

Barilla

The Italian Food Company. Since 1877.

“Insurance Management for Multinational Companies Technical and Operational aspects”



September, 8 2015



The Barilla Bread & Pasta Shop in Parma



Barilla Group: 138 Years of History



1877

The Barilla story begins with Pietro Barilla Senior in a bread and pasta shop in Parma.



1910-1946

Gualtiero & Riccardo Barilla, sons of Pietro, at the helm of the company. First pasta factory and first trademark between the two World Wars.



1947-1971

Pietro & Gianni Barilla take the reins of the company, developing modern production, marketing and management systems. In 1971 the Company is divested to the U.S. multinational Grace.



1971-1979

Engineer Manfredo Manfredi leads the Company with the same management team during the economic crisis. In 1975 the Mulino Bianco bakery product line is launched.



1979-1993

Pietro Barilla returns to the helm of the Barilla Group. Industrial strategy and leadership in Italy.

Guido, Luca and Paolo Barilla since 1993



1993

Guido, Luca and Paolo Barilla take the reins of the Company; until then more than 90% of the business turnover was in Italy.

The international expansion begins, starting from France, Germany, Greece, Sweden, Turkey and the Unites States.

Barilla Group at a Glance

138 years of history

- Established in 1877 and now the 4th generation is leading the Company

Category Leadership

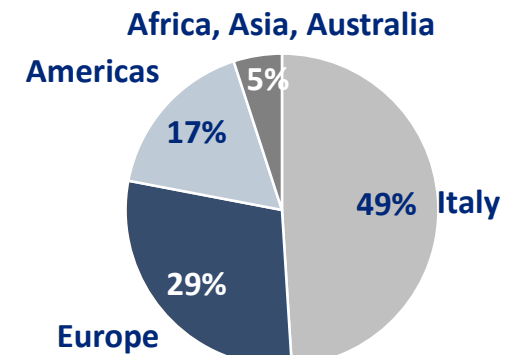
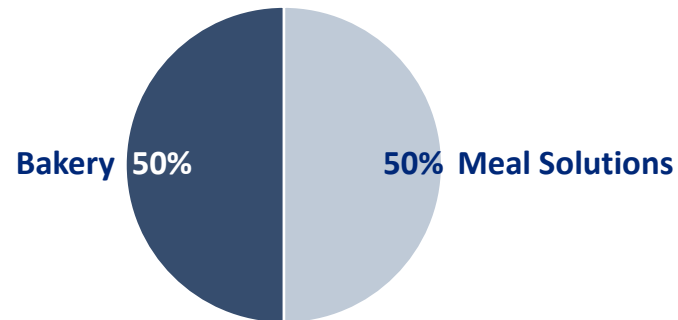
- #1 pasta brand worldwide
- #1 pasta sauces in Continental EU
- #1 bakery in Italy, soft bread in France and crispbread in Northern Europe

30 plants worldwide

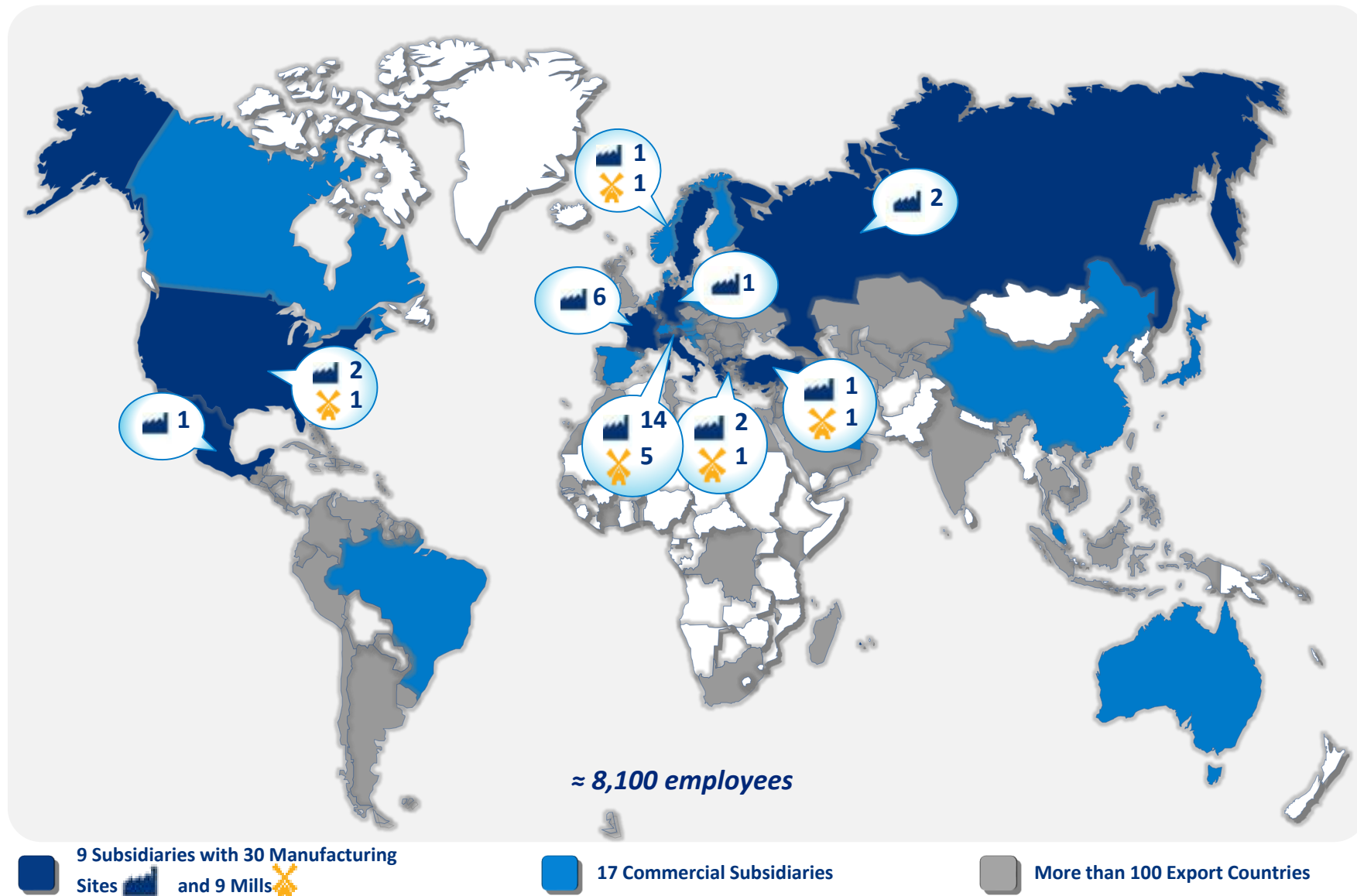
- 100 markets served

Financial KPIs

- Net Sales: €3.25bn
- EBITDA: €428mn
- Revenues split:



Barilla Today



Business Overview

€3.25Bn of Turnover from our Brands...



Barilla Strategy: The Lighthouse



Vision

We help People live better by bringing wellbeing and the joy of eating into their everyday lives

Aspiration

Double the business while continuously reducing our footprint on the Planet and promoting wholesome and joyful food habits

*“ Everything
is done
for the future ”*

Where to Play

To be the leading and most reputable Company in the global Italian meal experience and in our bakery strongholds:

- 1 Sharply grow volumes and shares in pasta, sauces and ready meals:
 - a Lead in our current markets through category and market share growth
 - b Aggressively expand in the emerging markets
- 2 Fuel the leadership in our core bakery markets
- 3 Customize our geographic and channel expansion to better serve shoppers wherever they buy

How to Win

1 Be the #1 choice of brand and product for People

- Nurture People's taste, mind and heart
- Build iconic brands that create meaning and sense of belonging
- Commit to product quality, sustainability and safety from field to consumption
- Innovate towards further accessibility, convenience, affordability, local adaptation and better nutrition

*“ Give People food
that you would give
your own children ”*

2 Win in the marketplace

- Persistently foster expansion in the emerging markets through a winning and adaptive model
- Achieve a ruthless in-market execution, putting customers, shoppers and consumers first
- Build win-win partnerships with our current and future customers to better serve our shoppers
- Simplify the business for the customer and the choice for the shopper

*“ Let's move forward,
move forward with
courage ”*

3 Drive continuous improvement

- Relentlessly enhance our competitiveness, with increasing levels of efficiency, simplification and agility
- Be recognized as preferred supplier by our customers

*“ Our most fascinating
challenge is to
continuously improve
everything we do ”*

4 Only one way of doing business

- Care for the present and future wellbeing of People, the Planet and the Company in everything we do, from field to consumption
- Encourage open, transparent and caring partnerships with the Communities we operate in

*“ Good for you,
good for the Planet ”*

5 Proudly be the Barilla People

- Be the ambassadors of Barilla's identity, values and food culture
- Be a great company to work for, promoting diversity and a balanced sustainable lifestyle
- Foster empowerment, commitment, results-oriented leadership and accountability

*“ Quality in everything
we do: Passion, Trust,
Intellectual Curiosity,
Integrity, Courage ”*

Our Aspiration

*... promoting
wholesome and
joyful food habits*



*... reducing our
footprint on the
Planet*

€3.2bn

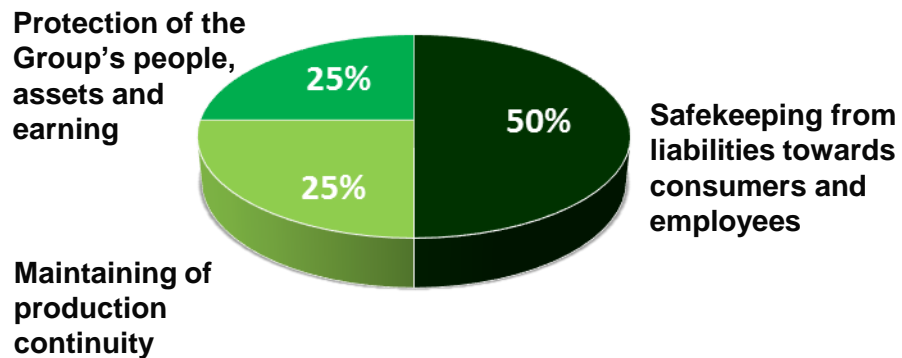
x2

€6.0bn

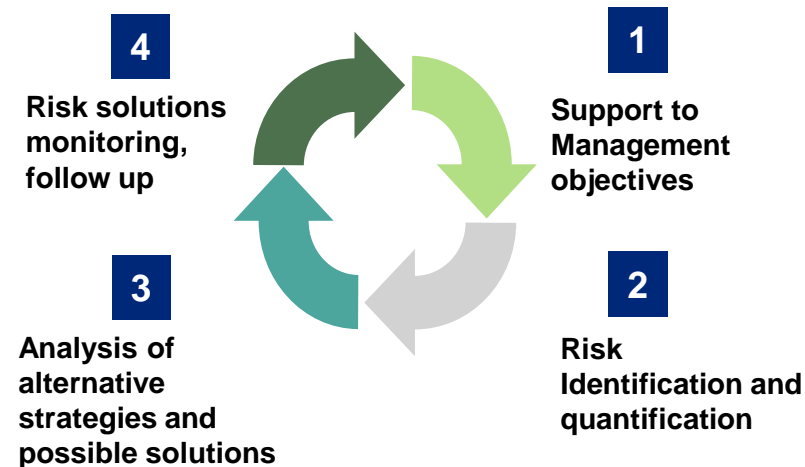
Barilla Group Insurance Risk Management (1/2)

Risk Management Methodology

% IRM Objectives



Process



Decision to retain a risk

Decision to transfer a risk

Insurance Risk Management (2/2)

Roles & Responsibilities

CORPORATE

- Definition of the Insurance Risk Management Philosophy
- Selection of Brokers
- Approval of Insurance Carrier
- Allocation of Premium Expense
- Placement coordination of locally required Admitted Insurance
- Coordination and Reporting of worldwide Values
- Coordination of Insurance aspects of contract and promotional activities

LOCAL

- Cooperating with the Corporate Risk Management
- Providing of policy renewal data and claims information
- Working with the assigned Broker's representative
- Management of pure local policies

 The Italian Flour Company Since 1877	CORPORATE INSURANCE MANUAL		Rev. Date	EGE. 01
			07/02/2014	Rev. 01/01
			Function: Group Finance and Administration	
	Authorization Process			
Editing	Massimiliano Furtanetto	Insurance Senior Manager		
Owner	Matteo Vigo	Working Capital and Risk Management Associate Director		
Co-Owner	Stefano Pini	Chief Financial & IT Officer		

INDEX

1. OBJECTIVE	2
2. SCOPE	3
3. CORPORATE PRINCIPLES	5
4. CONTENTS	6
4.1. Barilla Group Master and International Programs	6
4.2. Coverage Descriptions	11
5. GUIDELINES	20
5.1 Insurance Management Procedures with Third Parties	20
5.2 Claims Procedure	40
6. CONTACTS DIRECTORY	52
7. ATTACHMENTS	53
7.1 Declarations of Insurance	53
7.2 Glossary of Insurance Terms	67

Multinational Companies Needs and Wish List

Global insurance policies to be compliant from regulatory and tax perspective

Credible and rated insurers

Cost of risk as low as possible

Consistency in policy wordings

Contract certainty particularly around claims settlement

Pragmatic and practical approach and solutions

Issues to be Addressed?

Insurable Risk?

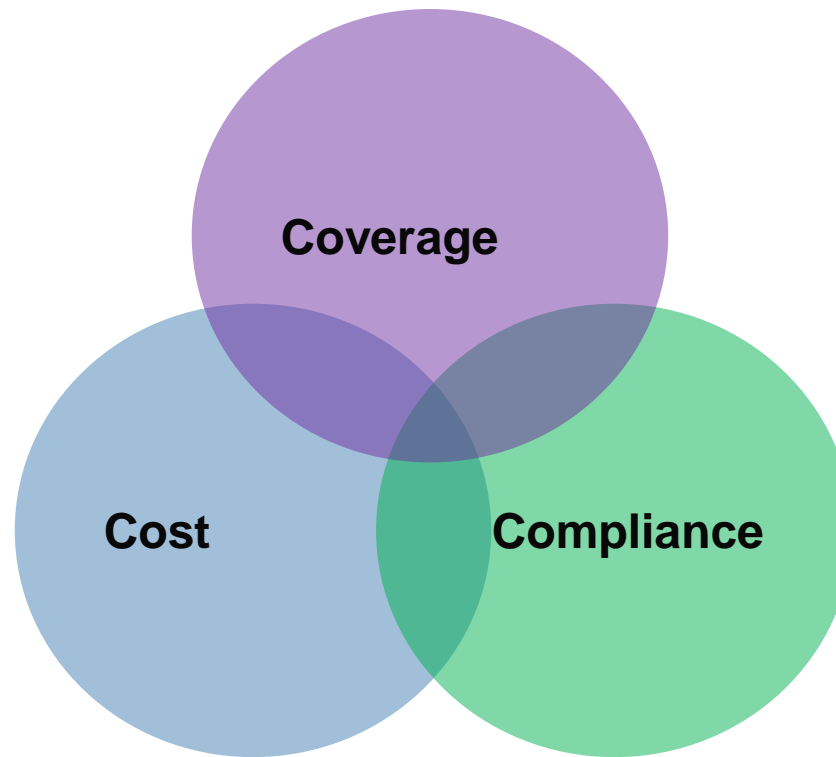
Insurable Interest?

Risk Location?

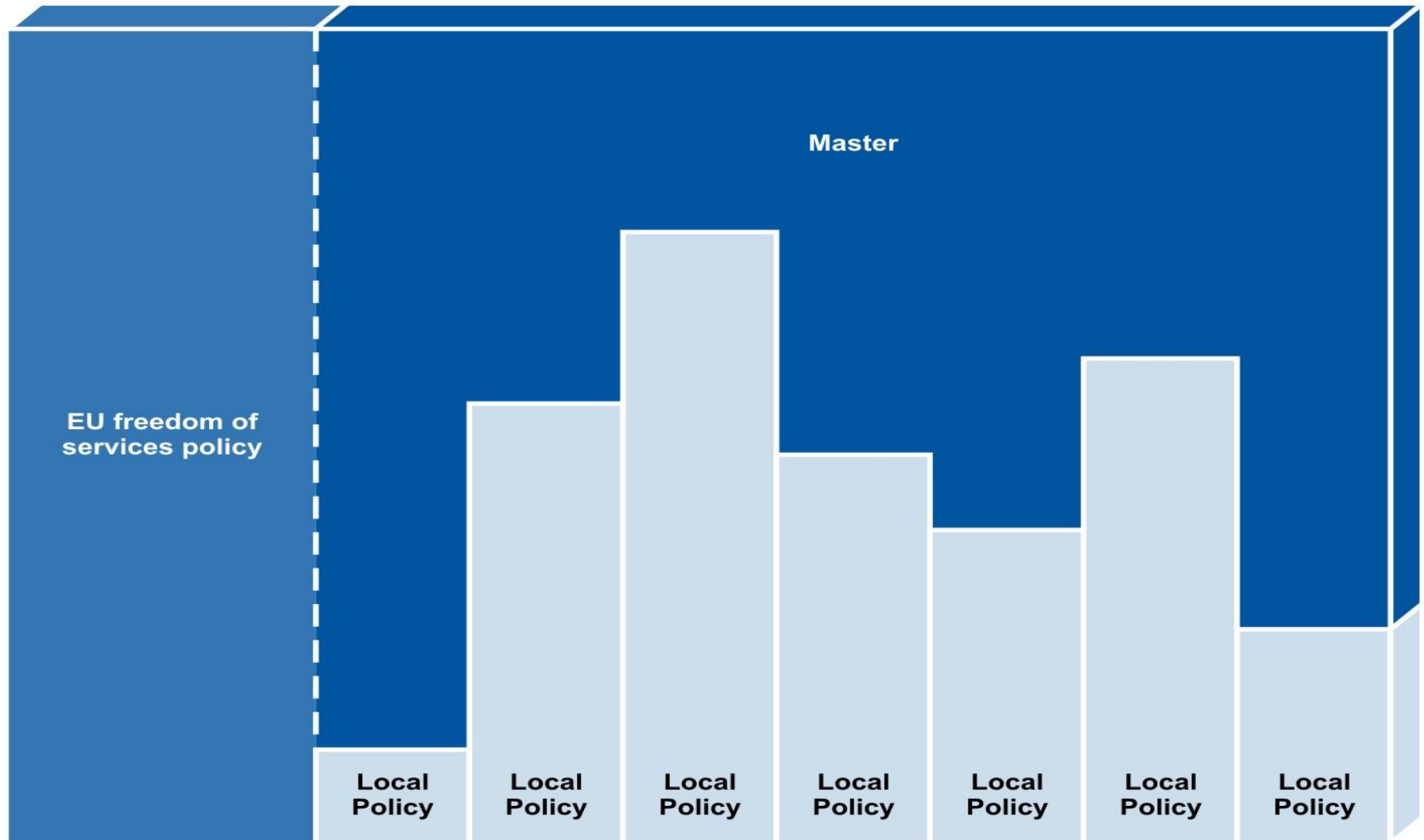
Regulatory Issues

- **Diverse, Inconsistent and Frequently Unclear**
- **European Union**
 - **Second Non-Life Directive: Freedom of Services**
- **United States of America**
 - **Insurance codes vary from state to state**
 - **Non-admitted & Reinsurance Reform Act – “NRRA”**
- **Brazil, Russia, India, China, (“BRIC”) strictly prohibit non-admitted insurance**
 - **In certain countries exemptions could be sought from the local regulator**
- **In Australia – Regulation of Direct Offshore Foreign Insurers introduced**
- **In Canada, Insurance Companies Act amended from 1 January 2010**
- **Warnings and penalties issued by Mexican and Argentinean Regulators for non-compliance**
- **Memorandum of Understanding amongst Regulators**

Pragmatic and Practical

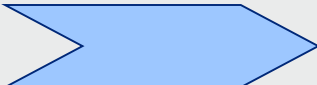
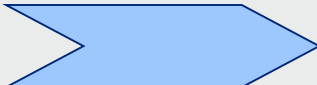
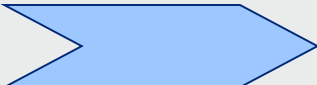
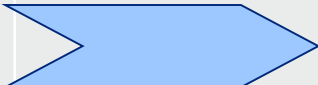
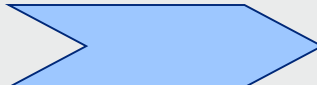


An example: Possible Structure for a Global Programme



What Should Multinational Companies Do?

A recommended process

Degree of compliance?	Evaluate <u>your</u> needs?	Establish & challenge insurers approach?	Premium Allocation?	Taxes on premiums/claims?
<ul style="list-style-type: none"> • What are the insurable risks? • Where are the insurable risks located? • Awareness of regulatory and tax risks – particularly in the MAJOR countries 	<ul style="list-style-type: none"> • Determine appropriate level of cover – locally and group-wide • Establish how the risk could be covered • Clarify where <u>claims</u> need to be paid by insurer? • Cost/Benefit analysis of potential options 	<ul style="list-style-type: none"> • Regulatory and Tax risks • Compliance with the insurance and tax regulations • Policy wording/ Endorsements • <u>Where will the insurer pay the claim?</u> 	<ul style="list-style-type: none"> • “Just and reasonable” basis? • Simple allocation methodology may not be equitable • Use of appropriate underwriting factors? • Agreement of all parties? • DOCUMENT 	<ul style="list-style-type: none"> • Premium deductibility? • Premium recharge consistent with allocation? • <u>Transfer pricing</u> - connected parties • Potential double taxation on claims?
				

Q&A

THANK YOU

Massimiliano Furlanetto