/2005.

The organisational plan represents the framework of reference for the internal control system adopted by Datalogic, alongside the provisions of law and regulations of reference.

### **9.2.1. Methodological approach.**

Internal control and risk management in Datalogic's financial reporting process involves a wide system of controls built on various different elements, including:

- the Datalogic Group Code of Ethics;
- the Model 231 compliance programme;
- the Insider Dealing Code;
- the procedure for transactions with related parties;
- the corporate organisational chart and the system of delegated responsibilities and powers of attorney;
- the procedure for market disclosures;
- accounting controls.

Datalogic's accounting controls are in turn built on a series of elements:

- the accounts and administration framework – a document provided to all employees directly involved in the process of keeping and/or controlling accounts and records, which outlines the operational procedures for controlling accounts;
- the Datalogic Group accounting manual – a document designed to promote the development and application of standard accounting policies across the Datalogic Group as regards the recognition, classification and measurement of operations;
- operational instructions for financial statements and reports and closing calendars – documents designed to inform the company offices involved of the operating procedures for the preparation of financial statements by the deadlines set and notified;
- Group reporting software and forms shared by all Datalogic Group companies for the preparation of financial statements and interim reports, together with the relative user manual.

## 9.2.2. Risk management and internal control stages in the financial reporting process

### A. Identification and evaluation of financial reporting risks and the controls in place for the risks identified.

A step-by-step risk assessment process was used to identify and evaluate financial reporting risks.

The process first of all identified:

- the objectives of the internal control system with regard to financial reporting to ensure a truthful and fair representation of operations;
- the financial accounts, subsidiaries and administrative/accounting processes considered relevant on the basis of quantitative and qualitative assessments carried out.

Financial accounts were then linked to operating processes in order to identify and assess the risks of each process in terms of its potential impact on financial reporting. The risks were evaluated in terms of their possible impact on financial statement assertions (completeness, existence and occurrence of events, measurement and recognition, presentation and disclosures, rights and obligations).

Once key risks were identified at the process level, the key controls necessary to manage those risks were identified.

This step-by-step process was then formalised in a generic test plan, which schematically provides information on:

- processes: description of the process being mapped;
- risks: the financial reporting risks linked to the process being examined are indicated, highlighting the possible impacts on financial statement assertions;
- controls: the necessary controls to be performed and parameters such as ownership, objectives and frequency;
- test procedure: a periodic testing procedure is suggested, in order to assess both the design and the effectiveness of existing controls.

The generic test plan is a document distributed to the most significant Datalogic Group companies for the purposes of accounting and financial reporting. The plan is shared with the administrative managers of those companies, who are also responsible for the walkthrough of the process, insofar as they are responsible.

In brief, the walkthrough enables the adequacy of the process to be checked by mapping the operating processes from their origin to the ways in which they are reflected in the financial statements, as well as the relative design of the controls.

Any gaps found must be submitted to the manager responsible for preparing the Company's financial reports or, alternatively, corrective action must be planned to close the gap.

The first walkthrough was conducted when the administrative and accounting organisational plan was implemented in 2007. Repeat walkthroughs are planned on a rolling basis, with full coverage ensured every two years of all processes and controls contemplated in the generic test plan, as well as in the event of an audit on a company and when new processes and controls are introduced.

The effective application of controls is assessed through specific monitoring actions (tests), in line with best practices in the field.

To that end, every year the Internal Auditor submits a test plan to the manager responsible for preparing the Company's financial reports, setting out the policies and time-frames for performing tests the following year. This document is a dynamic tool, able to guarantee the continuous adaptation of controls both at the entity level and at the process level.

Testing is normally carried out continuously throughout the year by the Datalogic Group administration units under the coordination of the Internal Auditor, who verifies that the required controls are actually carried out and also guarantees specific control as part of his ordinary auditing duties.

The final step of the testing process involves an assessment of the operational test outcomes and the identification of corrective actions/improvement plans. This information is submitted to the Internal Auditor who periodically consolidates test outcomes and assesses the suitability of the corrective actions identified, preparing a summary report for the manager responsible for preparing the Company's financial reports to support the legal attestation of financial reports.

The summary report is also forwarded to the Chief Executive Officer, to the committee tasked with internal control and risk management responsibility and to the Board of Statutory Auditors. The administrative managers of subsidiaries are required to submit supporting statements to the manager responsible for preparing the Company's financial reports attesting the adequacy and effective application of administrative and accounting procedures.

#### B. Roles and entities involved.

Risk management and internal controls in the financial reporting process is governed by the manager responsible for preparing the Company's financial reports, who is responsible for designing, implementing and approving the

accounting and administrative organisational plan, as well as assessing its application and legally attesting the separate and consolidated half-yearly and annual financial statements.

In performing his tasks, the manager responsible for preparing the Company's financial reports:

1. interacts with the Internal Auditor, who independently controls the functioning of the control system and supports the manager responsible for preparing the Company's financial reports in monitoring the system;
2. is supported by regional administrative managers, who, relative to their areas of competence: (i) ensure the completeness and reliability of the information sent to the manager responsible for preparing the Company's financial reports for the preparation of financial reports; (ii) are tasked with implementing, in the companies within their region of reference, together with delegated officers, an adequate system of accounting controls to safeguard administrative and accounting processes and with assessing its effectiveness over time; the outcomes of their assessments are reported to the parent company through an internal attestation process; (iii) conduct the tests envisaged in the annual test plan on the system of administrative and accounting controls;
3. ensures the reciprocal exchange of information with the committee tasked with internal control and risk management responsibility and with the Board of Directors by reporting on activities performed and on the adequacy of the internal control system.

The manager responsible for preparing the Company's financial reports reports to the Board of Statutory Auditors and the committee tasked with internal control and risk management responsibility on the adequacy and reliability of the administration and accounting system.

Finally, the operational roles and entities identified above are formally part of the traditional corporate governance system adopted by Datalogic. The system encompasses various corporate bodies, each tasked with different control functions, as explained in greater depth in other sections of this Report.

### **9.3. DIRECTOR IN CHARGE OF THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM**

In its first meeting following its appointment (7 May 2015), the Board of Directors nominated the Chairman and Chief Executive Officer, Mr Romano Volta, as director in charge of the internal control and risk management system, tasked with the duties recommended by the Corporate Governance Code.

During the course of 2015, the director in charge of the oversight of the internal control and risk management system:

- a) oversaw the identification of key risks for the company, in consideration of the operations engaged in by the Company and its subsidiaries, with the resulting risk profile submitted periodically to the Board of Directors for examination;
- b) saw to the implementation of the steering guidelines set forth by the Board of Directors, overseeing the design, implementation and management of the internal control and risk management system and constantly checking its adequacy and effectiveness;
- c) saw to the adaptation of the system to changes in operating conditions and the legislative and regulatory framework of reference;
- d) provided timely reports to the committee tasked with internal control and risk management responsibility (and to the Board of Directors) on issues and problems that emerged during the performance of his activities or which came to his notice, so that the committee tasked with internal control and risk management responsibility (and the Board) could adopt relevant measures;
- e) conducted the preliminary work for setting remuneration for the head of Internal Audit.

The director in charge of the oversight of the internal control and risk management system has the capacity to request audits by Internal Audit on specific operating areas and on compliance with internal rules and procedures in the execution of company transactions. Where such audits are requested, Mr Volta is required to notify the request to the chair of the committee tasked with internal control and risk management responsibility and to the chair of the Board of Statutory Auditors.

#### **9.4. HEAD OF INTERNAL AUDIT**

The Internal Audit Office plays a key role in the internal control system. The head of Internal Audit is Mr David Scapparone, who is also member of the Supervisory Body and the Audit Committee.<sup>5</sup>

The head of Internal Audit, Mr Scapparone:

- a) is tasked with ensuring, on both an ongoing basis and in relation to specific needs, and in respect of international standards, the functioning and suitability of the internal control and risk management system through the implementation of a Board-approved audit plan based on a step-by-step process for the analysis and definition of priorities in the identification of key risks;
- b) has direct access to all the information useful for the performance of his tasks;
- c) prepares periodic reports on his work, providing information on his activities, on how risk management is conducted, and on the implementation of the plans set forth for the containment of risks. The periodic reports also express an assessment of the suitability of the internal control and risk management system;
- d) reports promptly on events of particular significance;
- e) submits the reports mentioned in points c) and d) to the chair of the Board of Statutory Auditors, the chair of the committee tasked with internal control and risk management responsibility, the chairman of the Board of Directors and to the director in charge of the internal control and risk management system;
- f) audits, as required by the audit plan, the reliability of reporting systems, including accounting entry systems.

The head of Internal Audit is not responsible for any specific area of operations. He operates on the basis of an annual audit plan which is preliminarily examined by the committee tasked with internal control and risk management responsibility and then subsequently approved by the Board of Directors. The Board of Directors checked and confirmed during the year that the resources available to the Internal Audit Office were adequate.

Remuneration for the head of Internal Audit is set by the Board of Directors at the proposal of the director in charge of the internal control and risk management system, having heard the opinion of the committee tasked with

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<sup>5</sup> With reference to this last body, on 26 June 2007 the Board of Directors approved regulations governing the Audit Committee's work, with a view to standardising and coordinating the account auditing tasks and duties carried out by the special "Audit Committees" established within each of the operating divisions of the Datalogic Group. The Audit Committees are tasked with monitoring and controlling how internal control procedures and the financial reporting process are organised and their efficiency, while ensuring that existing control bodies (namely the Control and Risk Committee, the Board of Statutory Auditors and the independent auditor) are coordinated in their activities and communicate with each other. At present, Audit Committees have been established in the subsidiaries Datalogic Automation S.r.l. and Datalogic ADC S.r.l.

internal control and risk management responsibility and the opinion of the Board of Statutory Auditors, and in line with company policy.

Besides the Internal Audit Office, the internal control system encompasses:

- (i) the Legal department–Corporate & Compliance Office, which works with other Group functions to ensure that internal rules, processes and Company operations in general comply with the regulatory framework of reference;
- (ii) the Model 231 compliance programme, which provides for a whistle-blowing procedure, in accordance with the principles and rules identified in the programme, through which suspected breaches of those rules and principles can be reported, also anonymously.

#### **9.5. COMPLIANCE PROGRAMME AS PER ITALIAN LEGISLATIVE DECREE 231/2001**

The Issuer, together with its strategic subsidiaries (Datalogic ADC S.r.l., Datalogic Automation S.r.l. and Datalogic IP TECH S.r.l.), has adopted a compliance programme covering organisational, management and control activities in accordance with Legislative Decree 231/2001. It firmly believes the “Model 231” compliance programme is a valid way of raising the awareness of all those who operate in the name and on behalf of Datalogic of the importance of the propriety and transparency of their conduct in the performance of their duties in order to prevent the risk of offences being committed in the interests or for the benefit of the Company.

Datalogic’s Model 231 compliance programme, prepared following the guidelines provided by Confindustria, was originally approved by the Board of Directors on 12 May 2005. Since then the compliance programme has been amended and additions have been incorporated (the last amendment was made on 5 November 2015).

The updated version of the Company’s Model 231 compliance programme is available on the corporate website [www.datalogic.com](http://www.datalogic.com). The programme includes a general introduction and specific sections addressing:

- A) Offences against the public administration;
- B) Corporate offences;
- C) Market abuse;
- D) Occupational health and safety;

E) Receipt of stolen goods and money laundering.

### 9.5.1. Supervisory Body

A specific supervisory body is tasked with overseeing the implementation of the Model 231 compliance programme and is provided with adequate resources to fulfil that task. At the reporting date the supervisory body consists of three members (nominated by the Board of Directors on 7 May 2015, for a term coinciding with the Board's own term of office, i.e., until the approval of the financial statements at 31 December 2017), of whom two are people external to the Datalogic Group:

- Mr Pier Luigi Morara, chairman of the body, a specialist supreme court lawyer with expertise in Law 231/2001 matters;
- Mr Sergio Taddei, a specialist supreme court lawyer;
- Mr David Scapparone, head of Internal Audit of the Datalogic Group.

Prior to the appointment of the Company's "new" Board of Directors (at the Shareholders' Meeting of 28 April 2015), the supervisory body nominated by the Company consisted of three members, two of whom were people external to the Datalogic Group, namely:

- Mr Gerardo Diamanti, chairman of the body, independent consultant with expertise in finance and company law;
- Mr Andrea Pascerini, a criminal lawyer specialised in Law 231/2001 matters;
- Mr David Scapparone, head of Internal Audit of the Datalogic Group.

The Board of Directors, in line with the policy adopted by the previous Board, has decided to confirm the delegation of these compliance tasks and functions to a Supervisory Body that is distinct and separate from the control body, nominated directly by the Board of Directors.

During the course of 2015:

- prior to the appointment of the Company's "new" Board of Directors (at the Shareholders' Meeting of 28 April 2015), the supervisory body in office at the time held two meetings (for which minutes were duly recorded);

- following the appointment of the present supervisory body (at the Board meeting held on 7 May 2015), the supervisory body has held five meetings (for which minutes were duly recorded, with the exception of the first meeting, called purely as a formality).

During the course of those meetings, the acting supervisory body, among the various tasks performed:

- a) analysed the most significant transactions conducted;
- b) met with senior management officers;
- c) provided mandatory training for employees;
- d) carried out preventive checks on key operations subject to the risk of the offences contemplated by legislative decree 231/2001;
- e) received and examined a series of documents produced by other control bodies;
- f) prepared its annual report for the committee tasked with internal control and risk management responsibility;
- g) analysed changes in the regulatory framework of reference;
- h) submitted to the Board of Directors proposed amendments to the Company's Model 231 compliance programme that it deemed necessary.

For further information on the tasks and powers of the Supervisory Body and the report on its work, see the updated version of the Model 231 compliance programme available on the corporate website [www.datalogic.com](http://www.datalogic.com).

## **9.6. INDEPENDENT AUDITOR**

On 29 April 2010, the shareholders approved the engagement of Reconta Ernst & Young as independent auditor in accordance with the joint provisions of articles 13 and 17 of legislative decree 39 of 27 January 2010, for the financial years 2010–2018.

## **9.7. MANAGER RESPONSIBLE FOR PREPARING THE COMPANY'S FINANCIAL REPORTS**

The Company's articles of association assigns power to the Board of Directors, having heard the opinion of the Board of Statutory Auditors, for the nomination of a manager responsible for preparing the Company's financial

reports for a term coinciding with the term of office of the Board of Directors that makes the nomination, unless removed earlier.

Besides a long experience in administration and finance, the manager responsible for preparing the Company's financial reports is required to exhibit the same reputational qualities required by law for the office of director.

In accordance with laws in force at the reporting date, the manager responsible for preparing the Company's financial reports is tasked with the following duties:

- a) providing adequate administrative and accounting procedures for the preparation of separate and consolidated financial statements and all other financial disclosures;
- b) providing a legal attestation that the financial disclosures, including interim results, of Datalogic correspond to documented results and accounting records, which is to be attached to all reports and market disclosures made by the Company;
- c) legally attesting, for the annual separate financial statements, the half-yearly abbreviated financial statements and the consolidated financial statements and using the format required by Consob regulations:
  - that the procedures identified in point a) above are adequate and were effectively applied over the reporting period to which the documents refer;
  - that the documents have been prepared in accordance with applicable international accounting standards, as endorsed by the European Union by Regulation (EC) No. 1606/2002 of the European Parliament and of the Council of 19 July 2002;
  - that the financial disclosures correspond to documented results and accounting records;
  - that the documents provide a truthful and accurate picture of the profitability, assets and liabilities and financial position of the Company and all the companies included in the scope of consolidation;
  - for the separate and the consolidated financial statements, that the report on operations provides a reliable analysis of the performance of operations and the financial position of the Company and all the companies included in the scope of consolidation, as well as a description of the main risks and uncertainties to which they are exposed;
  - for the half-yearly abbreviated financial statements, that the interim report on operations provides a reliable

analysis of the disclosures required by article 154-ter(4) of the Consolidated Law on Finance.

The statutory provisions governing the liability of directors also apply to the manager responsible for preparing the Company's financial reports, in relation to the duties with which he is tasked, with the exception of actions required by the employment relationship with the Company.

Following the resignation, applicable as of the date of the approval of the draft financial statements for the year ended 31 December 2014 and the consolidated financial statements, of Mr Marco Rondelli (then manager responsible for preparing the Company's financial reports, up until 6 March 2015), the Board of Directors, on that same date, nominated the Group Chief Financial Officer and Investor Relator, Mr Sergio Borgheresi, as manager responsible for preparing the Company's financial reports for Datalogic.

Following the appointment of the Company's "new" Board of Directors, at the meeting held on 7 May 2015 the present Board of Directors confirmed the nomination of Mr Borgheresi as the Company's manager responsible for preparing the Company's financial reports.

At the reporting date, the role of manager responsible for preparing the Company's financial reports was held by Mr Stefano Biordi, whose resume is available on the corporate website [www.datalogic.com](http://www.datalogic.com) (see in this regard the section "Changes Following the Close of the Year").

#### **9.8. COORDINATION OF ENTITIES INVOLVED IN INTERNAL CONTROL AND RISK MANAGEMENT**

Coordination of the officers involved in internal control and risk management is ensured through meetings and the constant exchange of information between the entities involved in the "system". Those entities include:

- the committee tasked with internal control and risk management responsibility;
- the director in charge of the internal control and risk management system;
- the head of Internal Audit;
- the manager responsible for preparing the Company's financial reports;
- the Board of Statutory Auditors;
- the independent auditor;
- the Supervisory Body.

Officers and entities are invited to report at meetings of the committee tasked with internal control and risk management responsibility on the basis of the business on the agenda, so as to enable discussion and ensure greater coordination of their work in relation to internal control and risk management.

Finally, at least every six months, the committee tasked with internal control and risk management responsibility reports to the Board of Directors on its work, enabling the Board of Directors effectively to fulfil its guidance role and make an overall assessment of the adequacy of the internal control and risk management system adopted by the Company.

## 10. DIRECTORS' INTERESTS AND RELATED PARTY TRANSACTIONS

Following the introduction of the Consob Regulation on Related-Party Transactions in March 2010, the Company approved its own specific procedure governing transactions with related parties on 4 November 2010 (“TRP Procedure”), with a view to ensuring the transparency and substantive fairness of all transactions performed with such parties.

At its meeting on 24 July 2015, given the favourable opinion of the independent directors, the Board of Directors moved to approve a series of amendments to Datalogic’s TRP Procedure. For further information on transactions with related parties see the updated version of the procedure, available on the corporate website [www.datalogic.com](http://www.datalogic.com).

At the same meeting, the Board of Directors also decided to task the Control, Risk, Remuneration and Appointments Committee with the role and responsibilities of Committee for Transactions with Related Parties of Lesser Significance.

## 11. BOARD OF STATUTORY AUDITORS

The Board of Statutory Auditors is tasked with the oversight of:

- compliance with law and the articles of association;
- observance of the principles of fair management;
- the adequacy of the organisational structure, in relation to its capacities, of the internal control system and the administration and accounting system, as well as the reliability of the latter in providing an accurate representation of operations;
- how the corporate governance rules envisaged by the Corporate Governance Code and formally endorsed by Datalogic are implemented in practice;
- the adequacy of the instructions provided to subsidiaries in relation to disclosure requirements of price-sensitive information.

In accordance with legislative decree 39/2010, the Board of Statutory Auditors oversees:

- a) the financial reporting process;
- b) the effectiveness of the internal control, internal audit and risk management systems;
- c) the statutory auditing of annual accounts and consolidated accounts;
- d) the independence of the independent auditor or independent auditing firm, in particular as concerns the provision of non-auditing services by the latter to the entity subject to the statutory auditing of accounts.

The Board of Statutory Auditors performs its tasks through the powers delegated to it by law, relying on constant access to activity-based information from the Company, also outside the periodic meetings held with the Board of Directors and its committees.

Every quarter (unless otherwise indicated), a Quarterly Corporate Governance Report is submitted to the Board of Statutory Auditors (together with the committee tasked with internal control and risk management responsibility, the members of the supervisory body and the director in charge of overseeing the internal control and risk management system) and the members of the Board of Directors. The quarterly report shows:

- the status of approved transactions with related parties;

- the status of transactions approved by the Board of Directors having a significant impact on the profitability, assets and liabilities and financial position of the Datalogic Group;
- the most significant disputes that may give rise to contingent liabilities (tax claims on a half-yearly basis);
- the main changes introduced to the governance system of the Datalogic Group;
- amendments to the register of persons with access to price-sensitive information (on a half-yearly basis).

In performing its tasks and duties, the Board of Statutory Auditors takes part in all Board of Directors' meeting and Shareholders' Meetings. It also attends committee meetings, where it can discuss issues and coordinate its work, as mentioned earlier, with all the entities involved in the internal control and risk management system.

### **11.1. APPOINTMENT OF STATUTORY AUDITORS**

The Board of Statutory Auditors of Datalogic consists of three standing auditors and three alternate auditors.

In accordance with article 21 of the articles of association, appointments to the Board of Statutory Auditors are made using a "slate voting" system; where at least two (unconnected) slates are nominated, the "minority" slate is assured the appointment of one standing auditor, who will chair the board, and one alternate auditor.

Only shareholders who jointly or severally hold shares with voting rights representing at least 2.5%, the minimum figure contemplated by Consob regulations,<sup>6</sup> of the share capital entitled to vote at the Shareholders' Meeting may nominate slates of candidates for election to the Company's Board of Statutory Auditors. Slates are to be filed at Company headquarters at least 25 days before the scheduled date of the Shareholders' Meeting called to vote on the appointment of the Board of Statutory Auditors; nominating shareholders are required to demonstrate that they hold the necessary number of shares required for the nomination of a slate no later than the deadline set by the Company for the publication of slates, namely 21 days prior to the scheduled date of the Shareholders' Meeting called to vote on the appointment of the board.

If by the deadline for the nomination of slates of candidates for the Board of Statutory Auditors (and for their filing at the Company's headquarters) only one slate has been nominated, or the slates nominated by shareholders prove to be connected as defined by applicable law and regulations in force, the deadline for the filing of additional slates

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<sup>6</sup> See Note 2.

may be extended by three days (i.e., until 22 days prior to the Shareholders' Meeting). In this case, the shareholding threshold required for filing is reduced by half to 1.25% of the share capital entitled to vote at the Shareholders' Meeting.

Slates of candidates nominated for election to the Board of Statutory Auditors will be made available to the public at large at Company headquarters, on the corporate website [www.datalogic.com](http://www.datalogic.com) and through the other channels contemplated by Consob at least 21 days prior to the date of the Shareholders' Meeting.

Slates of candidates must necessarily be divided into two distinct sections:

- (i) a first section (standing auditors) listing one or more candidates, up to a maximum of three (numbered in progressive order) nominated for the office of standing auditor;
- (ii) a second section (alternate auditors) listing one or more candidates, up to a maximum of three (numbered in progressive order) nominated for the office of alternate auditor.

In order to ensure a gender balance within the Board of Statutory Auditors, slates listing three or more candidates, considering both sections, must include candidates of both sexes in the first two positions of the standing auditor section and in the first two positions of the alternate auditor section.

Each shareholder may nominate, or participate in the nomination, of only one slate and may not vote for more than one slate (whether in person, or through a nominee or trust). Shareholders forming a syndicate or who are part of a shareholders' agreement in relation to Company stock may not nominate or vote for more than one slate, whether in person, or through a nominee or a trust.

Each candidate may be nominated on one slate only or will otherwise be deemed ineligible.

Statutory auditors whose term of office is expiring may be re-elected.

Each slate filed is to be signed by the nominating shareholders and must be accompanied by the following documentation:

- information identifying the shareholders nominating the slate and the percentage of the share capital jointly held;
- in the case of a "minority slate" (i.e., a slate nominated by shareholders who severally and jointly do not hold a controlling interest or a relative majority of the share capital), a statement representing that no connection exists between them and the majority shareholders (as required by article 144-*quinquies*

of the Issuers' Regulation). In addition, for the intents and purposes of Consob Communication DEM/9017893 of 26 February 2009, it is recommended that shareholders nominating a "minority slate" should also provide the additional information identified in section 3 of said Consob Communication;

- a statement of acceptance of nomination by each single candidate;
- a statutory declaration from each candidate stating that they satisfy the eligibility and compatibility criteria and all other requirements contemplated for holding office;
- the resume of each candidate, providing comprehensive information on his or her personal experience and professional background and an indication of any other governance offices held in other companies.

Statutory auditors are appointed according to the following process:

- where two or more slates are nominated
  - a) two standing auditors and two alternate auditors, taken as listed in progressive order in the two sections of the slate, are drawn from the slate receiving the highest number of votes cast at the Shareholders' Meeting;
  - b) one standing auditor, appointed chair of the Board of Directors, and one alternate auditor, taken as listed in progressive order in the two sections of the slate, are drawn from the slate receiving the second-highest number of votes at the Shareholders' Meeting.

If two or more slates receive an equal number of votes, the most senior candidate in terms of age is drawn:

- where only one slate is nominated, subject to the approval of the slate by vote of the Shareholders' Meeting, the first candidate listed in the standing auditor section is appointed chair of the Board of Statutory Auditors;
- where no slates are nominated, the Shareholders' Meeting is to elect a Board of Statutory Auditors (and its chair), with the application of the majority thresholds contemplated by law, without prejudice to the gender balance required by law and the eligibility requirements applicable for election to the office of statutory auditor.

Statutory auditors who no longer satisfy the eligibility criteria required by law and the articles of association will forfeit office.

Where a standing statutory auditor is to be replaced, the appointment is given to the alternate auditor belonging to the same slate as the superseded auditor, without prejudice to the provisions for the appointment of the chair of the board and to the gender balance requirement.

Without prejudice to the gender balance requirement contemplated by law, the foregoing procedures for the appointment of the Board of Statutory Auditors envisaged by the articles of association do not apply where the Shareholders' Meeting is called to appoint, in accordance with law, standing and/or alternate auditors and the chair in order to integrate the Board of Statutory Auditors in the event that a statutory auditor is replaced or has forfeited office or where at least one minority slate has not been nominated. In such cases the Shareholders' Meeting is to vote with the application of the thresholds contemplated by article 12 of the articles of association, without prejudice to the right of minority shareholders, where one or more slates of candidates have been nominated by them, to appoint one standing auditor (appointed chair of the Board of Statutory Auditors) and one alternate auditor.

The Shareholders' Meeting sets the fees due to the statutory auditors upon their appointment.

The Board of Statutory Auditors has a term of office of three years, expiring on the date of the Shareholders' Meeting called to approve the financial statements for the third year of its term. Termination of office due to expiry takes effect as of the establishment of a new Board of Statutory Auditors.

## **11.2. COMPOSITION**

The present Board of Statutory Auditors was elected by the Shareholders' Meeting on 23 April 2013 from two slates nominated:

- (i) one by the majority shareholder Hydra S.p.A.;
- (ii) one jointly by the shareholders d'Amico Società di Navigazione S.p.A., Cesare d'Amico and FI.PA. Finanziaria di Partecipazione S.p.A.

The board's term of office will expire upon approval of the financial statements for the year ended 31 December 2015.

The current members of the Board of Statutory Auditors are shown in the table below.

Name	
Mario Fuzzi	<i>Chairman of the Board of Statutory Auditors</i>
Francesca Muserra	<i>Standing auditor</i>
Mario Stefano Luigi Ravaccia	<i>Standing auditor</i>
Stefano Biordi	<i>Alternate auditor</i>
Paola Bonfranceschi	<i>Alternate auditor</i>

For more information see table 3.

An updated resume of each statutory auditor is published on the corporate website [www.datalogic.com](http://www.datalogic.com).

On 29 December 2015, the chairman of the board, Mr Enrico Cervellera, due to his resignation, was replaced by the alternate auditor Mr Mario Fuzzi as chairman of the Board of Statutory Auditors.

Mr Mario Fuzzi will hold the chair until the next Shareholders' Meeting.

At the reporting date, the composition of the Issuer's Board of Statutory Auditors has not undergone any further changes in 2016.

#### **11.2.1. Activities of the Board of Statutory Auditors**

In 2015 the Board of Statutory Auditors held a total of six meetings, with an average duration of approximately one and a half hours.

In terms of meeting attendance, we report:

- The chairman of the Board of Statutory Auditors, Mr Cervellera, attended all the meetings;
- The statutory auditor Mr Ravaccia attended all the meetings;
- The statutory auditor Ms Muserra attended all the meetings.

For the year 2016 the Board of Statutory Auditors has scheduled six meetings; at the reporting date, a total of three meetings have already been held.

In 2015, the Chairman and Chief Executive Officer ensured that all the executive directors (each in their respective capacity) and Datalogic senior management provided in-depth reports at Board of Directors' meeting to the statutory auditors on the sector in which the Issuer operates.

At the Board meetings, as well as at committee meetings, reports were also provided on changes in the legal and regulatory framework of reference.

At its first meeting in 2016, the Board of Statutory Auditors checked that the statutory auditors Mr Ravaccia and Ms Muserra continued to satisfy independence criteria (including the criteria contemplated by the Corporate Governance Code for directors) and that the new chairman, Mr Fuzzi, also satisfied the independence criteria applicable.

## 12. INVESTOR RELATIONS

The Investor Relations function ensures the proper management of relations with financial analysts, institutional investors and Italian and foreign private shareholders.

In accordance with the principles of fairness, clarity and equal access to information, financial statements and documents concerning Datalogic, in particular as concerns inside or price-sensitive information, are disclosed on the corporate website [www.datalogic.com](http://www.datalogic.com).

For all of 2015 and up to 4 March 2016, investor relations were supervised by the Chief Financial Officer, Mr Sergio Borgheresi, in his capacity as Investor Relator.

At the reporting date, the role of Investor Relator was held by Ms Vincenza Colucci (see in this regard the section “Changes Following the Close of the Year”); Ms Colucci’s resume is published on the corporate website [www.datalogic.com](http://www.datalogic.com).

The Governance section of the website [www.datalogic.com](http://www.datalogic.com) provides access to all corporate documents prepared in accordance with laws and regulations in force concerning corporate governance.

### 13. SHAREHOLDERS' MEETINGS

The Shareholders' Meeting represents the entirety of the Company's shareholders. It is responsible for:

- a) the ordinary business of approving the annual financial statements, appointing and removing members of the Board of Directors, appointing the members of the Board of Statutory Auditors and its chair, determining compensation for the directors and statutory auditors, approving the engagement of the independent auditor and assessing the responsibilities of the directors and statutory auditors;
- b) the extraordinary business of approving amendments to the articles of association and extraordinary corporate transactions, such as increases in the share capital, mergers and spin-offs, without prejudice to the capacities reserved to the Board.

For further information on meeting procedures, shareholders' rights and how those rights can be exercised, see the Issuer's articles of association, available on the corporate website [www.datalogic.com](http://www.datalogic.com).

#### **Shareholders' meetings in 2015**

In 2015 only one Shareholders' Meeting was called, held on 28 April.

The (i) Notice of Call, (ii) Minutes of the Shareholders' Meeting, (iii) a summary of voting outcomes, (iv) documents, reports and proposed resolutions submitted to the shareholders, and (v) the media release issued by the Company on the outcomes of the Shareholders' Meeting are all published on the corporate website [www.datalogic.com](http://www.datalogic.com).

## 14. CHANGES FOLLOWING THE CLOSE OF THE YEAR

On 4 March 2016, following the Board's approval of the annual financial report at 31 December 2015, Mr Sergio Borgheresi tendered his resignation from the company to pursue a new career opportunity in the private equity sector.

The Company is currently searching for a new Group CFO; on 4 March 2016, Mr Stefano Biordi was appointed interim Group CFO.

Also on 4 March 2016, with the endorsement of the Board of Statutory Auditors, the Board of Directors delegated to Mr Biordi the role (and responsibilities) of manager in charge of preparing the Company's financial reports.

Mr Biordi is a chartered accountant and auditor with over twenty years of experience in the statutory auditing of accounts and tax and corporate advisory. His extensive expertise of the "corporate" sector is built on the numerous positions he has held over his career as a consultant and statutory auditor in major corporations and industrial groups.

Mr Biordi's resume is published on the Company's corporate website [www.datalogic.com](http://www.datalogic.com).

Ms Vincenza Colucci was instead appointed Investor Relator; her resume is also published on the corporate website [www.datalogic.com](http://www.datalogic.com).

## 15. TABLE 1a: OWNERSHIP STRUCTURE

	No. shares	% of share capital	Listing
Ordinary shares	58,446,491	100%	Listed on the STAR segment of the electronic stock market organised and managed by Borsa Italiana S.p.A.

## 16. TABLE 1b: SIGNIFICANT SHAREHOLDINGS

Declarer or entity at the top of the shareholding chain	Direct shareholder		% of voting share capital				% of ordinary share capital				
	Company	Status	% share	of which no voting rights attached				% share	of which no voting rights attached		
				% share	voting rights held by		% share		% share	voting rights held by	
					Entity	% share				Entity	% share
HYDRA SPA	HYDRA SPA	Owner	66.962	0.000			66.962	0.000			
		<i>Total</i>	66.962	0.000			66.962	0.000			
	<i>Total</i>		66.962	0.000			66.962	0.000			

Note:

Information concerning shareholders that directly or indirectly hold ordinary shares representing more than 2% of the share capital with voting rights at the ordinary shareholders' meetings of the Company has been sourced from the Consob website.

The information published by Consob on its website, based on the disclosures made by entities subject to the disclosure obligations contemplated by article 120 of the Consolidated Law on Finance and by the Issuers' Regulation, may differ from the actual situation due to the fact that the obligation to disclose changes in the percentage of share capital held does not arise simply from a change in the percentage held but only when the shareholding "rises above" or "falls below" the thresholds set forth in article 117 of the Consob Issuers' Regulation.

**17. TABLE 2: STRUCTURE OF THE BOARD OF DIRECTORS AND ITS COMMITTEES**

Board of Directors													Control & Risk Committee (5)		Remuneration & Appt. Committee		Joint Committee (3)		Independent directors
Office	Members	Date of birth	Date of first appt.	In office from	In office until	Slate **	Exec.	Non-exec.	Indep. CG Code	Indep. CL Finance	Other offices *** (4)	(*)	(*)	(**)	(*)	(**)	(*)	(**)	(*)
Chairman and Chief Executive Officer	Romano Volta • ◊	15/02/1937	2001	28/04/2015	31/12/2017 (app. of financial statements)	Maj. (2)	X	-	-	-	1	9/9	-	-	-	-	-	-	-
Managing Director	Carlo Aversa	30/04/1959	2015	28/04/2015	31/12/2017 (app. of financial statements)	Maj. (2)	X	-	-	-	-	6/6	-	-	-	-	-	-	
Director	Valentina Volta	13/06/1978	2001	28/04/2015	31/12/2017 (app. of financial statements)	Maj. (2)	X	-	-	-	2	9/9	-	-	-	-	-	-	
Director	Luigi Di Stefano	25/05/1963	2009	28/04/2015	31/12/2017 (app. of financial statements)	Maj. (2)	-	X	X	X	-	6/6	-	-	-	-	4/4	M	2/2
Director	Pier Paolo Caruso	29/06/1966	2001	28/04/2015	31/12/2017 (app. of financial statements)	Maj. (2)	-	X	-	-	-	9/9	-	-	-	-	-	-	
Director	Pietro Todescato	09/11/1954	2014	28/04/2015	31/12/2017 (app. of financial statements)	Maj. (2)	X	-	-	-	-	7/9	-	-	-	-	-	-	
Director	Gaia Mazzalveri ◊	14/05/1970	2015	28/04/2015	31/12/2017 (app. of financial statements)	Maj. (2)	-	X	X	X	-	6/6	-	-	-	-	4/4	C	2/2
Director	Maria Filippo Volta	01/03/1984	2012	28/04/2015	31/12/2017 (app. of financial statements)	Maj. (2)	-	X	-	-	1	9/9	-	-	-	-	4/4	M	-
-----DIRECTORS SUPERSEDED DURING THE REPORTING YEAR-----																			
Director	Gianluca Cristofori	18/03/1965	2009	24/04/2012	28/04/2015	Maj. (1)	-	X	X	X	-	2/3	2/2	P	2/2	M	-	-	-
Director	Emanuela Bonadiman	13/04/1963	2012	24/04/2012	28/04/2015	Maj. (1)	-	X	X	X	-	2/3	2/2	M	2/2	P	-	-	-
No. of meetings held in the reporting year prior to the appointment of the “new” Board: 3						Control & Risk Committee (5): 2				Remuneration & Appt. Committee: 2				Joint Committee (3): 4				Ind. director 2	
No. of meetings held in the reporting year after the appointment of the “new” Board: 6																			
Threshold required for the nomination of slates for the election of one or more members of the Board of Directors (as per art. 147 of Consolidated Law on Finance): 2.5%																			

## NOTE

The symbols shown below are to be inserted in the column "Office":

• Director tasked with internal control and risk management responsibility.

◇ Highest management officer of the Issuer (Chief Executive Officer or CEO).

○ Lead Independent Director (LID).

\* The date of first appointment is given by the year in which the director was appointed for the first time to the Issuer's Board of Directors. The starting point was taken as the year of the Issuer's listing on the stock exchange (2001).

\*\* The slate from which each director was elected ("Maj.": majority slate; "Min.": minority slate; "BoD": slate nominated by the Board of Directors).

\*\*\* Number of governance offices held by the person in other companies listed on regulated markets, (also internationally) or in finance companies, banks, insurance companies or corporations of significant size. Offices are to be indicated in full in the Report on Corporate Governance.

(\*) Attendance rate of directors at Board meetings and committee meetings (indicate the number of meetings attended out of the total number which could have been attended; e.g., 6/8, 8/8, etc.).

(\*\*) Status of the director in the committee: "C": Chair; "M": Member.

(1) The Board of Directors was appointed by the Shareholders' Meeting of 24 April 2012 from a single slate of candidates nominated by the majority shareholders Hydra S.p.A.

(2) The Board of Directors was appointed by the Shareholders' Meeting of 28 April 2015 from a single slate of candidates nominated by the majority shareholders Hydra S.p.A.

(3) At the Board meeting held on 24 July 2015, the Board of Directors tasked the Control, Risk, Remuneration and Appointments Committee with the role and responsibilities of Committee for Transactions with Related Parties of Lesser Significance.

(4) Other roles covered by the same group have been considered a single role.

(5) At the Board meeting held on 24 April 2012, the Board of Directors tasked the Control and Risks Committee with the role and responsibilities of Committee for Transactions with Related Parties.

## 18. TABLE 3: STRUCTURE OF THE BOARD OF STATUTORY AUDITORS

Board of Statutory Auditors									
Office	Members	Date of birth	Date of first appointment *	In office from	In office until	Slate **(1)	Indep. CG Code	Attendance at Board of Statutory Auditors' meetings ***	No. of other offices ****
Chairman	Mario Fuzzi	08/05/1962	2013	29/12/2015 (2)	31/12/2015 (app. of financial statements)	Maj.	X	-	-
Standing auditor	Mario Stefano Luigi Ravaccia	12/03/1969	2007	23/04/2013	31/12/2015 (app. of financial statements)	Maj.	X	6/6	9
Standing auditor	Francesca Muserra	14/05/1965	2013	23/04/2013	31/12/2015 (app. of financial statements)	Maj.	X	6/6	9
Alternate auditor	Stefano Biori	20/08/1964	2007	23/04/2013	31/12/2015 (app. of financial statements)	Maj.	-	-	-
Alternate auditor	Paola Bonfranceschi	12/07/1962	2013	23/04/2013	31/12/2015 (app. of financial statements)	Maj.	-	-	-
-----STATUTORY AUDITORS SUPERSEDED DURING THE REPORTING YEAR-----									
Chairman	Enrico Cervellera	27/02/1941	2013	23/04/2013	29/12/2015	Min.	-	6/6	-
Number of meetings held during the reporting year: 6									
Threshold required for the nomination of slates for the election of one or more members (as per art. 148 Consolidated Law on Finance): 2.5%									

### NOTES

\* The date of first appointment is given by the year in which the director was appointed for the first time to the Issuer's Board of Directors. The starting point was taken as the year of the Issuer's listing on the stock exchange (2001).

\*\* The slate from which each statutory auditor was elected ("Maj.": majority slate; "Min.": minority slate).

\*\*\* Attendance rate of statutory auditors at Board of Statutory Auditors' meetings (indicate the number of meetings attended out of the total number which could have been attended; e.g., 6/8, 8/8, etc.).

\*\*\*\* Number of governance offices held by the person in other companies in accordance with art. 148-bis of the Consolidated Law on Finance and the implementing provisions set forth in the Consob Issuers' Regulation. The full list of offices is published on the Consob website in accordance with art. 144-quinquiesdecies of the Consob Issuers' Regulation.

(1) The present Board of Statutory Auditors was elected by the Shareholders' Meeting of 23 April 2013 from two slates of candidates nominated by the majority shareholder Hydra S.p.A. and jointly by the shareholders d'Amico Società di Navigazione S.p.A., Cesare d'Amico and FLPA. Finanziaria di Partecipazione S.p.A.

(2) Appointed following the resignation of Mr Cervellera.