

corporategovernancereport2015



lastminute.comgroup

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Preliminary remarks

The lastminute.com group Corporate Governance Report 2015 follows the SIX Swiss Exchange Directive on Information relating to Corporate Governance dated 1 September 2014 and takes into account the Swiss Code of Best Practice for Corporate Governance and the Dutch Corporate Governance Code. Please note that the Company, being Dutch, is not subject to the Swiss Ordinance against Excessive Compensation at Listed Joint-Stock Companies (OaEC).

In particular, all disclosures required by the Dutch Corporate Governance Code should be included in the documents hereby, Consolidated Financial Statements, Directors' Report and company's corporate website. To avoid duplication of information, cross-referencing to other reports is made in some sections, namely the Annual Report 2015, the Consolidated Financial Statements 2015 of the lastminute.com NV, as well as the Articles of Association of lastminute.com NV.

The Consolidated Financial Statements of the lastminute.com group 2015 have been prepared in accordance with International Financial Reporting Standards (IFRSs) as endorsed by the European Union (EU).

Where necessary, these disclosures have been extended to comply with the requirements of the SIX Swiss Exchange Directive Financial Reporting.

1 - Group structure and shareholders

1.1 Group structure

Starting from 2014, the Group modified its segment reporting to adapt itself to the acquisition of Jetcost (transaction completed at the end of 2013) and its new organizational structure. The Group considers the Jetcost business as strategic and is monitoring it separately. The acquisition of lastminute.com has not changed the basis of segmentation as the business acquired was integrated into the OTA ("Online Travel Agency") segment of the Group.

On this basis, the Group has defined the following operating segments:

- OTA ("Online Travel Agency"), which represents the core and traditional business of the Group.
- Meta-search, which includes the business generated in our websites focused on directing traffic, in exchange for a commission, to the sites of OTAs and airlines and other direct providers.

Group subsidiaries are listed in Note 30 of the Consolidated Financial Statements.

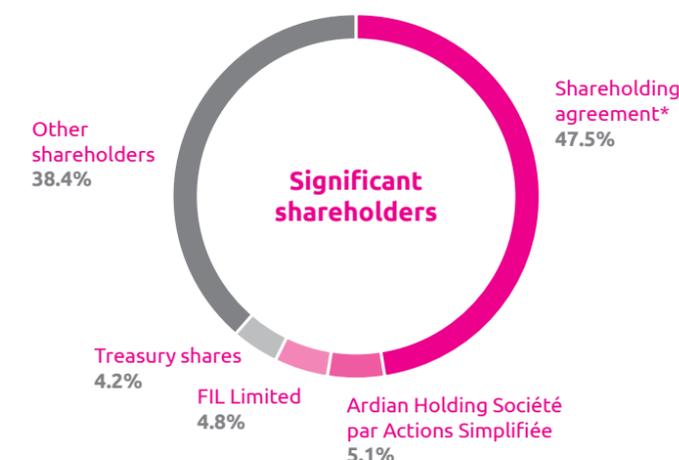
LMN's shares are listed on the SIX Swiss Exchange (ISIN code: NL0010733960). On 31 December 2015, the market capitalization of LMN was CHF 191,556,466. For further information visit our website on

<http://www.lastminutegroup.com/investor-relations/share-information.aspx>

No other Group's affiliated or associated companies are listed as of 31 December 2015.

1.2 Significant shareholders

Significant shareholders and significant groups of shareholders as of 31 December 2015 are reported below:



On April 1, 2014, Freesailors Cooperatief U.A. (a Dutch cooperatief controlled by Mr. Fabio Cannavale), Micheli Associati Srl (controlled by Mr. Francesco Micheli), Mr. Francesco Signoretti, Dongiro S.a r.l. (controlled by Mr. Jerome Cohen Scali), Kikiz S.a r.l. (controlled by Mr. Arnaud Cohen Scali) and Bigfoot Tech S.a r.l. (controlled by Mr. Antoine Michelat) entered into a Shareholders Agreement regarding all Shares and related derivatives they hold and may hold in the future. This Shareholders Agreement entered into effect as of April 15, 2014 and lasts for a period of three years from that date. The parties have agreed to coordinate the exercise of all their rights out of the Shares and related derivatives held within the group of shareholders formed by the Shareholders Agreement. The coordination will be made such that any decision is taken by a majority vote whereby the majority is determined based on the Shares each party to the Shareholders Agreement holds. As a result, Freesailors Cooperatief U.A. (and thus, indirectly, Fabio Cannavale, which ultimately controls Freesailors) controls the Share-

* The shareholding agreement involves 18 entities, including Freesailors Cooperatief UA holding 35% of the total issued capital

holders Agreement and therefore controls all the shares in the Company and related derivatives held within the group of shareholders. The admission and exclusion of group members of the Shareholders Agreement requires the consent of 90% of the votes of the members. No consent is required for the sale of Shares or related derivatives. However, if Freesailors Cooperatief U.A. sells at least two million Shares, the other parties have a tag along right. Acquisitions of Shares or related derivatives are subject to a special approval process in the event that the acquisition exceeds 200,000 Shares. The group is dissolved if the group holds less than 33 and 1/3 % holding of Shares and related derivatives that count against the mandatory offer threshold. Mr. Fabio Cannavale, Mr. Francesco Signoretti, Mr. Jerome Cohen Scali and Mr. Matteo Renzulli (a director at Micheli Associati Srl) are members of the Board of the Directors of the Company.

The Directors and the Members of Management have signed lock-up agreements covering 360 days from the date of the IPO, and therefore until 10 April 2015, by which they, as well as any shareholders controlled by any of them, shall not (i) transfer or dispose of, directly or indirectly, any Shares or any securities convertible into or exchangeable or exercisable for Shares or equivalents, (ii) enter into any swap, hedge or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of the Shares, or (iii) announce its intention to do any of the foregoing. This lock-up concerns 18 persons and a total of 6,731,218 Shares (and 372,950 options). No movement was recorded after the 10 April 2015.

Further disclosure and related changes along the year have been published on the reporting and publication platform of the Disclosure Office of SIX Swiss Exchange pursuant to Art. 20 SESTA (art. 120 Financial Market Infrastructure Act as from 1 January 2016) and the provisions of the Ordinance of the Swiss Financial Market Supervisory Authority on Stock Exchanges and Securities Trading (the FINMA Financial Market Infrastructure Ordinance as from 1 January 2016) and can be accessed through the following link:

<https://www.six-exchange-regulation.com/en/home/publications/management-transactions.html>

As of 31 December 2015, following the partial implementation of a share buy-back, the Group held 609 thousand own shares.

There are not cross-shareholdings.

2 - Capital structure

As of 31 December 2015, the Company has an issued share capital of EUR 146,226 divided into 14,622,631 fully-paid bearer shares with a nominal value of EUR 0.01 each.

Under Dutch law, a company's authorized share capital sets out the maximum number of shares that the company may issue without amending its articles of association. Under the Articles of Association, following Conversion the Company's authorized capital amounts to EUR 181,100 and is divided into 18,110,000 Shares, each with a nominal value of EUR 0.01. The concept of conditional share capital is not known under Dutch law and thus there is no conditional share capital. Further, also the concept of authorized share capital as known under Swiss law deviates from the concept applicable under Dutch law.

In accordance with Dutch law and the Articles of Association, Shares shall be issued pursuant to a resolution passed by the Company's general meeting of shareholders, upon the proposal of the Board of Directors containing the price and further terms and conditions of the issue. Under the Articles of Association, the Company's general meeting of shareholders may delegate the authority to issue Shares to the Board of Directors, for a fixed period not exceeding five years and in a resolution specifying the number of Shares that may be issued and any further conditions. Such designation may be renewed each time for a period not exceeding five years.

The Company's general meeting of shareholders on April 14, 2014 authorized the Board of Directors:

- to issue Shares and grant rights to subscribe for Shares in relation to the Company's current and future employee incentive plans up to a maximum of 900,000 ordinary shares and to restrict or exclude the pre-emptive rights in connection with such issue of Shares or grant of rights to subscribe for Shares; this authorization applies for a period of 5 years as from the date of the general meeting;
- for a period of two years, to issue Shares and grant rights to subscribe for Shares up to a maximum number equal to 10% of the issued share capital as of the date of the IPO and to restrict or exclude the pre-emptive rights in connection with such issue of Shares or grant of rights to subscribe for Shares.

Movement in recognized amounts are detailed in note 23 of the Consolidated Financial Statements.

All shareholders have the right to receive, pro-rata to their shareholding, any dividend, participation on available earnings or any liquidation proceeds following the repayment of the share capital. There are no participation or profit-sharing certificates.

As of 31 December 2015, there are no outstanding bonds and bonds convertible into, or options to acquire, Shares, except for the options issued under the Company's employee stock option program (please see note 14 of the Consolidated Financial Statements).

Non-voting equity securities do not exist for a Dutch public limited company.

The Shares may be transferred as book-entry securities. Under Swiss law, the booking of the Shares in the share account of the acquirer is sufficient for the transfer of the Shares. The Shares are freely transferable and no limitations on transfer and no voting right restrictions apply.

Further information on the Capital Structure is provided in note 23 of the Consolidated Financial Statements and in the Articles of Association.

<http://www.lastminutegroup.com/~media/Files/B/Bravofly-Rumbo-Group/documents/governance-documents/articles-of-association-19-may-2015.pdf>

3 - Board of Directors

The Company has a one-tier board structure with a board of directors (the "Board of Directors" or the "Board") consisting of executive directors and non-executive directors. The Board shall consist of at least one Executive Director and at least two Non-Executive Directors. The majority of the Board shall be composed of Non-Executive Directors.

The Board believes that it should generally consist of no fewer than three and no more than nine members. This range permits diversity of experience without hindering the effective discussion or diminishing individual accountability. The chairman of the Board (the "Chairman") shall be a Non-Executive Director.

The table below lists the composition of the Board as of 31 December 2015:

Name	Year of birth	Nationality	Qualification	Election	Expires
Fabio Cannavale	1965	Italian	Chairman	2015	2016
Francesco Signoretti	1965	Italian	Executive director, CEO	2015	2016
Jérôme Cohen Scali	1974	French	Executive director, General Manager Metasearch	2015	2016
Roberto Italia	1966	Italian	Non-executive director	2015	2016
Fabio Selmoni	1964	Swiss	Non-executive director	2015	2016
Ottonel Popesco	1957	French	Non-executive director	2015	2016
Minter Dial	1964	Belgian	Non-executive director	2015	2016
Julia Bron	1975	Belarusian	Non-executive director	2015	2016

3.1 Professional background and other activities and functions

Unless otherwise stated, the non-executive members of the Board of Directors have no significant business relationships with lastminute.com group. Mr. Fabio Cannavale is a Co-founder of the Group, controls the Company through the Shareholders Agreement described in Section 1.2 and is a key contributor, providing strategic advice to the Board and management. Mr. Cannavale acts as a director in some subsidiaries of the Group. No Non-executive director has been a member of the management of the issuer or one of the issuer's subsidiaries in the three financial years preceding the period under review.

In accordance with article 13.4 of the Articles of Association, the Board may agree on a division of the duties of the Board between one or more Non-Executive Directors and one or more Executive Directors.

The duty to supervise the performance of duties by the Executive Directors cannot be taken away from the Non-Executive Director by a division of duties. The chairmanship of the Board, the making of proposals for the appointment of a Director and the adoption or the assessment of the remuneration of the Executive Directors may not be assigned to an Executive Director.

In case of a Director's absence, his duties and powers shall be carried out by the other Directors. In the event that all Directors are absent, their duties and powers shall be temporarily entrusted to a person designated by the general meeting of shareholders of the Company (the "General Meeting").

Fabio Cannavale

Chairman

Fabio Cannavale holds a degree in engineering from Polytechnic University of Milan and holds an MBA from INSEAD, Fontainebleau, France. In 2004, he co-founded Volagratis.com and has been the Chairman of the Group since then. He started his career as a consultant, initially from 1989 to 1996 for A. T. Kearney and for McKinsey & Company.

In 1996 he launched The Floating Village in Venezuela, an innovative concept of a holiday village built on boats. From 1999 to 2001, Fabio co-founded and was a member of the management team of eDreams Italy. From 2001 to 2004 he worked for his family-owned businesses and collaborated with a not-for-profit entity. He is also a member of the board of directors of Cavotec SA, Nomina SA and Consortium Real Estate B.V.

Francesco Signoretti

Executive Director, CEO

Francesco Signoretti holds a degree in engineering from the University of Rome La Sapienza. He joined the Bravofly Rumbo Group in 2010 and has acted as Chief Executive Officer since then. Between 1993 and 1999, Francesco Signoretti worked as consultant for McKinsey & Company.

From 1999 to 2001, he co-founded and was managing director for eDreams Italy. From 2001 to 2004, he worked in the marketing department of Wind Telecom. Between 1994 and 2010, he worked for Unicredit Bank, where he held various positions becoming head of global CRM and multichannel banking and deputy head of global retail marketing and segments.

Jérôme Cohen Scali

Executive Director, General Manager Metasearch

Jérôme Cohen Scali is a graduate of the ESSEC Business School and holds a diplôme d'études appliquées (or DEA) in Probability from the University of Paris VI, a master's degree in Applied Mathematics and a DEA in Finance from the University of Paris Dauphine. From 1999 to 2004, Jérôme worked as a trader at Calyon.

From 2004 to 2008, he was a trader for HSBC. In 2006, he cofounded Jetcost. He joined the Bravofly Rumbo Group in 2013 as Vice President Metasearch.

Roberto Italia

Non-executive Director

Roberto Italia graduated in economics from LUISS University, Rome, and holds an MBA from INSEAD, Fontainebleau, France. He has been a member of the Bravofly Rumbo Group since 2013. From 1990 to 1994, he worked at the Telecom Italia Group. Active in private Equity since 1994, he was with Warburg Pincus, Henderson Private Capital and Cinven, for which he was senior advisor from mid-2013. Currently, he is a director of Space Holding Srl, chief executive officer of Space SpA, and a board member of Avio SpA, Redbrick Capital Partners Srl, Red Black Capital SA, Cinven Luxco 1 SA, Cinven Luxco 2 SA and FCP Manco Sarl.

Fabio Selmoni*Non-executive Director*

Fabio Selmoni received his BA from the University of California at Berkley in 1990 and an MBA from the Wharton School of the University of Pennsylvania in 1996. He was a management consultant at Booz Allen & Hamilton in New York and an investment banker at UBS Warburg in the mergers and acquisitions group. He was the Director of International Business Development for Shopnow.com before becoming Managing Director of European Sales and Operations at Google. In this role, Fabio spearheaded Google's entry into multiple European markets and contributed to Google web search partnerships with a number of notable European portals and websites. He has over a decade of experience as an entrepreneur in the internet world.

Ottonel Popesco*Non-executive Director*

Ottonel Popesco holds an MBA from Sorbonne University, an MSc in economics from Bucharest Academy, an Ingénieur professionnel de France-diploma from Société Nationale des Ingénieurs Professionnels de France and a diploma in Strategic Marketing Management from Harvard Business School. From 1983 to 1988, he was the sales and marketing manager in the CKB manufacturing division of ABB France. In 1988, he joined Cavotec. Currently, Ottonel is the Group CEO and a member of the board of directors of Cavotec SA Switzerland.

Minter Dial*Non-executive Director*

Minter Dial received his BA in Trilingual Literature from Yale University in 1987 and his MBA from INSEAD, Fontainebleau in 1993. He began his career in product marketing for the investment bank Donaldson, Lufkin & Jenrette in New York, for four years. He then joined a startup, The Myriad Group, a travel agency for entertainers based in Washington DC for two years before returning to Europe to earn his MBA. After a long and successful international career at L'Oréal, where he was Managing Director and member of the Worldwide L'Oréal PPD Executive Committee from 2006 to 2009, he founded the Myndset Company. Minter is a professional speaker, coach and consultant on Branding and Digital Strategy. Clients include Orange, Kering (PPR), Remy-Cointreau, Samsung, Crédit Agricole, LVMH, L'Oréal, Total, Publicis, Canal+, GDF, Suez and Tencent. He is also International Media Director at Netexplo, a worldwide observatory of new technology trends.

Julia Bron*Non-executive Director*

Mrs. Bron holds a Law degree from Belarus State University. From 1998 to 2007 she was a Manager at Deloitte in Amsterdam, Ljubljana and Minsk and in 2009 she obtained the title of Senior Manager at PwC Amsterdam. She gained experience in formation and management of companies, standardisation of corporate governance, compliance and administration being a Commercial Director at TMF in Amsterdam from 2010 to 2012 and a Senior Integration Manager at Citco Funds in Amsterdam from 2007 to 2008. Since 2012 she is a Partner at Lainsburgh, specialising on staffing and structuring operations for international companies in the Netherlands.

The above profiles of the members of the Board of Directors provide information on their activities and commitments in addition to their functions at the lastminute.com group. Other than as described above, the members of the Board of Directors do not engage in any other activities or perform any other functions which are significant to the Group.

3.2 Elections, terms of office and areas of responsibility

The members of the Board of Directors are individually elected and appointed by the Company's general meeting of shareholders. A resolution of the Company's general meeting of shareholders to appoint a director may be passed by an absolute majority of the valid votes cast.

Directors are appointed for a period of one year starting on the day after the day of the annual general meeting of the Company's shareholders in which they are appointed and ending on the day of the subsequent annual general meeting of the shareholders that will be held in the year following the year of their appointment. Directors may immediately be reappointed.

The Company's general meeting of shareholders may at any time suspend or remove any director. A resolution to remove or suspend a director may be passed by an absolute majority of the valid votes cast. The Board of Directors may also suspend any executive director. If a director is suspended, the Company's general meeting of shareholders shall within three months of the date on which suspension has taken effect resolve either to dismiss such director, or to terminate or continue the suspension (which resolution to continue the suspension may be adopted only once and for a maximum period of three months), failing which the suspension shall lapse.

The Selection, Appointment and Remuneration Committee is responsible for seeking and evaluating individuals qualified to become Directors, reviewing background checks respecting such individuals, and selecting or recommending that the Board select the Director nominees for the next annual General Meeting. Any group of shareholders representing at least 3% of the capital of the Company may request the Board of Directors in writing to include additional Director nominees, at least sixty days before the date on which the meeting is convened.

The Board of Directors is the ultimate governing body of the Group. It is responsible for the ultimate supervision of the Group. The Board attends to all matters which are not reserved for the General Meeting or another governance body of the Group by law, the Articles of Association or specific regulations issued by the Board of Directors.

The Board has the following main duties:

- a) the ultimate direction of the Group, in particular the conduct, management and supervision of the business of the Group, and the provision of necessary directions;
- b) the determination of the Group's organisation;
- c) the determination of accounting and financial control principles, as well as the principles of financial planning;
- d) the appointment and removal of the Chairman and of the Committees' members;
- e) the ultimate supervision of the Chairman, in particular with respect to his compliance with the law, the Articles of Association, instructions given from time to time by the Board;
- f) the preparation of the Annual Report, the General Meeting and execution of its resolutions;
- g) the notification of the court in the event of overindebtedness;
- h) the discussion and approval of:
 - the Group's long-term strategy and annual investment budget;
 - major financial operations;
 - any significant policy issue dealing with the Group's or the Group's general structure or with financial, commercial and industrial policy;
 - Corporate Governance Principles of the Group;
 - the review of and decision on any report submitted to the Board;
 - the Group's annual risk assessment.

3.3.1 Allocation of tasks within the Board of Directors

Name	Board of Directors	SAR Committee	Audit Committee
Fabio Cannavale	Chair	Member	-
Francesco Signoretti	Member	-	-
Jérôme Cohen Scali	Member	-	-
Roberto Italia	Member	Member	Chair
Fabio Selmoni	Member	-	-
Ottonel Popesco	Member	Chair	Member
Minter Dial	Member	Member	-
Julia Bron	Member	-	Member

3.3.2 Tasks and area of responsibility for each Committee of the Board of Directors

The powers and responsibilities of each Committee are established in the applicable Committee Charter, which is approved by the Board. Each Committee is entitled to engage outside counsels.

The members of the Board (each a “Director”) are collectively responsible for the management of the Group. The Board shall review and regularly monitor the effectiveness of the Group’s fundamental operating, financial and other business plans, policies and decisions, including the execution of its strategies and objectives. The Board shall seek to enhance long-term shareholder value.

The Executive Directors are responsible for the day-to-day management of the Group.

The Non-Executive Directors are responsible for proper and independent supervision of the performance of duties by the Executive Directors and shall at least once a year discuss, without the Executive Directors being present, the performance of the Executive Directors.

The Chairman shall ensure the proper and independent functioning of the Board.

The Board of Directors is charged with the management of the Group, subject to the restrictions contained in the Articles of Association. Each director owes a duty to the Group to properly perform the duties assigned to him or her and to act in the corporate interest of the Group. Under Dutch law, the corporate interest extends to the interests of all corporate stakeholders, such as stockholders, creditors, employees, customers and suppliers. The members of the Board of Directors are appointed by the general meeting of shareholders. A resolution of the general meeting of shareholders to appoint a director may be passed by an absolute majority of the valid votes cast. Directors are appointed for a period of one year.

In accordance with the Articles of Association and the Dutch Corporate Governance Code the Board of Directors has installed the following internal Committees with consultative and advisory duties:

- Selection, Appointment and Remuneration Committee (“SAR Committee”);
 - Audit Committee
- in each case consisting of at least three non-executive directors only.

SAR Committee

The SAR Committee is an expert committee supporting the Board of Directors in the performance of its duties; pursuant to the applicable terms of reference adopted by the Boards of Directors, the SAR Committee has the following duties:

- a) drafts selection criteria and appointment procedures for non-executive directors;
- b) periodically assesses the size and composition of the Board of Directors and proposes a composition profile of the Board of Directors, including monitoring and assessment of trends in the area of corporate governance;
- c) at least once a year assesses the performance of the CEO, other executives and individual directors, reports their findings to the Board of Directors and sets the CEO’s and the directors’ compensation levels based on this evaluation;
- d) makes proposals for appointments and reappointments to the Board of Directors, and prepares a description of the role and capabilities required for a particular appointment;
- e) ensures that on appointment to the Board of Directors, non-executive directors receive a formal letter of appointment setting out clearly what is expected of them in terms of time commitment, committee services and involvement outside board meetings;
- f) supervises the policy of the Board of Directors on the selection criteria and appointment procedures for senior management;
- g) makes proposals for the Board of Directors concerning the remuneration policy for the members of the Board of Directors, the committees and the management, and proposes remuneration of the individual members of the Board of Directors, committees and the management within the framework of that remuneration policy (as adopted by the Company’s general meeting of shareholders), which are submitted to the Company’s general meeting of shareholders for approval;
- h) oversees the implementation and administration of the Company’s compensation and benefit plans, in particular the incentive compensation and equity-based plans of the Company (and, to the extent appropriate, the significant subsidiaries of the Company);
- i) prepares the remuneration report on the remuneration of the Board of Directors; and
- j) develops and recommends to the Board of Directors the criteria for selecting directors and assessing director independence, seeks and evaluates individuals qualified to become directors, reviews background checks and selects or recommends that the Board of Directors selects the director nominees.

Audit Committee

Pursuant to the applicable terms of reference for the audit committee adopted by the Boards of Directors, the audit committee has the following duties:

- a) advises the Board of Directors on financial reporting, risk management, group-wide compliance with relevant legislation, articles of association, rules and group instructions;
- b) establishes, reviews and updates periodically a code of conduct and ensures that the management has created a system to enforce such code;
- c) supervises the preparation of the Company’s financial statements, the Company’s financial reporting process and system of internal business controls and risk management;
- d) supervises the Company’s internal and external audit process and its internal and external auditor’s qualifications, independence and performance;
- e) obtains timely reports from the independent auditor and reviews them regarding critical accounting policies as well as treatments of financial information within the IFRS that have been discussed with the management; and
- f) reviews the Company’s annual and interim financial statements and other public disclosures, prior to publication.

The Committee has the authority to conduct any investigation appropriate to fulfilling its responsibilities, and it has direct access to the independent auditors as well as anyone in the Company.

The Committee shall meet at least four times annually, or more frequently as it shall determine is necessary to carry out its duties and responsibilities. The Committee will maintain minutes of meetings and reports activities, their findings and recommendations to the plenary Board of Directors on a regular basis. The Committee shall

meet privately in separate executive sessions at least annually with management, the director of the internal auditing department, the independent auditors, and as a committee to discuss any matters that the Committee believes should be discussed, such as a significant financial risk exposure and the step management has taken to monitor, control and report such exposures. In addition, the Committee, or its Chair, will communicate with management and the independent auditors to review the Company's financial statements and significant findings prior to the filing of such statements with the SIX Swiss Exchange.

The independent auditors are ultimately accountable to the Committee. The Committee shall have the ultimate authority to select, evaluate and, where appropriate, replace the independent auditors. The external auditor is generally expected to attend all meetings of the audit committee. The findings of the external auditor, the audit approach and the risk analysis are also discussed at these meetings.

Table below shows frequency of meeting during the year 2015:

Meetings held in 2015	Frequency	Average duration
Board of Directors	Bimестrial	3.5 hours
SAR Committee	Quarterly	1.5 hours
Audit Committee	Four-monthly	2 hours

All board members regularly attended the Board of Directors meetings.

3.3.3 Work methods of the Board of Directors and its Committees

The Board expects to have at least four regularly scheduled meetings each year. In addition, special meetings may be called from time to time as determined by the needs of the Group's business. At least annually, the Board shall devote a meeting to a review of the Group's long-term strategic and business plans.

The Chairman shall establish and distribute in advance the agenda for each Board meeting. Any director is free to suggest potential items for the agenda.

Attendance by any non-Director at Board meetings is subject to the discretion of the Board, however, the Board encourages management to bring officers and managers into Board meetings from time to time, when such managers can provide additional insight into the matters being discussed and/or have potential as future members of senior management. Board approval should be sought if the Chairman or Chief Executive Officer (CEO) wishes to add additional personnel as attendees at Board meetings on a regular basis.

Board resolutions shall be passed and elections shall be carried by the absolute majority of votes cast. In the event of equality of votes, the Chairman shall have the casting vote.

Resolutions may be taken in written form, by way of a telephone, or video conference. A Board member that cannot attend the Board meeting can express its vote by email addressed to the Chairman.

An Executive Director may grant another Executive Director a written proxy to represent him at a Board meeting. Non-Executive Directors cannot be represented in this manner.

The discussions and resolutions shall be reported in minutes of the meeting and such minutes shall be signed by the Chairman and the meeting's secretary. The minutes shall be approved by the Board at its next meeting.

Resolutions approved by email must be included in the minutes of the next meeting of the Board.

3.4 Information and control systems of the board vis-à-vis management

The Board of Directors is informed on a regular basis on material matters involving the Group and the Group's business.

The Chairman and the CEO ensure the proper information flow between the Management and the Board of Directors. The Board of Directors receives regular and ad-hoc reports from the Board's Committees, the Chairman and the CEO. The minutes of Committees' meetings are made available to the full Board.

Furthermore, the Audit Committee reviews the financial performance and assesses the effectiveness of the internal and external audit processes as well as the internal risk management organisation and processes.

Additional information and control instruments include:

- external auditors (KPMG Switzerland) who conduct their audit in compliance with Swiss law and in accordance with Swiss Auditing Standards and with International Standards on Auditing;
- external auditors (KPMG Netherlands) who conduct audit in compliance with Dutch law and International Standards on Auditing (ISA);
- group internal auditors which have a direct link to the Audit Committee. It comprises people with a significant experience travelling worldwide and completing audit assignments.

4. Management

4.1 Members of Management

Name	Year of birth	Nationality	Current Function
Francesco Signoretti	1965	Italian	Chief Executive Officer - Executive Director
Jérôme Cohen Scali	1974	French	General Manager Metasearch - Executive Director
Andrea Bertoli	1964	Italian	Deputy CEO and General Manager Travel & Leisure
Francesco Guidotti	1968	Italian	Chief Financial Officer
Matthew Crummack	1970	British	Deputy CEO and Chief Integration Officer

4.2 Professional background and other activities and functions

Francesco Signoretti

Chief Executive Officer - Executive Director

Please refer to point 3.2 above.

Jérôme Cohen Scali

General Manager Metasearch - Executive Director

Please refer to point 3.2 above.

Andrea Bertoli

Deputy CEO and General Manager Travel & Leisure

Andrea Bertoli graduated in Business Administration from the Bocconi University in Milan and holds a Master CEMS from ESADE Business School in Barcelona. He spent 7 years at McKinsey & Company as a senior consultant for Italy and Scandinavia. In 1999 he co-founded eDreams Italy and was appointed Vice President Strategic Development and Board Member of eDreams Inc. Between 2001 and 2011 he held CEO and President positions in some of the largest ski lift operation companies in the Dolomites. He joined Bravofly Rumbo Group, now lastminute.com group, in 2012 as Head of New Business Development. Within the Group, in July 2013 he co-founded the deal-of-the-day metasearch Vivigratis.com. In 2014 he was General Manager Vacation becoming Deputy CEO in 2015.

Francesco Giudotti

Chief Financial Officer

Francesco Guidotti graduated in economics and commerce from La Sapienza University of Rome. He was previously CFO of YOOX, the global Internet retailing partner for leading fashion brands listed on the Milan stock exchange. He began his professional career as Financial Controller at the Brussels branch of Pirelli Bedding Benelux. In 1996, he became the Financial Manager of Ethicon Endo-Surgery, a subsidiary of Johnson & Johnson. In 1997, he joined TAG Heuer Italia S.p.A., a subsidiary of the Louis Vuitton Mœt Hennessy Group, as the CFO of the Italian subsidiary, and in 1999, he took on the role of Financial Controller for Europe in Neuchâtel, Switzerland. In 2000, Mr Guidotti became CFO at Zenith Italia S.p.A. in Milan and OMAS S.r.l. in Bologna, both companies of the Louis Vuitton Mœt Hennessy Group. Between 2001 and 2003, he held the position of Financial Controller for the Bulgari Group in Neuchâtel, Switzerland, and then moved to YOOX S.p.A. to hold the position of CFO until 2006. He then joined the PINKO Group as CFO and, from April 2008 to June 2010, held the position of CFO at the TAS Group. From July 2010 to 2015, Francesco Guidotti was CFO of YOOX S.p.A. He joined the group in 2015.

Matthew Crummack

Deputy CEO and Chief Integration Officer

Matthew Crummack received a BSc in International Business and Modern Languages from Aston University in the UK and an ERASMUS diploma at the IECS Business School in Strasbourg. Between 1993 and 2006, Matthew pursued a classic European sales and marketing career with Procter & Gamble, followed by an assignment as a global business development director for Nestlé handling their relationship with Tesco worldwide. In 2006, he moved sectors into online travel where he gained extensive experience as Expedia's European VP and then Global Senior VP of Lodging in their partner services team. He became CEO of lastminute.com in 2011, before leading the sale of the business to Bravofly Rumbo Group in early 2015.

4.3 Management contracts

In 2015, a company named BLUE 888 LTD, fully belonging to Jérôme Cohen Scali, had revenues of EUR 169 thousands of remuneration for his activity as General Manager Metasearch for the Group, providing support and strategic guidelines for the general growth of metasearch business (BLUE 888 LTD domicile: 21/F, On Hing Building, 1 On Hing Terrace, Central Hong Kong). The consultancy contract signed with BLUE 888 LTD started on 1 April 2014 and may terminate by each of the contractual parties with not less than thirty days of notice. All the other members of Management were paid through direct employed or consultancy contracts.

5 - Compensation, shareholdings and loans

Please refer to the Compensation Report 2015.

6 - Shareholders' participation

The participatory rights of shareholders are defined in LMN's Articles of Association. Each share of the company carries one vote and is entitled to vote on any shareholders' meeting of the Company. The Company's shareholders are only entitled to attend the general meeting in person, or represented by a person holding a written proxy, to address the meeting and to vote at the meeting, if the shareholder has lodged documentary evidence to the Board of Directors of his voting rights. The requirement for a written proxy is also met if the proxy is recorded electronically. For these purposes, the Board of Directors shall set a record date on the twenty-eighth day before the general meeting by which date the shareholder needs to register as such in a register (or one of more parts thereof) designated by the Board of Directors. The registration process is described in the notice for the general meeting.

One or more shareholders of the Company, entitled to make such request according to the law, may request the Board of Directors in writing to include items for the meeting in the agenda, at least sixty days before the date on which the meeting is convened.

Unless another majority is prescribed under Dutch law or in the Articles of Association (art. 20 and art. 21), resolutions of the Company's general meeting of shareholders shall be adopted by an absolute majority of votes cast in a meeting at which at least one third of the issued capital is represented.

Extraordinary general meetings of the Company's shareholders shall be convened as often as deemed necessary by the Board of Directors or at the request to the Board of Directors by one or more shareholders jointly representing at least one-tenth of the issued share capital.

For details concerning convocation and notification of the General Meeting please see from art. 15 to 18 of the Articles of Association.

<http://www.lastminutegroup.com/~media/Files/B/Bravofly-Rumbo-Group/documents/governance-documents/articles-of-association-19-may-2015.pdf>

No voting rights may be exercised for any shares held by the Company or its subsidiaries. The Company or its subsidiaries may not exercise voting rights in respect of shares for which it or its subsidiaries have a right of usufruct or a pledge. No other voting right restrictions apply to the shares of the Company. Furthermore, there are not procedure and conditions for abolishing voting rights restrictions laid down in the Articles of Association.

On 26 March 2015, the Group established a new cash-settled share-based payment arrangement. Directors and selected key employees were offered the opportunity to participate. Plan participants are required to make an equity co-investment contribution in cash ("the initial contribution") as limited partners of a limited partnership entity. Under the terms of the plan, the Group contributes an amount equal to three times the initial contribution ("the LMN contribution"). The limited partnership entity which administers the arrangement purchases the LMN shares, and LMN shares equivalent is computed for both the initial and the LMN contribution. This equivalent number is equal to the contribution divided by the market price of an LMN share at the date of the initial contribution.

7 - Change of control and defence measures

7.1 Duty to make an offer

Pursuant to the applicable provisions of the SESTA (since 1 January 2016, the Financial Market Infrastructure Act, FMIA), if a person acquires shares of a company with its primary listing at a Swiss stock exchange, whether directly or indirectly or acting in concert with third parties, which, when added to the shares already held by such person, exceed the threshold of 33 1/3% of the voting rights (whether exercisable or not) of such company, that person must make a bid to acquire all of the listed shares of the company. A company's articles of association may either eliminate this provision of the SESTA (since 1 January 2016 the FMIA) or may raise the relevant threshold to 49% ("opting-out" or "opting-up" respectively). The Articles of Association do not contain an opting-out or an opting-up provision, except for a provision that applied only until June 30, 2014 and was intended to ensure that shareholders could lend and receive back shares to accommodate over-allotments within the IPO without triggering a mandatory offer obligation.

There is no obligation to make a bid under the foregoing rules if the voting rights in question are acquired as a result of a gift, succession or partition of an estate, a transfer based upon matrimonial property law, or execution proceedings.

These rules apply to the Company and its shareholders despite the Company being incorporated in the Neth-

erlands. Since the Dutch rules on public takeovers and mandatory bid rules do not apply to a Dutch company listed at SIX Swiss Exchange, no exception apply to the application of Swiss takeover rules and, consequently, mandatory bid rules.

7.2 Clauses on change of control

There are no change-of-control clauses benefiting Board members or members of the management. Contracts with Executive Directors do not contain notice periods, severance payments or contract periods exceeding 12 months. Under certain scenarios, a change in control would result in the accelerated vesting of pre-existing employee stock options so that all such options could be exercised immediately.

8 - Auditors

8.1 Duration of the mandate and term of office of the lead auditor

KPMG Accountants NV are the statutory auditors of lastminute.com group (since the financial year 2013). KPMG SA (Switzerland) has been the lead auditor since 2009, providing lastminute.com group with a voluntary external audit opinion on the consolidated accounts.

The audit reports are signed by KPMG SA (partner Lorenzo Job, who took office on 4 August 2015 for the Consolidated Financial Statements and Swiss single financial statement (Bravonext). The audit reports are signed by KPMG NL (partner Arnold de Bruin) for the Consolidated Financial Statements and Dutch single financial statement (LMN NV).

8.2 Auditing fees

The total of the auditing fees for the auditors in 2015 amounts to EUR 500 thousand, of which KPMG, in their capacity as Group auditors, received the fully amount.

8.3 Additional fees

Fees paid to the auditors for 2015 related to additional services amount to EUR 5 thousand for other various non-audit services, such as consultancy activity for disclosures on technical matters.

8.4 Information instruments pertaining to the external audit

KPMG presents to the Audit Committee a detailed report on the conduct of the Financial Statements audit, the findings on significant financial accounting and reporting issues together with the findings on the internal control system as well as an overview of issues found during the interim audit.

Periodically, head of internal audit department met the Audit Committee for interim updates.

The Audit Committee reviews annually the appropriateness of retaining KPMG as the auditor of the LMN, prior to proposing to the Board and to the Annual General Meeting of BRG the election of KPMG as auditors. The Audit Committee assesses the effectiveness of the work of the auditors in accordance with Swiss law, based on their understanding of the Group's business, control, accounting and reporting issues, together with the way in which matters significant at Group level or in the statutory accounts are identified and resolved.

The Audit Committee is also informed on the work of KPMG through regular briefings and information presented by the head of the internal audit department. The lead auditor is rotated every seven years in accordance with Swiss law. Audit fees are ultimately approved by the Audit Committee.

The Group and KPMG have agreed on clear guidelines as to audit services which it is appropriate for KPMG to provide. These services include due diligence on mergers, acquisitions and disposals and tax and business risk assurance and IS/IT advisory support. These guidelines ensure KPMG's independence in their capacity as auditors to the Group. KPMG monitors its independence throughout the year and confirms its independence to the Audit Committee annually.

9 - Internal control and risk management system

9.1 Principles of the internal control and risk management system

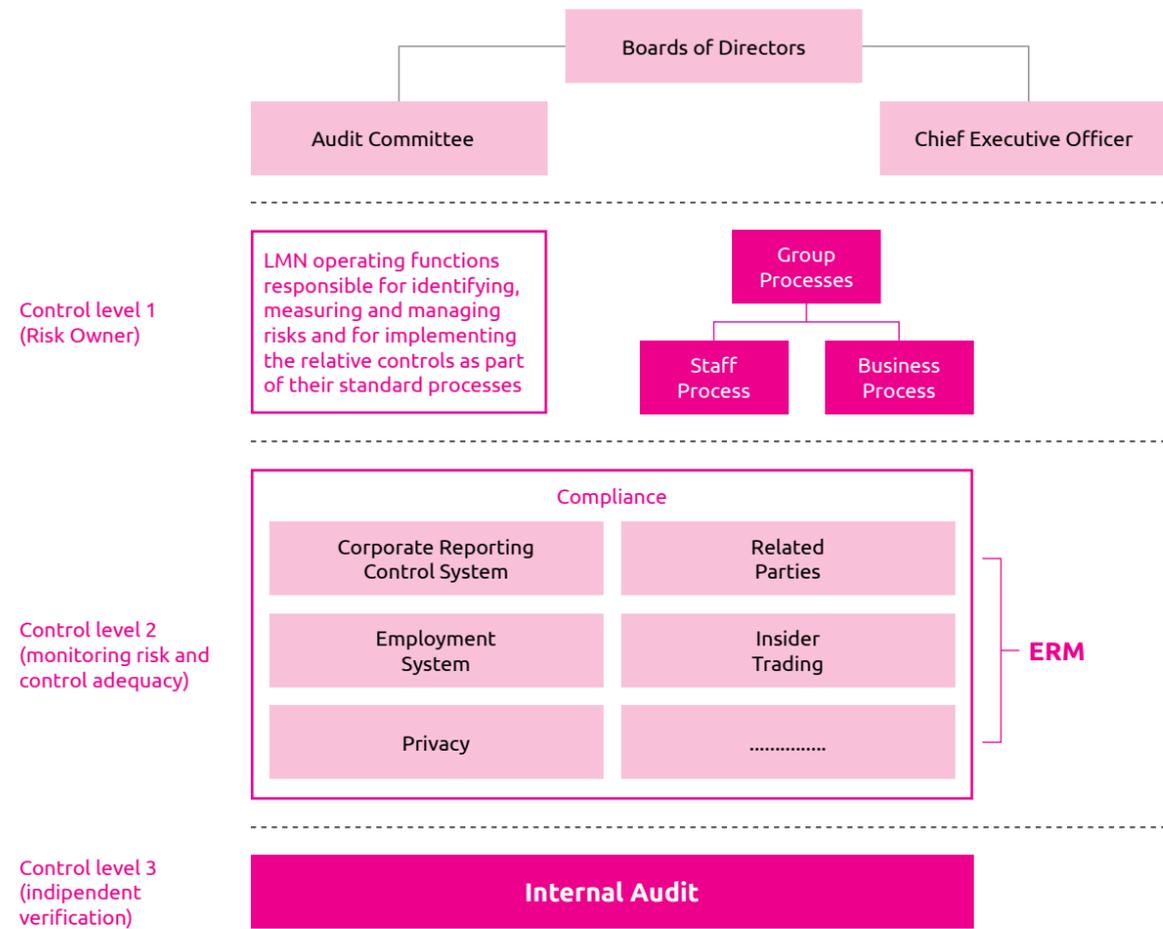
lastminute.com group has adopted and is committed to promoting and maintaining an adequate internal control and risk management system, to be understood as a set of all of the tools necessary or useful in order to direct, manage and monitor business activities with the objective of ensuring compliance with laws and Group procedures, protecting corporate assets, managing activities in the best and most efficient manner and providing accurate and complete accounting and financial data.

The Board of Directors approved the "Guidelines of the Board of Directors on Internal Auditing" (the "Guidelines") that define the system of internal control and risk management as a set of organisational structures, rules and procedures to enable the identification, measurement, management and monitoring of the main risks. An effective system of internal control and risk management assists in leading the Group in line with pre-established goals, promoting reasoned decision-making. The internal control and risk management system director and those appointed to manage it are responsible for establishing and maintaining an effective internal control and risk management system, in line with corporate and procedural objectives, ensuring that risk management procedures correspond to the risk containment plans defined. lastminute.com group's Board of Directors has identified the Audit Committee as responsible for the supervising of the internal control and risk management system; the Audit Committee defines the guidelines for the internal control and risk management system and annually reviews the operation of the Group's internal risk management and control systems with regard to the characteristics of the Group and the risk profile assumed, as well as its efficacy, so that the main risks facing the Group and its subsidiaries can be correctly identified and adequately measured, managed and monitored.

lastminute.com group's internal control and risk management system is based on an integrated model of controls. Management is primarily responsible for applying the internal control and risk management system, since control activities are an integral part of management processes. Management must therefore foster an environment positively oriented that promotes to the controls and must specifically manage "line controls", consisting of all the control activities that individual operating units or companies perform on their own processes. There are various operating units involved in the internal control and risk management system, based on specific allocations of responsibility. These units are set within the corporate structure at three different levels of the corporate structure, and they interact as shown in the diagram below. Specifically, LMN's risk management system comprises the following three levels of internal control:

- Level One: identification, evaluation and monitoring of risks inherent to the individual Group processes. The Group departments that bear the individual risks, and are responsible for identifying, measuring and managing them as well as for implementing the necessary controls, are located at this level;
- Level Two: monitoring of the main risks to ensure that they are effectively and efficiently managed and processed, and monitoring of the adequacy and functioning of the controls put in place to protect against the main risks; support for Level One in defining and implementing adequate management systems for the main risks and related controls. This level contains Group personnel charged with coordinating and managing the main control systems (e.g. Disclosures, Privacy etc.);
- Level Three: independent and objective verification of the operating effectiveness and adequacy of Levels One and Two, and in general of all risk management methods. This activity is performed by the Internal Audit Department, which performs his activity under the direction and guidance of the Guidelines.

The following table shows the Corporate Governance structure for the Group, divided in the different control levels:



Internal representations received from management, management reviews, reviews of the design and effectiveness of the internal controls and reviews are integral parts of LMN's risk management approach. On the basis thereof, it can be stated that LMN's internal controls over financial reporting provide a reasonable level of assurance that the financial reporting does not contain any material inaccuracies and confirms that these controls have functioned properly in the financial year 2015.

A specific matrix over financial risks, brought to the review of external auditors, is annually prepared by the Management and approved by LMN's CEO and CFO and supervised by the Audit Committee.

9.2 Enterprise Risk Management System

lastminute.com group has adopted an ERM system composed of rules, procedures and organizational structures, for identifying, measuring, managing and monitoring the main risks that could affect the achievement of its strategic objectives.

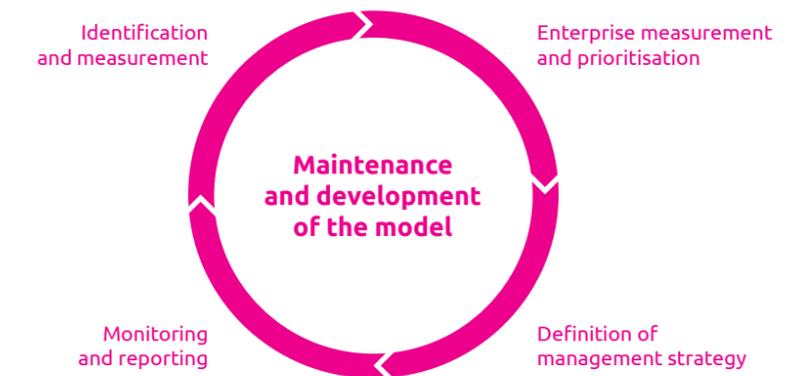
lastminute.com group through the ERM system has adopted uniform and structured method for identifying, evaluating, managing and controlling risks in line with existing reference models and best practice.

The ERM system provides for an integrated, cross and evaluation of risk that increases the value of the management systems already in place in the individual corporate processes. The results arisen in relation to the main risks and the relevant plans for managing said risks are submitted to the Audit Committee to allow the evaluation of the effectiveness of the internal control and risk management system in relation to the specific features of lastminute.com group and to the risk profile adopted.

The scope of the risks identification phase is to pinpoint dangerous events both pertaining the corporate processes of lastminute.com group and external to them that may affect the achievement of the corporate objectives. Risks are measured in an integrated and cross manner by way of defined grading scales of probability and impacts that concerns, both quantitative (e.g. economic and financial impacts) and more qualitative and intangible (e.g. reputational impact, health, safety-related) aspects.

To each event is given an 'enterprise' score. For each risk, this score summarises the different evaluations performed by the Risk Owners and by the centralised units with specialist expertise. Risks are prioritised according to a combination of impact and probability scores. Management actions and possible specific interventions are identified for all risks, with the relevant implementation timeframes, associated with a type of risks' management among those codified.

Risk mapping is dynamic and thus needs to be reviewed periodically. The 'enterprise' evaluation dictates how often these reviews will take place, but they will happen at least once a year, even for low-priority risks. Periodic reporting ensures, at different corporate level, that the information on risk management and monitoring activities of competence is available and represented. The ERM system is constantly verified to having a continually effective model in line with methodological and technological developments regarding the risk management matter. Below is a graphical representation of how lastminute.com group's ERM system works:



9.3 Internal Audit

Within the enterprise risks, the main corporate risks identified, monitored and managed by lastminute.com group are the following:

- Market Risk, arising from increased competition with its loss of market share;
- Financial Risk,
- Fraud Risk,
- Operational Risk,
- Compliance Risk, resulting from changes in laws and regulations applicable to the Group.

The role, duties and responsibilities of the Internal Auditor are defined and formalised by the Board of Directors in the Guidelines.

The Board of Directors appoints the Internal Auditor. The Internal Auditor is appointed for an unlimited term and may be dismissed by the Board of Directors. At least once during the course of the mandate granted to it by the Shareholders' Meeting, the Board of Directors assesses whether to reappoint the Internal Auditor, basing its decision on factors including rotation criteria.

The Board of Directors has appointed to Mr. Fabio Di Pietro as Head of the Internal Audit Department.

The Internal Audit performs audit activities in full independence in accordance with the instructions of the Board of Directors; the Audit Committee oversees the activities of the Internal Audit. The Internal Audit activities are carried out ensuring the maintenance of the necessary conditions for independence and the necessary objectivity, competence and professional diligence provided for in the international standards for the professional practice of the Internal Audit and in the code of ethics issued by the Institute of Internal Auditors.

Within the process of approving of the audit schedule, once a year the Board of Directors approves the budget required for the Internal Audit department to perform its responsibilities. According to the Guidelines, the Internal Audit has autonomous spending powers to assess, analyse and evaluate the internal control and risk management system and/or the related activities, and, in an exceptional and urgent circumstances that requires additional funds, it may ask the Board of Directors to extend the budget for the purposes of fulfilling its duties.

The Internal Audit Department: (i) verifies, both on a continual basis and in relation to specific requirements, in compliance with international standards, the functioning and suitability of the internal control and risk management system via an audit schedule, approved by the Board of Directors, after consultation with the Audit Committee, based on a structured process of analysing and prioritising the main risks; (ii) is not responsible of any operational area, and has direct access to all information that is useful for carrying out its duties; (iii) prepares periodic reports containing appropriate information on its work, on how risks are managed and on compliance with the plans set up to limit them. These reports contain an evaluation of the suitability of the internal control and risk management system; (iv) prepares timely reports on events of particular importance; (v) submits the reports to the Audit Committee and the Board of Directors; and (vi) verifies, in the context of the audit schedule, the reliability of the IT systems used, including the accounting systems.

Audit work are performed by the Internal Audit Department using an integrated approach, focusing on:

- Operational aspects: effectiveness and efficiency of business processes;
- Compliance aspects: compliance with laws and Group policies and procedures;
- Financial aspects: reliability of financial reporting.

9.4 lastminute.com group's internal regulatory system

In accordance with the evolving process aimed at continually improving the effectiveness and efficiency of its internal control and risk management system, lastminute.com group has adopted its own Regulatory System. The base of the Group's internal regulatory system is represented by the Code of Conduct, adopted by the Board of Directors on 14 April 2014. The Code of Conducts explicitly states the ethical guidelines, values and responsibilities that the Group acknowledges, accepts, shares and assumes, both within and outside the business. The values stated in the Code form a shared system that expresses lastminute.com group's culture of corporate ethics and inspires the strategic thinking and performance of corporate activities that have to be carried out in a transparent, honest and fair way, in good faith, and in full compliance with competition protection rules. All that in respect of the legitimate interests of every stakeholder.

lastminute.com group's regulatory system comprises the following levels: (i) Group's Policies (Level 1), (ii) Procedures (Level 2).

Group's Policies are indicated below:

- Whistleblower Rules;
- Remuneration Policy;
- Dividend Policy;
- Privacy Policy;
- Insider Regulations;
- Related Party Transactions.

10 - Information policy

10.1 Investor Relations – guiding principles

LMN is committed to managing an open and consistent communication policy with shareholders, potential investors and other interested parties. The objective is to ensure that the perception of those parties about the historical record, current performance and future prospects of the Group is in line with management's understanding of the actual situation at LMN. The guiding principles of this policy are that LMN gives equal treatment to shareholders in equal situations, that any price-sensitive information is published in a timely fashion and that the information is provided in a format that is as full, simple, transparent and consistent as possible.

10.2 Methodology

LMN produces each year a detailed Annual Report, which reviews the business. It also provides detailed audited Consolidated Financial Statements for the year under review, prepared according to the International Financial Reporting Standards (IFRS) as adopted by EU. These are complemented by the Half-Yearly Report. lastminute.com NV publishes its full-year and half-year results, and its first-quarter and nine-months' sales figures; it also publishes press releases at the time of any potentially price-sensitive event, such as significant acquisitions and divestments, joint venture agreements and alliances. Major announcements, such as results of corporate activity, are accompanied by a presentation which anyone can choose to access, whether or not that person is a shareholder. Furthermore, LMN has an active investor relations programme, including both group meetings and one-to-one meetings. This includes the Annual General Meeting, as well as presentations at the time of its full-year and half-year results. The Group also has a programme of roadshows, which take place in most financial centres around the world, and hosts themed events for institutional investors and investment analysts at which members of line management give an overview of their particular areas of responsibility. These meetings focus either on recently announced financial results, recent corporate activity or the longer-term strategy of the Group.

Specifically on governance topics, the Group engages into an active dialogue with investors through regular Chairman's roundtables, surveys and bilateral exchanges which are reported to the Board. The Group utilises its website www.lastminutegroup.com to ensure a rapid and equitable distribution of information. There are links

to non-financial information that may be of interest to investors, such as the Articles of Association, Code of Conduct, Whistleblower Rules, Dividend and Remuneration policy.
 A Group calendar of relevant dates is displayed on website (www.lastminutegroup.com).
 The Investor Relations Department can be contacted, either through the Web site or e-mail.

Link to push service: <http://www.lastminutegroup.com/site-services/alert-service.aspx>
 Link to pull service: <http://www.lastminutegroup.com/media/press-releases.aspx>

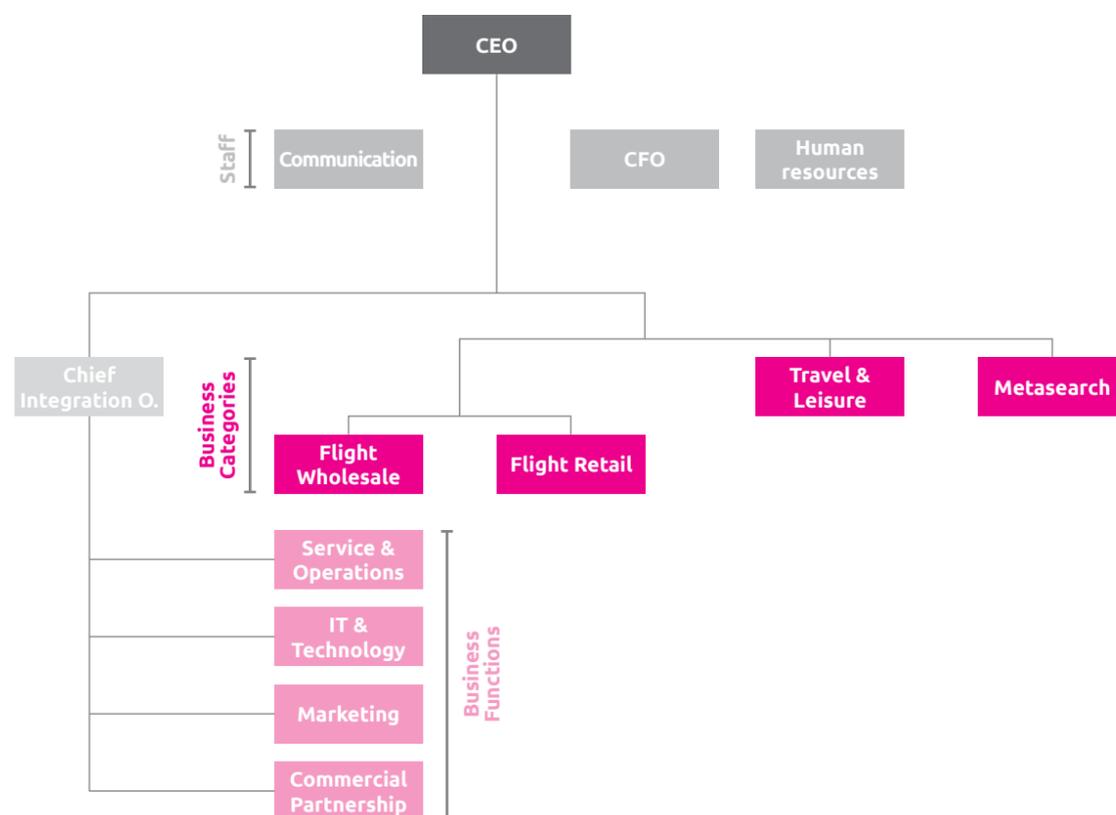
11 - Non-applicability/ negative disclosure

It is expressly noted that any information not contained or mentioned herein is either non-applicable or its omission is to be construed as a negative declaration (as provided in the SIX Swiss Exchange Corporate Governance Directive and the Commentary thereto).

Contact

Investor Relations
 E-mail: investor.relations@lastminute.com

2015 organizational structure:



Material changes since the balance sheet date

At the date of the publication of this report, a change in the composition of the Executive Management Team of the company occurred. For further information please refer to the following link:
<http://www.lastminutegroup.com/investor-relations/corporate-governance/management.aspx>

Compensation Report 2015

Governance

The Board of Directors has the overall responsibility for defining the compensation principles used in the Group. It approves the compensation of the members of the Board, its Chairman and the CEO.
 The Remuneration Policy was prepared by the SAR Committee ("SARC") of the Board of Directors. Please see Note 3.4.2 of this document for a detailed description of it.
 The goal of this Remuneration Policy is to recruit, retain and motivate high quality directors. The Group is committed to providing a total remuneration package that is consistent with sound industry practice and reflects the individual country practices, job market and geographic differences. The Group has a strong orientation toward achieving overall Group and personal goals. The SARC shall annually evaluate each executive director's performance against these goals.

The Group intends that the amount and structure of the remuneration paid to executive directors shall be such that a qualified and expert manager can be recruited and retained. The remuneration package shall include a fixed and a variable component. The level and structure of remuneration package is determined in the light of, among other things, an executive director's professional experience in so far as it is relevant to the performance of his or her duties, executive experience, experience in corporate governance of large companies, experience in ecommerce and tourism industries, specific know-how with respect to the business and corporate policy of the Group, specific competences in areas of management, finance, reporting and ecommerce and tourism industries. The remuneration policy may also be determined in relation to the Group's results, share price performance, and other relevant developments.

The remuneration of the non-executive directors is based on SARC discretion, consists of fixed fees and is paid out in cash.

The Remuneration Policy shall be published on the Group's website.

Principles of compensation for the members of the Board of Directors

The remuneration of the members of the Board of Directors and the Executive Management is set to attract and retain highly qualified individuals to serve on the Board of Directors and the Executive Management. The level of remuneration reflects (i) the time and effort required from the members in fulfilling their responsibilities and (ii) the level of skills and experience of each member. The pay structure is designed to ensure the Board and management's focus on the long-term success of the Group.
 The remuneration package for the executive directors shall also take into account any division of duties within the Board. The remuneration package and its structure shall also take into account any remuneration an individual executive director may receive (based on employment or non-employment status) from the Group or any of its direct and indirect subsidiaries (each a "Group Group").
 In addition, members of the Board may receive remuneration for consultancy services provided to the Group. Such remuneration shall be at arm's length conditions and must be approved by the SARC.
 The competent body in charge for the determination of the compensation of the members of the Board of Directors and the Executive Management is the SARC. Normally, the SARC provides to review and recommend changes to the remuneration of the members of the Board of Directors and the Executive Management once a year, during its first reunion of the year. The SARC's role is to ensure that remunerations are at an appropriate level, effectively managed, to best match the business objectives of LMN reflecting competencies and market

conditions in the various countries where LMN is operating. SARC also assists the Board in the approval of remuneration policies and practices.

Members of the SARC whose remuneration is decided by the SARC have the right to attend the meeting during which remunerations are discussed, but they don't have any voting right about the decisions.

To ensure the integrity and independence of the choices of the SARC, all the meetings of the committee are attended by external guests qualified to represent the interests of the Group and stakeholders, such as the Investor Relator and a senior manager of the HR Department of the Group.

In addition to the above, during 2015 the Group has based its criteria for defining the remuneration of the Executive Management also on the results of a survey conducted by an international external consultant (Towers Watson), which has provided an external and fair benchmark related to remuneration system in high tech companies existing actually .

Towers Watson is one of the most famous consultant for Human Recourses, particularly for the compensation area and for the comparison with the existing benchmarks in the market.

lastminute.com chose Towers Watson for different reasons:

- the methodology is flexible as the Group's organization is;
- they are based in every country where lastminute.com is already based;
- at the moment Towers Watson is the player who have the highest number of high tech companies which participate at the annual survey.

During the last year, the Group used this approach in order to map the first and second lines and some key roles. The results of the surveys and the benchmark against the market are helpful for top management and HR strategy, in order to (i) have an important idea on how the external market works, (ii) create career paths for the people, (iii) use the external market to retain and to better reward deserving people, (iv) give to new people a better compensation scheme as the role needs.

lastminute.com decided to have a comparison with the High Tech market because is the most similar with the Group's business profile and roles and used determined percentages to calibrate the amount of the survey depending on the city where the Group's companies are based.

Below is reported a list of the number of the companies who participate to the survey in 2015 for High Tech market:

- 88 for Switzerland;
- 124 Italy;
- 146 Spain;
- 83 India;
- 252 UK;
- 163 France;
- 168 Germany.

Compensation 2015 for the members of the Board of Directors and Management

Board membership fees and allowances

The table below shows the company cost related to the remuneration, including contingent and deferred compensation, received by the directors in their role of directors, consultants or executive of the Group during the year ended December 31,2015:

Name	Fixed Remuneration	Bonus	Options	Other	Total Compensation
Fabio Cannavale	510	0	0	0	510
Francesco Signoretti	485	0	0	0	485
Jérôme Cohen Scali	169	0	0	0	169
Roberto Italia	30	0	0	0	30
Fabio Selmoni	20	0	0	0	20
Ottonel Popesco	30	0	0	0	30
Minter Dial	25	0	0	0	25
Julia Bron	25	0	0	0	25
Total remuneration to BoD	1294	0	0	0	1.294

In € ,000

As shown in the table above, no options have been awarded during 2015. As of 31 December 2015, however, Francesco Signoretti holds a package of options previously granted, as represented in the table below:

Options 2015					
Outstanding Options as of Beginning of the Year	Options Granted During the Year, Including Exercise Price	Options Forfeited/ Exercise During the Year	Options Outstanding at the End of the Year		
			Numbers of Shares	Weighted Average Exercise Price	Weighted Average Residual Life
200,000	0	0 / 0	200,000	EUR 8.00	1 years

Compensation for Members of the Executive Management

The aggregate compensation, including bonuses, social security and pension contributions and other cost of compensation for the Company, for members of the Executive Management (consisting of 5 members in 2015) for the financial year 2015 was EUR 1,379 thousand¹. The highest individual compensation was related to Francesco Signoretti and amounts to EUR 485 thousand.

In relation to performance-related remuneration, all the eventual bonuses expected for the members of the Executive Management are paid in cash. The ratio between performance-related remuneration and base salary is determined by the SARC for each member of the Executive Management and was between 24% and 50% in 2015. Performance-related remunerations are established and paid on the basis of financial parameters of the Group (Gross Margin and Net Revenues, whereby the weighing of the Gross Margin amounts to 50% and that of the Net Revenues to 50%) and are not dependent on individual performance goals.

In addition to the remuneration mentioned above, members of the Executive Management were entitled to certain fringe benefits including arrangements related to health insurance and occupational disability, personal accident insurance, company car scheme and a director's and officer's liability insurance against damage resulting from their conduct when acting in the capacities as member of the Executive Management.

Loans

As of 31 December 2015 no loans were presented by the Group toward any member fo the Executive Management.

Additional fees and remuneration of the Board of Directors and Executive Management

During 2015, no additional fee were paid to the Board of Directors and Executive Management.

¹ The total amount of the remuneration paid to the members of the Executive Management includes pro quota the remuneration of (i) the new Group's CFO, who joined the Executive Management on 1 May 2015, and (ii) the former CFO.

Contacts

lastminute.com group

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