

Annual report of the Board of Directors on the Corporate Governance model adopted by Bulgari S.p.A. in compliance with the recommendations of the Self-Regulation Code

IA.2.12 Instructions accompanying the Market Rules

3th item on the agenda

General Meeting of 16/4/2009

Shareholders,

At the meeting of 11 March 2009, the Board of Directors of Bulgari S.p.A. decided to update the report already made available upon the approval of the individual and consolidated financial statements at 31 December 2007 providing a new report comparing the corporate governance rules of Bulgari S.p.A. and the provisions contained in the new Self-Regulation Code of Listed Companies (the “Code”) published by Borsa Italiana in March 2006.

In this report, Bulgari S.p.A. provides a brief description of the corporate governance system adopted, indicating the elements deemed to be relevant for a correct understanding of the same, in accordance with the requirements of the law and CONSOB regulations.

Bulgari S.p.A. is the holding company that owns the Bvlgari brand, which is granted under license to commercial companies for the management of the single-brand Bvlgari stores in Italy and in the rest of the world. Besides holdings in commercial companies, Bulgari S.p.A. holds all the shares of the companies undertaking activities of production and distribution of watches, jewellery, perfume and accessories with the Bvlgari brand name. For an overall view, reference is made to the attached structure of the Group at 31.12.2008.

Bulgari S.p.A. is a company listed on the regulated Italian stock market and as such acts in compliance with the law and regulations issued from time to time. In particular, there is significant attention to transparency of the shareholders’ market, implemented by the publication of press releases illustrating the most economically important transactions and periodical accounting results.

Information on ownership structure (pursuant to Art. 123-II Finance Consolidation Act (TUF))

The share capital, subscribed and paid in, of Bulgari S.p.A., amounted on 31/12/2008 to Euro 21,044.086,70 divided into 300,626,810 ordinary shares with a value of Euro 0.07 each.

On the date of the drawing up of this report, the shareholders with stakes exceeding 2%, according to the communications received pursuant to Art. 120 TUF, were as follows:

✓ UNIONE FIDUCIARIA SPA	51.29% of which :
○ Paolo Bulgari	23.45%
○ Nicola Bulgari	23.45%
○ Francesco Trapani	4.39%
✓ HARRIS ASSOCIATES Lp	5.005%
✓ OPPENHEIMERFUNDS INC.	2.103%

The shareholders Messrs. Paolo Bulgari, Nicola Bulgari and Francesco Trapani have signed a blocking and voting syndicate, duly notified in detail to the CONSOB in the original text and in the subsequent amendments, within the required terms, and in the text in force, deposited and registered at the Rome Company Register on 27 July 1998 pursuant to the combined effects of Art.122 and 207 of Italian Legislative Decree 24 February 1998 No. 58 and subsequent provisions in this regard;

on 31/12/2007 this Blocking and Voting Syndicate is binding on No. **154,186,348** ordinary shares equivalent to approximately **51.29%** of the Share Capital (of which No. 70,490,000 owned by Mr. Paolo Bulgari, No. 70,490,000 owned by Mr. Nicola Bulgari and No. 13,206,348 owned by Mr. Francesco Trapani) of which Unione Fiduciaria S.p.A. is in charge under an appointment made by the participants in the syndicate, also for purposes of exercising the connected rights.

The General Meeting of 18 April 2008 authorised the Chairman of the Board of Directors and the Managing Director to separately proceed, within 18 months from the date of the resolution by the meeting, for the purchase of own shares, for a total number not exceeding 15.400.000, at a unit purchase price between a minimum of 5 Euro and a maximum 18 Euro for each share, and in any case, within the limits of the profits available for distribution and the reserves available resulting from the last approved financial statements; purchase shall take place on the Stock Market pursuant to Art. 132 of Consolidation Act (TU) 58/1998 and with the procedures and times set forth in Art. 4.1.2 of the Rules of Markets Organised and Managed by Borsa Italiana S.p.A.

On 31/12/2008 Bulgari S.p.A. hold not own shares in its portfolio.

The Board of Directors, role and composition; remuneration of directors

The organisational structure of Bulgari S.p.A. is based on the traditional model in which corporate management is assigned exclusively to the Board of Directors, the central body in the corporate governance system, with a leading role in the strategic guidelines, and the transparency and correctness of the management choices within the Company and with regard to the market.

Supervisory functions are attributed to the Board of Statutory Auditors and accounting control functions to the auditing company appointed by the General Meeting. The Board of Directors has a key role in the definition of the Group strategies, assigns and revokes the roles delegated to the managing director and determines the remuneration of the managing director and the other directors with special duties. The Board supervises the general processes of management taking into account, in particular, the information received by the Managing Director, periodically comparing the results achieved with those planned. Following the recent formalisation by the company of the procedure for regulating the transactions with related parties, as illustrated below, the Board examines and approves in advance the most important operations of the Company and its subsidiaries, as specified in such Procedure.

The Board, even if not required by the Articles of Association, shall generally convene at least on a quarterly basis in line with the provisions of the Self-Regulation Code and in any case whenever required to do so in the interest of the Company, when an operation of strategic importance for the Company or for the Bulgari Group must be approved, or when it exceeds, in subject or value, the limits of the role delegated to the Managing Director and the Chairman of the Board. The meetings of the Board are planned on the basis of a calendar approved at the beginning of the year to favour the maximum participation of directors in the meetings.

In 2008, 9 meetings of the Board of Directors were held. Managers of the Company or external persons, when deemed suitable, participate in the meetings of the Board of Directors in order to provide a specialised contribution to the subjects discussed.

The Company informed the market, in November 2008, of the calendar of corporate events for the year 2008 with indication of the dates of the Board meetings for the approval of economic and financial data, for analysis of the preliminary results at 31 December 2008 and at 30 June 2009 as well as of the Annual General Meeting.

The documentation regarding the subjects discussed in each Board meeting is promptly sent to all the Board members, save for cases of necessity and urgency; the directors shall receive the documentation and information necessary to enable the Board to take decisions with the awareness of the subjects submitted for its evaluation.

The Company Articles of Association (Art. 12) already provides, in accordance with the provisions introduced in 2006 by the law on the Protection of Savings, that the appointment of the members of the Board of Directors shall take place by using the “list vote” system. In applying this mechanism, the Board of Directors is appointed on the basis of lists presented by the shareholders, deposited at the registered office of the Company and published on a nationally distributed newspaper at least 15 days before the holding of the General Meeting. Each candidate for the office of Director is required to deposit a declaration of acceptance of the candidacy and certification that there are no causes for non-eligibility and incompatibility; moreover, for each candidate, a curriculum vitae is deposited, containing their personal and professional characteristics, with the declaration of being independent, as the case may be, and the indication of the roles of directorship and control in companies other than those of the Bulgari Group.

The mechanism of the list vote has the aim of ensuring that the Board of Directors has candidates of the so-called minority shareholders. The threshold for the presentation of the lists of candidates is already set by the Articles of Association at 2.5% of the share capital with voting rights in the ordinary General Meeting, save for a different percentage determined at the maximum allowed by the law, regulations or decrees.

The Board, on the basis of the information received from the directors, annually announces and publishes, in the report on corporate governance, the directorships or memberships of other Boards of Statutory Auditors of the directors in these companies.

This system is not the result of provisions of the Articles of Association, but rather of consolidated corporate practice.

The composition of the Board of Directors complies with the recommendations of the Stock Market Self-Regulation Code, guaranteeing both the number and the authoritativeness of non-executive directors whose opinion may have a significant weight in the taking of Board decisions, and ensuring an adequate number of independent directors. In this regard the Board has complied with the indications of the Code on the notion of the independence of directors, except for the criterion stated in point 3.C.1 letter e) according to which persons who have been directors of the issuer for over nine years in the past twelve years cannot be deemed to be independent. The Board has determined that this criterion as such is not a factor causing the lack of independence of the director. The Board has not deemed it necessary to appoint within the Board a “lead independent director”, since the independent directors participate assiduously and actively in the meetings of the Board and the work of the internal committees.

The General Meeting of 18 April 2008, with the majority required by law, appointed Engineer Paolo Cuccia, already co-opted by the Board of Directors, to replace the director Vito Varvaro who resigned for reasons of professional incompatibility.

There follows the composition of the Board of Directors at 31 December 2007 and the positions held by the directors in other listed companies, financial, banking or insurance companies or companies with a relevant size:

- Paolo Bulgari (Chairman)
- Nicola Bulgari (Vice Chairman)
- Francesco Trapani (Managing Director)
- Claudio Costamagna - director in Luxottica SpA and DEA Capital S.p.A.
- Paolo Cuccia – chairman of EUR S.p.A., Vice President of Gambero Rosso and chairman of the Supervisory Board of Bocconi MBA Alumni)
- Giulio Figarolo di Gropello
- Claudio Sposito - Chairman and Managing Director in Clessidra Sgr S.p.A. and in Clessidra Infrastrutture Sgs S.p.A., Director of Moby S.p.A., Director of Investimenti Infrastrutture S.p.A., a company owning a qualified holding in Gemina S.p.A., and finally, director in Aeroporti di Roma S.p.A.

On the basis of the statements made by the persons concerned, the majority of Directors (4 directors out of 7): Giulio Figarolo di Gropello, Claudio Costamagna, Claudio Sposito and Paolo Cuccia, are currently considered to be independent pursuant to the Self-Regulation Code (save for what is stated in this regard in criterion 3.C.1 letter e)) and the laws regarding the independence of the auditors.

The composition of the Board of Directors is likewise in compliance with the provisions of the new law on savings with regard to the presence of at least one Director having the requisites of independence set forth in Italian Legislative Decree No. 58/1998, as amended by the law on savings, for auditors.

The Board of Directors has made the suggested process of self-assessment of its performance and independence of its members resulting in a positive assessment on the size, composition and functioning of the Board itself and its Committees as well as on the independence of the directors.

The curricula of the directors holding office are available on the company website at www.bulgari.com, Shareholders Info section.

The members of the Board of Directors receive an annual fee, set by the General Meeting for the entire period of duration of the office, as well as the reimbursement of expenses incurred in relation to their appointment. The Board, after examining the opinion of the Board of Statutory Auditors, shall determine the remuneration of the directors holding particular positions.

The Chairman and Managing Director periodically refer to the Board in relation to the most important economic and financial operations. The Chairman and Managing Director separately summon and co-ordinate the meetings.

The Managing Director, with the help of other directors and external consultants, ensures that the Board is informed about the main legislative and regulatory innovations regarding the Company and the corporate bodies, and provides for the management of confidential information and the disclosure of price-sensitive information to third parties in compliance with the CONSOB regulations and the relevant corporate procedures as indicated below in the specific paragraph of this report.

In this regard, all the directors are urged to ensure that documents and information acquired in the undertaking of their tasks remain confidential.

Ample powers of ordinary and extraordinary administration are conferred on the Chairman of the Board of Directors and the Managing Director and are exercised with free and individual separate signature, in all of the Company's sectors of activity. The delegation of the Chairman's powers, similar to those of the Managing Director, guarantees that there can at no time be any "vacancy" of management in case the Managing Director is unable to exercise his powers.

In addition to the powers attributed on an exclusive basis in Art. 2381 of the Italian Civil Code, the following powers shall remain exclusively with the Board of Directors:

- When the commitment exceeds thirty (30) million Euro (or the equivalent in another currency) for each single operation, buying and selling shareholdings, setting up new companies or associations in Italy and abroad, undertaking operations on the capital of new or already existing companies;
- When the commitment exceeds thirty (30) million Euro (or the equivalent in another currency) for each single operation, stipulating borrowing operations and issuing guarantees;
- Acquiring goods and services, when the commitment exceeds two (2) million Euro (or the equivalent in another currency) for each single operation;
- Buying and selling real estate, except for operations with controlled companies, directly or indirectly;
- Granting and disposing of licenses for trademarks, names and rights on intellectual property and inventions belonging to the company, except for temporary granting of the same.

Moreover, the Board:

- ✓ Elects from among its members the Chairman and Vice Chairman and a Secretary, who may

- also not be a Shareholder or Director.
- ✓ Elects from among its members the Managing Director, delegating to the latter, individually and separately from other Directors, wholly or partially, their attribution, and determining the powers and possible areas or sectors of jurisdiction and fees, within the limits set forth in Art. 2381 of the Italian Civil Code.
 - ✓ Determines the remuneration of the Executive Directors and those who hold particular positions, pursuant to Art. 2389, para. 2 of the Italian Civil Code;
 - ✓ Assigns and revokes delegations issued to parties not forming part of the Board, such as Central Directors and/or Company Top Managers, defining the limits and operational procedures;
 - ✓ Through the Chairman, refers to the shareholders in the General Meeting.

Remuneration Committee and Committee for proposed appointments of directors.

The Remuneration Committee is composed by directors Claudio Sposito, with functions of Chairman, Paolo Cuccia and Giulio Figarolo di Gropello, all independent and non-executive directors.

In 2008, the Committee met three times in order to propose to the Board of Directors, on the basis of the indications provided by directors delegated for this purpose, the adoption of general criteria for the remuneration of managers with strategic responsibility, overseeing, on the basis of the information provided by the directors appointed for this purpose, their application and also proposing general recommendations to the Board of Directors on possible stock option plans to approve or shares to assign (under stock option plans already approved) to Company and Group directors and managers.

During Board resolutions for assigning to the Managing Director and employees of the Company and/or the Group options for the subscription of shares resulting from capital increases approved by Extraordinary General Meetings of the Company, the Remuneration Committee has confirmed, also in 2008, their opinion in favour of the use of stock options as an element for the remuneration of the Company's top management.

The remuneration parameters of the Managing Director refer to the economic results of the Group, since they also consist of a variable amount proportional to the consolidated net profit of the Group; he may likewise benefit from stock option plans approved by Extraordinary General Meetings of the Company, after also consulting the Remuneration Committee.

The company has not set up a Committee for proposed appointments to the office of Director, considering the nature of the Company shareholding, in which there has never been any difficulty in identifying candidates.

There follow the fees received by the members of the Company Board of Directors in 2008, as shown in the draft financial statements deposited at the same time as this report:

- Paolo Bulgari: Euro 255,000 (also including fees for particular mandate)
- Nicola Bulgari: Euro 178,000
- Francesco Trapani: Euro 2,380,000
- Claudio Costamagna: Euro 45,000 (plus Euro 30,000 as Chairman of the Internal Audit Committee)
- Giulio Figarolo di Gropello: Euro 45,000 (plus Euro 10,000 as member of the Remuneration Committee and Euro 20,000 as member of the Internal Audit Committee)
- Claudio Sposito: Euro 45,000 (plus Euro 10,000 as member of the Remuneration Committee)
- Vito Varvaro: Euro 45,000 (plus Euro 10,000 as member of the Remuneration Committee and Euro 20,000 as member the Internal Audit Committee)

In 2007, an agreement was stipulated between the company and the Managing Director for the purpose of regulating the assignment to the same of a special premium or indemnity in the case of revocation of his office or duties delegated to him without proper cause to an extent equivalent to the gross amount calculated by multiplying by twenty-eight the monthly average of all the fees received by the Managing Director in the 24 months of activity previous to the date of revocation of his office or duties delegated to him.

Internal audit system

The internal audit system is the set of rules, procedures and organisational structures aimed at allowing, through an adequate process of identification, measurement, management and monitoring of the main risks, the management of a healthy and correct enterprise in accordance with the set objectives.

The internal audit system helps to guarantee the adequacy of the corporate processes in terms of effectiveness, efficiency and good economic management, to guarantee the reliability and correctness of financial information and the safeguarding of the company assets, and to ensure compliance with external and internal regulations.

The Board of Directors has defined the guidelines of the internal audit system, in such a way that the main risks affecting Bulgari S.p.A. and its subsidiaries are correctly identified, as well as adequately measured, managed and monitored, likewise determining criteria for the compatibility of these risks with a healthy and correct management of the company. The Board of Directors likewise assesses the adequacy of the internal audit system with respect to the characteristics of the company.

For this purpose, the Board utilises the Internal Audit Committee, and the Person in charge of Internal Audit, who is the person responsible for the Internal Audit office and the Supervisory Body provided for by Italian Legislative Decree 231/2001.

Internal Audit Committee

The Board of Directors has set up the Internal Audit Committee, composed by directors Claudio Costamagna (acting as Chairman)^{1*}, Giulio Figarolo di Gropello and Paolo Cuccia, all non-executive directors and independent with respect to corporate ownership and management, and having adequate experience in the accounting and financial sector. By consolidated practice these meetings are attended by the entire Board of Statutory Auditors, the Managing Director and the Person in charge of Internal Audit, as well as, upon invitation by any member of the Committee, officials, managers and/or consultants of the Company.

The Committee, besides assisting the Board of Directors in the activities stated in the previous paragraph and the Managing Director in the activity of management and co-ordination of the activities of the Internal Audit office, undertakes the following tasks: (i) examines the working plan prepared by the Person in charge of internal audit and receives the latter's periodical reports; (ii) assesses, together with the manager in charge of drawing up the corporate accounting documents and the auditors, the correct use of accounting principles and their homogeneity for purposes of the drawing up of the consolidated financial statements; (iii) assesses the proposals formulated by the auditing company to obtain the auditing appointment, as well as the working plan drawn up for auditing and the results shown in the report and in any letter of suggestions; (iv) supervises the effectiveness of the auditing process; (v) examines the monitoring of the Organisational, management and control model pursuant to Italian Legislative Decree 231/01; (vi) refers periodically to the Board of Directors regarding the activity undertaken and the adequacy of the internal audit system; (vii) undertakes the other tasks assigned by the Board of Directors.

* effective from January 1 st 2009 Paolo Cuccia is chairman of the Internal Audit Committee replacing the role played by Claudio Costamagna who still remains member of the Committee.

In 2008, the Internal Audit Committee met five times and examined the following main topics: (i) the audit plan drawn up by the person in charge of the Internal Audit office; (ii) the internal auditing activities undertaken and their results; (iii) the “Letter to the Management” on the internal audit system and the administrative and accounting procedures, issued by the auditing firm KPMG S.p.A. on the auditing of the Bulgari Group at 31 December 2007; (iv) the activities defined by the Manager in charge of modifications of the “Provisions for the Safeguarding of Savings and the Regulations of Financial Markets” (L. 262/05); (v) planning, drawn up by the auditing firm KPMG S.p.A., for auditing of the financial statements of the Bulgari Group companies and of the consolidated financial statements at 31 December 2008; (vi) information on the activity undertaken by the Supervisory Body, set up pursuant to Italian Legislative Decree 231/01, of Bulgari S.p.A.

Person in charge of Internal Audit

The person responsible for the Internal Audit office as Person in charge of Internal Audit has the task of verifying that the internal audit system is always adequate, fully operational and functional; reports on a hierarchical basis to the Managing Director, is not responsible for any operational department and has no limitations of hierarchical dependence on persons in charge of operational departments. The Person in charge has direct access to all the documentation and information necessary for undertaking their functions and has adequate means for undertaking these activities. The Person in charge reports on his actions to the Managing Director, the Internal Audit Committee and the Board of Statutory Auditors.

Organisational, management and control model pursuant to Italian Legislative Decree 231/2001

Italian Legislative Decree 231/2001, containing “*Rules for the administrative responsibility of legal persons, companies and associations, including those which are not legal persons*” introduced a type of administrative responsibility in the Italian legal system for companies in the case of offences committed in the interest or to the advantage of the companies by Directors, Managers or Employees.

In 2005, the Board of Directors approved an Organisational, Management and Control Model pursuant to Italian Legislative Decree 231/2001, and has appointed a collegial body as Supervisory Body, consisting of three members: two external members, expert in legal matters (Professor Bruno Assumma - Lawyer, acting as Chairman, and Cristiano Fava - Lawyer) and by the person in charge of Internal Audit (Mrs. Lucilla Marchetti). The Model was also approved on the basis of the guidelines developed with regard to category associations and with the help of external consultants. The Supervisory Body, endowed with powers of initiative and control, has the task of updating the Model in relation to any changes in the relevant regulations and/or the organisational structure of the Company, of supervising the functioning and compliance with regulations, and promoting their knowledge by the staff. These activities are aimed at the constant verification of the effectiveness and the suitability of the Model.

In 2008 the Supervisory Body met six times and reported on its activities to the Board of Directors and the Internal Audit Committee. With reference to that year, the Supervisory Body updated the Model in relation to the legislative and organisational changes that have occurred.

Auditing Company

With reference to financial years **2009, 2010 and 2011**, **KPMG S.p.A.** is the company in charge for (i) the auditing of the financial statements of Bulgari S.p.A. and the consolidated financial statements of the Bulgari Group; (ii) the verification, during the year, of the due recording of the accounts and of the correct recording of management acts in the accounts of Bulgari S.p.A., as well as (iii) the limited scope auditing of the consolidated half-year report of the Bulgari Group.

The appointment shall expire with the approval of the financial statements at 31 December 2011.

Manager in charge of drawing up the corporate accounting documents

Mr. Alberto Nathansohn, Central Director of Administration, Finance and Control of the Company, is the Manager in charge of drawing up the corporate accounting documents

During 2008 the Company completed the project to confirm the development, implementation and effective functioning of the administrative and accounting procedures of the Company and the Group, in order to guarantee the issue of the corresponding certification by the Managing Director and the Manager in charge.

In the context of this project, the key checking elements to guarantee the reliability and correctness of past accounting data on the assets, economic and financial situation of the company have been analysed and checked. The checking activities were undertaken on a sample basis.

Operations with related parties

The company has adopted rules and principles of behaviour concerning the procedures for the approval and undertaking of the operations performed by the issuer or its subsidiaries, with related parties (as defined in international accounting principles IAS 24 and identified by CONSOB Communication No. 2064231) and has defined, in particular, the specific operations that must be approved by the Board of Directors, also with the assistance of independent experts providing fairness opinions or legal opinions should this be required by the value or other characteristics of the operations with related parties, in order to prevent these operations from being agreed under conditions other than those that would likely have been negotiated between non-related parties. The same procedure states that should directors of the Company have an interest in operations with related parties undertaken by the Company or also through a subsidiary company, they are required to promptly and completely inform the Board about the existence of the interest and its circumstances, even if potential and indirect, leaving any decisions on this operation to the Board and leaving the Board meeting when the decision is voted.

This procedure will be revised concurrently with the publication by CONSOB of the new rules to ensure transparency and substance correctness in the performance by a listed company of operations with related parties.

Board of Statutory Auditors

The Articles of Association, in compliance with the provisions of Consolidation Act (TU) 58/1998, provide for the “list vote” mechanism for the appointment of the members the Board of Statutory Auditors, in order to guarantee the presence of representatives of minority shareholders on this body. By express provision of the Articles of Association, the proposals for appointment are deposited at the registered office of the company at least 15 days before the General Meeting, accompanied, by consolidated practice, by the curriculum vitae of each candidate. At the time of appointment of the auditors and before the acceptance of the appointment, the Meeting is informed of the administration and auditing offices held by the members the Board of Statutory Auditors in other companies. The Auditors are informed on an approximately quarterly basis of the operations of greatest economic and financial importance.

The Shareholders meeting of April 18th 2008 elected the new Board of Statutory Auditors appointing as Standig Auditors Eugenio Pinto, Maurizio De Magistris and Gerardo Longobardi and as Alternate Auditors Tiziano Onesti and Mario Civetta (all with a PhD degree in accounting and registered in the special register of auditors).

As already observed in relation to the requirements of independence of the directors, the current members of the Board of Statutory Auditors are also considered independent on the basis of the requisites set forth by the New Stock Market Self-Regulation Code, with express derogation of letter e) of principle 3C.1 as not being considered binding.

In 2008, the Board of Statutory Auditors duly attended the meetings of the Internal Audit Committee.

In relation to other positions held by the Standing Auditors in other listed companies also in regulated foreign markets or in companies of relevance (not belonging to the Bulgari Group), it is recalled that:

- Eugenio Pinto holds the office of member of the Statutory Board in the companies: Alleanza Assicurazioni S.p.A. (listed company) Gemina S.p.A., Ansaldo S.p.A. and Anas S.p.A; he also plays the role of Chairman of the Statutory Board in Sofid S.p.A. and Stogit S.p.A. both companies belonging to the ENI Group.
- Maurizio De Magistris holds the office of Chairman of the Board of Statutory Auditors in the companies: Terminale GNL Adriatico Srl and Intralot Italia S.p.A. and of Standing Auditor in Bredamenarinibus S.p.A. and Selex Sistemi Integrati S.p.A.
- Gerardo Longobardi holds the office of Chairman of the Statutory Board in the companies: HID S.p.A., ADC Krone Srl, Alisarda Srl. He also plays the role of member of the Statutory Board in AIRFIN S.p.A. in liquidation, Intercontinental S.p.A. and in the Agenzia per il controllo e la qualità del Comune di Roma. Lastly he is also member of the board of directors in KOINOS COOP. INFORM. ORG. SERV. Dottori Commercialisti.

In the context of their activities, the auditors may ask the Internal Audit office to conduct checking of specific operational departments or company operations.

The Board of Statutory Auditors and the Internal Audit Committee promptly exchange information relevant for undertaking their respective tasks.

Relationships with the financial community

Within the Administration, Finance and Control sector, a specific corporate function has been created to favour constant dialogue with the shareholders as a whole and in particular with institutional investors.

There is a special section in the website (<http://ir.bulgari.com>) dedicated to financial and legal communication, showing – with indication of the latest updates – the presentations distributed in meetings with the financial community, texts of press releases, the calendar of the major corporate events, the documentation on individual and consolidated financial statements for recent years, the quarterly and half-year reports as well as all the reports of the Board on the topics submitted for approval by the General Shareholders' Meeting of the Company. This section also publishes the updated version of the Company Articles of Association, the Regulations of the Shareholders' Meetings, the composition of the corporate bodies and information on corporate governance.

A mailing list is active in order to allow receipt of interesting documentation. Moreover the Company has dedicated to institutional investors and financial analysts who wish to receive information on the strategies and/or operational financial performance of Bulgari S.p.A. and the Group, an e-mail address investor.relations@bulgari.com.

Also in 2008, the Company periodically organised meetings with the financial community.

The Company complied with the principles contained in the “Guidelines for Information to the Market” issued by Borsa Italiana S.p.A. as well as the “Inside Information” procedure as stated below.

The press releases on decisions for the approval of the financial statements, the half-year report, the quarterly report, as well as extraordinary decisions or operations subject to the approval of the Board, are submitted in advance for assessment and approval of the Board of Directors, or when this is not practically possible, for assessment and approval by the Managing Director.

The communications and relationships with the press and with institutional and private shareholders are undertaken by the following: External Relations (Mr. Paolo Piantella – paolo.piantella@bulgari.com, tel. +39.06.68810593) and Investor Relations (Mrs. Renata Casaro, renata.casaro@bulgari.com, tel. +39.06.68810467).

Handling of corporate information

The employees of the Company and in general all those who have a professional relationship with it (including the directors and members the Board of Statutory Auditors) keep all the documents and information acquired during their work confidential, and are required to respect the procedure adopted by the Company since 2004 for internal management and the external communication of documents and information (“Information Care and Confidentiality policy”).

With particular regard to the latter aspect, in 2006 the Board of Directors of Bulgari S.p.A. adopted the procedure for the internal management and external communication of documents and information regarding Bulgari S.p.A, with particular reference to “privileged information” as defined in Art. 114, para. 1 of the Finance Consolidation Act (TUF) (the so-called Inside Information Procedure). Under this procedure, the directors, persons in charge of company offices and all those who actually hold information and documents regarding Bulgari S.p.A. or the Group, acquired in the course of their work, are required to ensure the confidentiality of this data and to use it exclusively for undertaking job-related tasks. This procedure also governs the procedures for disclosing such information to the public in accordance with the law.

While the provisions of Art. 180 and ff. of Italian Legislative Decree No. 58/1998 on the abuse of privileged information remain in force, in 2006 the Company adopted the “Procedure for informing the market on operations undertaken by Significant Persons and persons closely related to them” (so-called Internal Dealing Procedure). The purposes of the procedure are to provide the maximum transparency and homogeneity of information to the market on individual behaviour of persons with a particular role in the Company due to their participation in the corporate decision making process, and information of particular importance available to them in relation to corporate management and economic and financial prospects.

Finally, in compliance with the provisions of Art. 115-II of Italian Legislative Decree 24 February 1998, No. 58 and CONSOB Regulations No. 11971, in 2006 the Board of Directors of Bulgari S.p.A. set up the “Register of persons having access to “privileged information” in Bulgari S.p.A.” and has adopted the procedure for “Keeping and updating the Register of persons having access to privileged information in Bulgari S.p.A.”

The above procedures are published in the section of the company website dedicated to financial and legal communication, as well as on the website www.bulgari.com.

The Regulations of the Shareholders’ Meetings

The Company has Regulations governing the organisation and functional conducting of the General Meetings, guaranteeing the right of every shareholder to intervene on the topics under discussion. The complete text of the Regulations is published on the Company website.

Code of ethics

the Company adopted a Code of Ethics in line with new legislation (the so-called law on the safeguarding of savings) and to the Code of Borsa Italiana (edition of March 2006); its aim is to combine in a single document the principles for ethically-oriented business practice. It is a document indicating the objectives and guidelines of the corporate activity with reference to the major shareholders with which the Group companies interact on a daily basis: shareholders, financial market, clients, community, personnel.

TABLE 1: STRUCTURE OF THE BOARD AND THE COMMITTEES

Position	Members	Executive	Non-executive	Independent	Number of other positions		
Chairman	Bulgari Paolo	X					
Vice Chairman	Bulgari Nicola		X				
Managing Director	Trapani Francesco	X					
Director	Claudio Costamagna		X	X	2	X	
Director	Giulio Figarolo di Gropello		X	X		X	X
Director	Paolo Cuccia		X	X	3	X	X
Director	Claudio Sposito		X	X			X

TABLE 2: BOARD OF STATUTORY AUDITORS

Position	Members	Percentage of participation of the Board in the meetings of the Board of Directors	Number of other positions**
Chairman	Eugenio Pinto	3 on 6 (87.5%)	6
Standing Auditor	Gerardo Longobardi	6 on 6 (100%)	6
Standing Auditor	Maurizio De Magistris	5 on 6 (87.5%)	4
Alternate Auditor	Tiziano Onesti	-	
Alternate Auditor	Mario Civetta	-	
Number of meetings held in the relevant financial year: 11 (including the meetings pursuant to Consolidation Act (TU) 58/1998) the Statutory Board in its present composition (since its appointment last April 2008) met 6 times			
Indicate the quorum requested for the presentation of lists by minority shareholders for the election of one or more standing members (pursuant to Art. 148 Finance Consolidation Act (TUF)): 3% of share capital with voting rights in the Ordinary General Meeting.			

TABLE 3: OTHER PROVISIONS OF THE SELF-REGULATION CODE

	YES	NO	Summary of reasons for any difference from recommendations of the Code
System of duties delegated and operations with related parties			
Has the Board assigned delegations defining their:			
a) limits	X		
b) implementation procedures	X		
c) and periodicity of information issued?	X		
Has the Board reserved the right to examine and approve the operations having particular economic, assets and financial relevance (including operations with related parties)?	X		
Has the Board defined guidelines and criteria for the identification of “significant” operations?		X	
Are the above guidelines and criteria described in the report?		X	
Has the Board defined specific procedures for the examination and approval of operations with related parties?	X		
Are the procedures for the approval of operations with related parties described in the report?	X		
Procedures of the most recent appointment of directors and auditors			
Does the deposit of candidacies for the position of director take place at least fifteen days in advance?	X		
Are the candidacies for the position of director accompanied by complete information?	X		
Are the candidacies for the position of director accompanied by the indication of eligibility to be qualified as independent?	X		
Does the deposit of the candidacies to the position of auditor take place at least fifteen days in advance?	X		
Are the candidacies to the position of auditor accompanied by complete information?	X		
General Meetings			
Has the company approved Regulations of Shareholders’ Meetings?	X		
Are the Regulations attached to the report (or is there an indication of where they can be obtained / downloaded)?	X		

Internal audit			
Has the company appointed the persons in charge of internal audit?	X		
Are the persons, on a hierarchical basis, independent from the persons in charge of the operational areas?	YES		
Organisational unit in charge of internal audit (pursuant to Art. 9.3 of the Code)	Lucilla Marchetti Lungotevere Marzio, 11 Tel. +39.06.68810418 – fax +39.06.68810614 Lucilla.Marchetti@bulgari.com		
<i>Investor relations</i>			
Has the company appointed a person in charge of investor relations?	YES		
Organisational unit and details (address/phone/fax/e-mail) of the person in charge of investor relations	Renata Casaro Lungotevere Marzio, 11 Tel. +39.06.68810467 – fax +39.06.68810614 Renata.casaro@bulgari.com		

Rome 11 March 2009
For the Board of Directors
The Chairman
Paolo Bulgari