

COFIDE S.p.A.

REPORT ON CORPORATE GOVERNANCE AND OWNERSHIP STRUCTURE

(as per the terms of Art. 123-bis of the Finance Consolidation Act - T.U.F.)

AND ON COMPLIANCE WITH THE CODE OF CONDUCT FOR LISTED COMPANIES

Year 2011

This Report (hereinafter the “Report”) aims to illustrate the model of corporate governance that COFIDE S.p.A. (hereinafter the “Company”) adopted in the year 2011.

The Report, approved by the Board of Directors at the meeting held on March 12 2012, is being made available to the Shareholders together with the rest of the documentation for the Annual General Meeting of the Shareholders being called to approve the Financial Statements for the year ended December 31 2011 and is being transmitted at the same time to the Italian Exchange in order to facilitate its release to the public and can also be consulted online – together with other documents of interest to the market - on the internet website www.cofide.it in the section “Corporate Governance”.

The amendments made in December 2011 to the Code of Conduct by the Corporate Governance Committee will be applied by the end of 2012 and their application will be taken into account in the Report on Corporate Governance for the year 2012.

Information on the ownership structure (as per Art. 123-bis, paragraph 1, T.U.F) at December 31 2011

a) Share capital structure (as per Art. 123-bis, paragraph 1, letter a) T.U.F)

The subscribed and paid up share capital consists of € 359,604,959 comprising 719,209,918 ordinary shares, listed on the *Mercato Telematico Azionario* of the Milan Stock Exchange – FTSE Mid Cap index. All the ordinary shares have the same rights and obligations.

b) Restrictions on the transfer of shares (as per Art. 123-bis, paragraph 1, letter b) T.U.F)

The shares of the Company are freely transferable, except for certain restrictions applicable to certain categories of persons for limited periods of time on the basis of the Code of Conduct on the subject of Internal Dealing published on the website of the Company in the section “Corporate Governance”.

c) Significant shareholding stakes (as per Art. 123-bis, paragraph 1, letter c) T.U.F.)

Below are the names of the Shareholders of last resort who, in accordance with Consob Resolution 11971/99 either directly or indirectly had percentages of ownership higher than 2% of the capital with voting rights at December 31 2011:

Ing. CARLO DE BENEDETTI: 52.357% (of which 34.666% through Carlo De Benedetti & Figli S.a.p.A. – 17.241% through BIM Fiduciaria e di Revisione S.p.A. – 0.449% through ROMED S.p.A.)

BESTINVER GESTION SGIIC S.A.: 15.826%

CREDIT SUISSE GROUP AG: 3.660% (3.660% held through Credit Suisse Securities (Europe) LTD)

CAGNOLI GIOVANNI: 2.139% (of which 0.745% held directly and 1.394% held through CARISMA S.P.A.).

d) Shares that give special rights (as per Art. 123-bis, paragraph 1, letter d) T.U.F.)

There are no shares that give their holders any special controlling rights.

e) Employee shareholders: mechanism for exercising voting rights (as per Art. 123-bis, paragraph 1, letter e) T.U.F.)

There are no particular mechanisms for the exercise of voting rights by employees who hold shares.

f) Restrictions on voting rights (as per Art. 123-bis, paragraph 1, letter F) T.U.F.)

There are no restrictions on voting rights. It should be noted that pursuant to the terms of the Bylaws for the appointment of the Members of the Board of Directors, only Shareholders who alone or together with other Shareholders represent at least a fortieth part of the share capital or any different percentage that may be decided upon in accordance with the law or with regulations, can present lists of candidates and they must be able to prove that they own the number of shares required. Shareholders who alone or together with other shareholders represent a total of less than 20% of the share capital can present lists containing no more than three candidates.

For the election of the Board of Statutory Auditors only Shareholders who, either alone or with others, represent at least 2.5% of the share capital have the right to present lists of candidates and they must be able to prove that they own the number of shares required.

g) Agreements between Shareholders (as per Art. 123-bis, paragraph 1, letter g) T.U.F.)

The Company is not aware of the existence of any agreements between Shareholders as per the terms of Art. 122 of the T.U.F..

h) Change of control clauses (as per Art. 123-bis, paragraph 1, letter h) T.U.F.)

No agreements have been signed by COFIDE S.p.A. or any of its directly or indirectly controlled subsidiaries that contain a change of control clause, i.e. clauses that take effect in the event of the change of the shareholding control of COFIDE S.p.A.

i) Compensation for Directors in the event of resignation, dismissal without a just cause or termination of position following a public offer to purchase or a takeover bid (as per Art. 123-bis, paragraph 1, letter i) T.U.F.)

Reference should be made to what is illustrated in point 7) of the Report on the Compensation of Directors.

l) Election and replacement of the Directors; amendment of the Bylaws (as per Art. 123-bis, paragraph 1, letter l) T.U.F.)

For the election and replacement of Directors reference should be made to what is illustrated in point 6) of the Report on the Appointment of Directors. For amendments to the Bylaws, the terms of the Law are applicable.

m) Power delegated to increase the share capital and authorization to buy back own shares (as per Art. 123-bis, paragraph 1, letter m) T.U.F.)

For a period of five years from the date of the resolution adopted by the Extraordinary Meeting of the Shareholders on April 30 2008, i.e. until April 29 2013, the Board of Directors has the right to:

a) increase the share capital either once or more than once to a maximum of EUR 250,000,000 (two hundred and fifty million) nominal value either free of charge or against payment, with or without a premium. The Directors have the right each time to establish the category of shares, the issuance price of the shares, the start of dividend entitlement, the possible allocation of the share capital increase servicing the conversion of bonds issued even by third parties both in Italy and abroad, or servicing warrants. They will also have the right to determine the reserves and provisions available for allocation to share capital and the amount of the same.

b) issue once or more than once convertible bonds, even in foreign currencies, where the Law permits, with the related share capital increase, up to an amount which, taking into account the bonds in circulation, shall not be higher than the limits established by current legislation on the date of the issuance.

More in general it has the right to define the procedures, terms and conditions of the bond issue and the rules governing such issuance.

The Annual General Meeting of the Shareholders held on April 29 2011, pursuant to and as an effect of Art. 2357 of the Civil Code, authorized the buyback of COFIDE shares for eighteen months from the date of the AGM resolution as follows: a maximum of 30,000,000 shares with a

nominal value of euro 15,000,000 can be bought back but they may not in any case be more than one fifth of the share capital of COFIDE and with a maximum disbursement limit of Euro 25,000,000; the Company will set up a non-available reserve entitled “Reserve for treasury stock held”, for the amount of the own shares bought back, by transferring the corresponding amount from the reserve “Recovery of historical cost of equity investments” as per the Financial Statements as of December 31 2010, the latest ones approved.

The price of each individual share buyback transaction must be no more than 10% higher or lower than the benchmark price recorded by the stock on the trading day on the Stock Exchange immediately preceding the day on which the buyback is made or the date on which the price is fixed.

The buyback may take place:

- a) Through a tender offer (public offer to acquire or exchange shares);
- b) On regulated markets according to operating procedures set out in the rules for the organization and management of those same markets, which do not allow the direct matching of bids and offers in the market or in any case in such a way as to ensure equal treatment for all shareholders and in accordance with laws and regulations in force at the moment of the deal; the quantities bought back on any one day shall not exceed 25% of the average daily volume, as defined in EC Regulation no. 2273/2003;
- c) Through the proportional assignment to the shareholders of put options to be awarded within a period of 15 months and exercisable within a period of 18 months from this resolution.

As of December 31 2011 the company was not holding any of its own shares as treasury stock.

Other information (as per Art. 123-bis, paragraph 2, T.U.F.)

a) Compliance with a code of conduct on the subject of corporate governance.

The company complies with the Code of Conduct (March 2006 edition, amended in March 2010)

prepared by the Committee for the Corporate Governance of Listed Companies and promoted by Borsa Italiana S.p.A.

b) Main characteristics of the systems of risk management and internal control existing in relation to the process of financial disclosures

Reference should be made to point 8) of the Report which deals with the Internal Control System.

c) How the Shareholders' Meeting functions.

Reference should be made to what is described in point 12) of the Report on Shareholders' Meetings.

d) Composition and functioning of the administrative and control bodies and their committees.

Reference should be made to what is described in the sections of the Report that deal with: the Board of Directors (point 2), the Statutory Auditors (point 10) and the Committees (point 5 Institution and functioning of the Internal Committees of the Board of Directors - and 7 Remuneration of Directors and 8 System of Internal Control).

1) ROLE OF THE BOARD OF DIRECTORS

According to the Bylaws (Art. 16) the Board of Directors has full powers of ordinary and extraordinary administration of the Company and has the power to carry out any action that it considers opportune in order to pursue and achieve the Company's objectives, with the exception of such powers that according to the law or the Bylaws reside are reserved exclusively to the Shareholders' Meeting.

The Board of Directors can approve a reduction of share capital in the event of the withdrawal of

shareholders, an adjustment of the Bylaws to bring them into line with regulations, the transfer of the registered offices within the limits of the national territory as well as the merger by incorporation of a wholly owned company or one in which a stake of at least 90% is held, in accordance with Articles 2505 and 2505-bis of the Civil Code. The Board can also approve the issue of convertible bonds or bonds with warrants attached within the limits of current legislation.

Thus, in application of the terms of Article 1 of the Code of Conduct, the Board of Directors:

- Considering the importance of the subsidiary CIR S.p.A. in the investment portfolio of COFIDE S.p.A., ensures the issuer examines the strategic and financial plans of the subsidiary CIR S.p.A.;
- Evaluates the adequacy of the organizational, administrative and general accounting structures of the issuer and the subsidiaries of strategic importance as prepared by the Chief Executive, with particular reference to the system of internal control and the management of conflict of interest;
- Assigns and revokes the powers of attorney given to the Chief Executive Officer and establishes the frequency, generally every three months, with which the said Executive shall report back to the Board on the activity carried out during the exercise of their respective powers
- Determines the remuneration of the Chief Executive Officer, of other Directors and those who hold special positions at the proposal of the Compensation Committee and after consulting with the Board of Statutory Auditors, on the basis of the guidelines set out in the Compensation Policy;
- Monitors the progress of operations taking into consideration, in particular, the information received from the Chief Executive of the Company and from the Internal Control Committee, analysing the business and the evolution of the income and equity situation of the Company and of the Group;
- Examines and gives prior approval to transactions put in place by the issuer and examines those

of the subsidiaries that have significant impact for the issuer from the economic, equity and financial viewpoint, adopting any resolutions (while respecting the principle of operating independence of listed subsidiaries) assessing them to make sure that they are consistent with the strategic plans of the Company;

- Transactions of significant impact mean those of particular strategic importance for the Group given their effects on the consolidated economic, equity and financial situation and/or of the medium/long term commitments resulting from them;
- Carries out at least once a year an assessment of the size, composition and functioning of the Board of Directors and of its committees, possibly expressing guidelines concerning the professional figures whose presence on the Board would be considered useful.

For 2011 the Lead Independent Director verified through a meeting with the Independent Directors that the level of information requested by the Board of Directors for the purposes of the self-assessment was satisfactory, in relation to the Self-assessment Questionnaire prepared in 2010.

The Directors act and adopt resolutions independently on the basis on their knowledge and good judgment and they accept the position when they consider that they can dedicate the necessary time to carrying out their duties, bearing in mind also the number of directorships or positions of statutory auditor that they hold in other companies listed on regulated markets, finance companies, banks, or insurance companies of a significant size. They are furthermore required to inform the Board of Directors of any other activities they carry out that are in competition with the issuer and of any significant changes in the positions that they occupy in other companies.

The Board did not deem it appropriate to fix a maximum number of positions that can be held by each Director and their respective compatibility or incompatibility, reserving the right to assess the matter on a case-by-case basis.

On April 30 2010, the Board of Directors of the Company:

- Gave the Chairman of the Company, Mr Francesco Guasti the legal representation of the Company;
- Assigned to the Chief Executive Officer, Mr Rodolfo DE BENEDETTI full powers of ordinary and

extraordinary administration that he will exercise with his single signature, with the exception of those powers which reside with the Board of Directors for:

- (i) Matters, transactions or resolution reserved by law or by the Company Bylaws to the exclusive competence of the Board of Directors as a whole;
- (ii) The following categories of transaction:
 - the purchase, sale or subscription of equity investment where: (1) the payment or – where this is not in the form of money – the transaction value assigned to the same is higher than Euro 40 million; (2) the sale (or exchange) refers to investments recorded in the balance sheet with a value of over Euro 25 million; (3) the transaction involves the acquisition or the loss of control, as per the terms of Art. 2359 of the Civil Code, in companies or entities of another kind or nature;
 - the purchase or sale on any account of businesses or business arms for a price or with a value of over Euro 40 million;
 - Any other investment transaction of any kind and on any account and in any manner (including the payment of capital contributions or the conversion of receivables into capital), taking on debt or making loans of any kind or issuing guarantees and in general any other deal the value of which is over Euro 40 million;
 - Any decision that the Company may make relating to the operations or decisions of the subsidiaries which may, in any way or on any account, result in a reduction of the stake held by the Company to below the threshold of control;
- (iii) The most important transactions with related parties identified as such on the basis of criteria identified in Annex 3 in the “Regulations giving instructions on the subject of related party transactions” approved by Consob with its Resolution no. 17221 of March 12 2010 and subsequent amendments and additions, as well as further transactions with related parties of more importance that will be identified by the internal procedures adopted by the Board of Directors as per the terms of Articles 4 and 8 of the aforesaid “Regulations giving instructions

on the subject of related party transactions”, the competence for which is reserved to the Board of Directors except for the matters reserved by law and by the Company Bylaws to the competence of the Shareholders’ Meeting.

During the same meeting Mr Carlo De Benedetti was given the following mandate:

- A) To follow and manage, in conjunction with the appropriate corporate departments, the institutional relations of the Company and the Group with public and private entities, with the Government and the local authorities of the Republic of Italy and of other States, with other entities, institutions and associations, promoting in all these spheres the image, the values and the activities of the Company and taking part, where necessary and when requested to do so, representing COFIDE at Board of Directors meetings, executive committees and other bodies and committees in general;
- B) To advise, when requested to do so, the administrative bodies of the Company and/or of the Group in the research and development or new activities, with particular regard to the evolution and prospects of the general economic and social scenarios involved, and more in general in anything else that the administration of the Company may consider useful at any time for improving management and developing the company affairs in a more profitable way.

2) COMPOSITION OF THE BOARD OF DIRECTORS (as per Art. 123-bis, paragraph 2, letter d) T.U.F.)

The Board currently consists of fifteen Directors, one of whom has executive status (the Chief Executive Officer), while fourteen are non-executive.

In consideration of their number and their authority, the non-executive Directors provide a guarantee that their judgment shall have significant weight in the resolutions adopted by the Board; they each bring their own individual expertise to Board debates and contribute to the adoption of decisions reflecting the interests of the Company. Eight non-executive Directors are independent.

The composition of the Board of Directors of the issuer is therefore appropriate to guarantee sufficient conditions of operational independence, aimed at maximizing the economic and financial objectives of the same issuer.

It should be remembered that the mandate of the current Board of Directors will terminate with the approval of the Financial Statements for the year ended December 31 2012. The Board can set up from within its number committees with the function of consulting and making proposals on specific subjects, determining the scope of their activity and their powers.

The following charts show the composition of the Board of Directors and that of the Committees set up by the Board: the Compensation Committee, the Internal Control Committee and the Committee for Related Party Transactions.

| Name | Position | In office since | List | Exec | Non Exec | Indep. Code of Conduct | Indep TUF | % B of D | Other positions |
|----------------------|----------------------------|-----------------|------|------|----------|------------------------|-----------|----------|-----------------|
| De Benedetti Carlo | Honorary Chairman Director | 30.4.2010 | M | | X | | | 85.71 | 4 |
| Guasti Francesco | Chairman | 30.4.2010 | M | | X | | | 100 | 2 |
| De Benedetti Rodolfo | C.E.O. | 30.4.2010 | M | X | | | | 100 | 7 |
| Abravanel Roger | Director | 30.4.2010 | M | | X | X | X | 57.14 | 6 |
| Brugnoli Giampaolo | Director | 30.4.2010 | M | | X | X | X | 14.28 | / |
| Cornelli Francesca | Director | 30.4.2010 | M | | X | X | X | 100 | / |
| Cremona Massimo | Director | 30.4.2010 | M | | X | X | X | 100 | 18 |
| Debenedetti Franco | Director | 30.4.2010 | M | | X | | | 85.71 | 4 |
| De Benedetti Marco | Director | 30.4.2010 | M | | X | | | 71.42 | 1 |
| Dubini Paola | Director | 16.05.2011 | M | | X | X | X | 75 | / |
| Ferrero Pierluigi | Director | 30.4.2010 | M | | X | | | 100 | / |
| Girard Franco | Director | 30.4.2010 | M | | X | | | 100 | 2 |
| Oughourlian Joseph | Director | 30.4.2010 | M | | X | X | X | 100 | / |
| Robotti Roberto | Director | 30.4.2010 | M | | X | X | X | 100 | 3 |
| Rocca Paolo Riccardo | Director | 30.4.2010 | M | | X | X | X | 100 | 3 |

Number of Board of Directors Meetings: 7

Key:

List: M/m: according to whether the Director was elected from the list voted by the majority or one voted by a minority.

Independent (Code and T.U.F.): indicates whether a Director can be qualified as independent on the basis of the criteria established by the Code and by Art. 148 parag. 3 of the T.U.F..

% CdA: shows the Director's attendance, in percentage terms, at the Board Meetings held during the year.

Other positions: shows the total number of positions held in other listed companies, financial companies, banks, insurance companies or other companies of a significant size.

| Name | Compensation Committee | % attendance of C.C. meetings | Internal Control Committee (*) | % attendance of I.C.C. meetings | Committee for Related Party Transactions | % attendance of CRPT meetings |
|-------------------------------------|------------------------|-------------------------------|--------------------------------|---------------------------------|--|-------------------------------|
| Abravanel Roger | X | 100 | | | | |
| Cremona Massimo (a) | X | 100 | X | 100 | X | / |
| Rocca Paolo Riccardo | X | 100 | | | | |
| Brugnoli Giampaolo | | | X | / | X | / |
| Cornelli Francesca | | | X | 100 | X | / |
| Robotti Roberto | | | X | 100 | X | / |
| <i>Number of Committee meetings</i> | <i>1</i> | | <i>5</i> | | <i>0</i> | |

- *Key:*
 - *% CC: shows the Director's attendance in percentage terms at the meetings of the Compensation Committee held during the year.*
 - *% ICC: shows the Director's attendance in percentage terms at the meetings of the Internal Control Committee held during the year.*
 - *% CRPT: shows the Director's attendance in percentage terms at the meetings of the Committee for Related Party Transactions held in the year.*
- (*) *The members of the Internal Control Committee are the same as those of the Committee for Related Party Transactions.*
(a) *Appointed by the Board of Directors on April 29 2011.*

The positions of Director or Statutory Auditor held by the Directors in listed companies and in financial companies, banks, insurance companies or other companies of a significant size, which are checked and noted every year by the Board of Directors, are shown in Attachment A.

In accordance with the terms of the Code of Conduct, on April 30 2010 the Board of Directors appointed as Lead Independent Director Mr Paolo Riccardo Rocca to whom all the non-executive Directors can refer (especially the independent ones) to enable them to make a better contribution to the activity and the running of the Board.

The Lead Independent Director collaborates with the Chairman to guarantee that the Directors receive full information flows on a timely basis. Among other things the Lead Independent Director, either independently or at the request of other Directors, also has the right to call a meeting of just the Independent Directors to discuss topics considered of interest to the running of the Board of Directors or the management of the Company.

In accordance with the terms of the Bylaws (Articles 13-14-15 and 22) the Board shall meet when convened by the Chairman or whoever is taking his place, as a rule every three months and any time that the interests of the Company make it necessary, even at the request of a majority of the

Directors or of an Executive Director or when requested by each member of the Board of Statutory Auditors, provided the Chairman of the Board of Directors is notified.

The Meeting will be called by registered letter, telegram, fax or e-mail which must be received at least five days before the date fixed for the meeting or, in cases of urgency, at least the day before.

The Meetings of the Board of Directors will be chaired by the Chairman or, should the Chairman be absent, by the most senior Deputy Chairman or, if they both have the same seniority, by the older in terms of age. In their absence the meeting shall be chaired by another Director designated by the Board. In order for the Board resolutions to be valid and binding the majority of the Directors in office must be present. Resolutions are taken with an absolute majority of the votes of those present, and if the votes for and against are equal then the casting vote of the Chairman shall prevail. Board resolutions are set out in writing in the minutes which are signed by the person chairing the meeting and by the Secretary.

Meetings of the Board of Directors can be held by video- or telephone-conference call on the condition that all the participants can be identified, that they are able to follow the discussion and intervene in real time on the items being treated and that they are in a position to receive, transmit and view documents.

Once these conditions exist, the Board is considered as being held in the place where the Chairman is actually located.

The meetings of the Board and its resolutions are valid, even when the meeting has not been formally convened, when the majority of the Directors in office and the Statutory Auditors are present even on a telephone - or video - conference call, all those who have a right to attend have been notified in advance of the meeting and the participants are sufficiently informed on the topics to be dealt with.

When the minutes are not drawn up by a Notary, they are prepared by the Secretary and signed by the Chairman and the Secretary without delay. The Directors must report back to the Board of Directors and to the Board of Statutory Auditors on activities carried out and on anything else

required by law at regular intervals at least once every three months when Board Meetings are held or whenever particular timing needs make it desirable. This report shall be made directly, in writing, or verbally and/or by telephone.

In practice the recommendations given in the Code of Conduct are being applied since:

- The Chairman convenes the meetings of the Board of Directors and makes sure that all the members of the Board receive, at least three days before the date of the meeting (except in cases of urgency), all the documentation and information necessary to enable them to express their opinion in a knowledgeable way on the topics submitted to examination and approval;
- The Chairman coordinates the activity of the Board of Directors and directs the proceedings at its meetings;
- The Board of Directors provides sufficient information on the powers assigned to the Members of the Board of Directors.

During 2011 the Board of Directors met 7 times. For the year 2012 seven meetings have been scheduled.

On the subject of passing information to the Board, in accordance with what is set out in the Code of Conduct, the Chief Executive Officer reports back regularly (at least every three months) to the Board and at the same time to the Board of Statutory Auditors on the action taken in the exercise of the powers assigned to him.

The Chief Executive Officer also informs the Board of Directors and the Board of Statutory Auditors (at least every three months) on any non-typical or unusual transactions or transactions with related parties.

3) INDEPENDENT DIRECTORS

The Code of Conduct stipulates that there be a sufficient number of “Independent Directors”. As has already been indicated, currently eight non-executive Directors of the Company have shown that they are qualified to be “Independent Directors”.

On the basis of the criteria stipulated in paragraph 3.C.1 of the Code of Conduct, Directors may be qualified as “Independent Directors” provided that:

a) They do not control the Issuer directly or indirectly even through subsidiaries, fiduciaries or third parties, they are not able to exert a significant influence over it, and they have not entered into a shareholder pact through which one or more persons may exercise control or a significant influence on the Issuer;

b) They do not hold or have not held in the previous three years an important position in the Issuer, in one of its subsidiaries of strategic importance or in a company subject to the joint control of the Issuer, or in a company or an entity which, with others through a shareholder agreement, controls the Issuer or is able to exercise considerable influence on the same;

c) They do not have or have not had in the previous year a significant commercial, financial or professional relationship either directly or indirectly (for example through subsidiaries or companies in which they have a significant role either as partner of a professional firm or of a consulting company) with:

- the Issuer, one of its subsidiaries or with any persons of significant status in the same;
- a person or entity who even with others through a shareholder agreement, controls the issuer or – where companies or entities are involved – with any persons who have a significant status in them;

or that they are not, or have not been in the previous three years, employees of one of the above entities;

d) They do not receive, or have not received in the previous three financial years, from the Issuer or from one of its subsidiaries or parent companies any significant remuneration in addition to their fixed fee as non-executive director of the Issuer, including participation in performance-related incentive plans even involving shares;

e) They have not been Directors of the Issuer for more than nine of the last twelve years;

f) They do not hold the position of executive Director in another company in which an executive

Director of the issuer holds the position of director

g) They are not Shareholders or Directors of companies or of an entity belonging to the network of the company awarded an audit mandate by the Issuer;

h) They do not have close family ties with any persons in the situations indicated in the previous points.

Should any of the situations listed in the Code of Conduct exist as conditions for the non-independence of non-executive Directors, the Board of Directors shall examine on a case-by-case basis whether the individual has the necessary requisites to be qualified as an Independent Director.

On the basis of paragraph 4, Art. 147-ter of the T.U.F., at least one member of the Board of Directors, or two if the Board of Directors has more than seven members, must have the requisites of independence established for statutory auditors and therefore in accordance with the terms of paragraph 3, Art. 148 of the T.U.F., the following individuals cannot be considered as independent:

- a) the spouse, relations and relatives up to the fourth degree of kinship of the Directors of the Company, the Directors, the spouse, relations and relatives up to the fourth degree of Directors of the companies controlled by the former and of the companies which control it and those subject to joint control;
- b) those who are linked to the company or to the subsidiaries of the company or to companies which control it or to companies subject to joint control or those linked to the directors of the company and to the individuals mentioned in the previous point through a working relationship, be it of regular employment or of a freelance nature, or by any economic or professional relationship which could compromise his or her independence.

The Board of Directors Meeting that was held after the Ordinary General Meeting of the Shareholders (AGM) on April 30 2010 (which renewed the members of the Board of Directors) checked the existence of the requisites of independence set out in the Code. Furthermore, and in

waiver of the terms set out in the Code of Conduct for Listed Companies (See Principle 3.C.1, letter e), gave a positive opinion on the independence of the following Directors: Messrs Giampaolo Brugnoli and Paolo Riccardo Rocca, in spite of the fact that they have been Directors of the Company for more than nine of the last twelve years, given that they have always demonstrated full independence of judgement and have appreciated the work of management freely and are not linked to the Group in any commercial, financial or professional capacity.

On December 20 2011 the Independent Directors met, without the other Directors, to assess the quality of the information given to the Board of Directors by the company and by the Chief Executive Officer.

4) TREATMENT OF COMPANY INFORMATION

On October 30 2002 the Board of Directors approved the internal procedure put forward by the Chief Executive Officer for the treatment of company information, with the definition of the roles and responsibilities of those responsible for managing such information and deciding how and when to release it to public knowledge following the procedures defined by the rules regulating the disclosure of price-sensitive information, as follows:

- Press releases pertaining to the so-called periodic information (financial statements, semi-annual financial reports and interim reports etc) are approved by the Board of Directors;
- Press releases pertaining to extraordinary transactions (mergers, acquisitions, capital increases etc.) are approved by the Board of Directors if the said transactions require approval by that same body;
- In all other cases in which no resolution is required by an administrative body, the management of the disclosure of information is the responsibility of the Chief Executive Officer in agreement with the Chairman who will be responsible for evaluating the

“significance” of the facts to be disclosed;

- Publication of the press releases is assigned to the Group Communication Department for communication to the press and to the Central Finance Director and the Head of Investor Relations of the subsidiary CIR S.p.A. for communication to institutional investors;
- The Directors, the Statutory Auditors, the head of “Investor Relations”, the head of External Relations and all other employees involved must make sure that all price-sensitive documents and information obtained during the course of their duties remain confidential (unless they have already been published in the prescribed forms) and must respect the required procedure for releasing such documents and information outside the company;
- It is absolutely forbidden for anyone to give interviews to press organizations or to make statements of any kind containing information on significant facts which could be classified as price-sensitive unless these have already been the subject of press releases or documents already released to the public;
- The Chief Executive Officer keeps a watch to ensure that all those involved apply the terms of current regulations on the subject of company information and that they comply with the requirements contained in the procedure. He will also see that they are informed of the content of laws and procedure.

In compliance with the transposition into Italian law of the European Directive on market abuse, the obligations on the subject of insider dealing have been reformulated, giving a more precise definition of the concept of “privileged information”, of the characteristics necessary to be considered as “significant persons”, the new terms and procedures for significant persons to notify the market of privileged information and the institution of a register of all those people who have access to privileged information. On March 14 2006 the Board of Directors also implemented the new rules of law by publishing the New Code of Conduct on the subject of Internal Dealing, which took effect on April 1 2006.

5) THE INSTITUTION AND THE FUNCTIONING OF THE INTERNAL COMMITTEES OF THE BOARD OF DIRECTORS (as per Art. 123-bis, paragraph 2, letter d) T.U.F.)

In accordance with the terms of the Code of Conduct on May 4 2000 the Board of Directors set up the Internal Control Committee and the Compensation Committee. It did not consider it necessary to set up an Appointments Committee for appointing Directors, since the list system of election is suitable to ensure sufficient transparency during the appointment stage. The Board of Directors Meeting of October 28 2010 also appointed the Committee for Related Party Transactions establishing that its members would be the same as the members of the Internal Control Committee.

6) APPOINTMENT OF DIRECTORS (as per Art. 123-bis, paragraph 1, letter l) T.U.F.)

Article 11 of the Company Bylaws on the administration of the company states that: the Company is governed by a Board of Directors comprising from five to twenty-one members, not necessarily shareholders, the length of whose mandate shall be determined by the Meeting of the Shareholders but shall not in any case be more than three years, and the said members can be re-elected.

The Shareholders' Meeting shall decide on the number of Board Members and this number shall remain the same until a resolution changing the number is adopted.

Minority Shareholders have the right to elect one member of the Board of Directors.

The Board of Directors is elected by the Shareholders' Meeting on the basis of lists presented by the Shareholders which list the candidates in numerical order. The lists, signed by the Shareholders who have presented them, must be filed following the terms and procedures laid down by legislation on the subject.

Only Shareholders who alone or together with other shareholders represent at least a fortieth part of the share capital, or any different percentage that may be decided upon in accordance with the law or with regulations, can present lists of candidates. They must be able to prove that they own the number of shares required following the terms and procedures laid down by legislation on the

subject. Shareholders who alone or together with other shareholders represent a total of less than 20% of the share capital can present lists containing no more than three candidates.

Any lists presented that do not comply with these instructions shall be considered as not having been presented.

No Shareholder can present or contribute to the presentation of more than one list, even indirectly through a third party or a fiduciary company. Shareholders subject to the same control, in accordance with Art. 93 of the Financial Intermediation Consolidation Act, or those taking part in the same shareholder pact for voting purposes may present or contribute to the presentation of just one list.

Each Shareholder can vote for just one list.

Each candidate can stand in only one list otherwise he or she cannot be elected.

Together with the presentation of the list, and with the same terms as the latter, declarations shall be presented in which the candidates accept their candidature and certify under their own responsibility that there are no reasons why they should not be elected neither is there any incompatibility prescribed by law or by current regulations for Members of Boards of Directors. A curriculum vitae must also be submitted with the personal and professional details of the candidate and details of any other positions of director or auditor held in other companies and whether he or she has the necessary requisites to be an independent Director in accordance with the terms of the law and with regulations.

Any incompleteness or irregularity regarding individual candidates will lead to the elimination of their names from the list that will be put to the vote.

In order to be able to appoint the candidates indicated, the lists presented and put to the vote must obtain a percentage of the votes that is at least half of the percentage required by the terms of this article for presenting the same lists. If this is not the case, any such list will not be taken into consideration.

For electing the members of the Board of Directors the following procedure will be adhered to:

- a) From the list which obtains most votes at the Shareholders' Meeting all of the board members shall be drawn except for one and this shall be on the basis of the order in which the names appear on the list;
- b) The other director will be the first name on the list which obtains the second most votes and must not be connected in any way, not even indirectly, to the Shareholders who presented and voted for the first list which received the most votes.

All the Directors elected must possess the requisites of integrity and professionalism required by current rules. If they do not have these their appointment shall lapse.

In the event that only one list is presented for the vote, all the Directors shall be drawn from that list.

In the event that no lists are presented or that fewer Directors are elected than the number determined by the Shareholders' meeting, then the same Shareholders must be reconvened in order to appoint the full Board of Directors.

When one or more Directors needs to be replaced due to a resignation or some other reason, the procedure as per Art. 2386 of the Civil Code will be followed, ensuring that all the requisites applicable are complied with.

7) REMUNERATION OF DIRECTORS (as per Art. 123-bis, paragraph 1, letter i) and paragraph 2, letter d) T.U.F.)

The remuneration of Directors holding special positions is established by the Board of Directors, at the proposal of the Compensation Committee (set up on May 4 2000) after hearing the opinion of the Statutory Auditors.

The Compensation Committee appointed by the Board of Directors on April 30 2010 is made up of Independent Directors, in accordance with the terms of the Code of Conduct for Listed Companies.

The current members of the Compensation Committee are Messrs Roger Abravanel, Massimo Cremona and Paolo Riccardo Rocca.

The Committee based its work on the recommendations of the Code of Conduct for Listed Companies and met once during 2011. Minutes were taken of the Committee meeting as is standard practice.

This Committee has the responsibility of making proposals to the Board, in the absence of those directly involved, on the subject of the following:

- The remuneration of the Chief Executive Officer and Directors holding special positions, including remuneration packages which involve the award of stock options or other share-based incentives;
- General and individual compensation packages for top management staff in the company;
- Deciding on criteria for the compensation of the management of the Company, at the indication of the Chief Executive Officer.

The compensation of each Director is shown in the charts attached to the “Compensation Report” prepared in accordance with Art. 84-quater of Consob Resolution 11971/99, approved by the Board of Directors on March 12 2012 and made available to the Shareholders’ Meeting convened for the approval of the Financial Statements as of December 31 2011.

The compensation policy of COFIDE S.p.A. is very simple since it involves only the payment of fees – approved by the Shareholders’ Meeting – to the members of the Board of Directors.

Compensation for the position of Chairman and Chief Executive Officer and the fees payable to non-executive directors with special duties are determined by the Board of Directors at the proposal of the Compensation Committee, with the favourable opinion of the Board of Statutory Auditors. There are no compensation plans for employees based on the shares of the Company.

It should be noted that there is no compensation for Directors in the event of resignation, cancellation without just cause, or termination of the relationship following a successful takeover bid.

8) INTERNAL CONTROL SYSTEM (as per Art. 123-bis, paragraph 2) letters b) and d) T.U.F.)

The internal control system is all the rules, procedures and organizational structures that, by correctly identifying, measuring, managing and monitoring the main risks, ensure that the company is administered in a healthy and correct manner that is consistent with the objectives established.

The internal control system of the Group contributes to guaranteeing that corporate assets are safeguarded, that corporate operations are carried out efficiently and effectively, that financial information is reliable, and that laws and regulations are complied with.

Responsibility for internal control lies with the Board of Directors. To this end, the Board of Directors avails itself of the assistance of the Internal Control Committee, of the Executive Director responsible for superintending the functionality of the internal control system and of the internal control officer.

On the basis of the resolution adopted by the Board of Directors on March 20 2001, the Chief Executive Officer is the executive director in charge of ensuring that the internal control system works adequately and effectively, and this he does partly by defining suitable procedures that will guarantee sound and efficient operations and will identify, pre-empt and manage, as far as possible, any financial and operational risk and any fraud against the Company, availing himself of the assistance of "Internal Control Officers".

The Internal Control Officer was appointed by a resolution of the Board of Directors on September 6 2004 and is currently Mr Giuseppe Gianoglio, Director of Internal Auditing of the Group and Director of Administration of CIR.

The Board of Directors with the resolution adopted on May 4 2000 set up the Internal Control Committee which was given the function of preparing proposals and acting in a consulting capacity and which acts along the lines set out by the Code of Conduct.

The Chairman of the Board of Statutory Auditors or another Statutory Auditor designated by the said Chairman takes part in the work of the Committee.

In particular the Internal Control Committee:

- a) Assists the Board of Directors in carrying out its duties regarding internal control;
- b) Assesses the plan of action prepared by the Internal Control Officer and receives the periodic reports from the same;
- c) Together with those responsible for the administration of the company and the auditors, the above Committee assesses whether the accounting principles are being used correctly and, for groups, assesses their uniformity for the purpose of drawing up consolidated financial statements;
- d) Evaluates the plan of action for carrying out the audit and the results of the said audit as set forth in the auditor's report and in their letter containing recommendations;
- e) Monitors the effectiveness of the audit process;
- f) Reports back to the Board at least once every six months when the financial statements and the semi-annual interim accounts are approved, regarding the action carried out and the adequacy of the system of internal control;
- g) Carries out any further duties that may be assigned to it by the Board of Directors, particularly in regard to the relationship with the external auditors;
- h) Accesses the information and company functions necessary for carrying out their duties and can also use external consultants when necessary.

The Company provides the Committee with sufficient financial resources for it to carry out its duties.

At present the Committee is formed of four Independent Directors with sufficient experience in finance, specifically: Mr Giampaolo Brugnoli, Ms Francesca Cornelli, Mr Massimo Cremona and Mr Roberto Robotti.

During 2011, the Committee met five times and minutes were taken of the meetings as is standard practice and the "Internal Control Officer" attended and referred back on his action.

At the proposal of the Chief Executive Officer in agreement with the Chairman, having heard the

opinion of the Board of Statutory Auditors, on October 26 2009 the Board of Directors appointed Mr Giuseppe Gianoglio (Director of Internal Auditing of the Group and Director of Administration of CIR S.p.A.) as the Executive responsible for the preparation of the accounting and corporate documents. Mr Gianoglio possess the requisites stipulated by current legislation as he has sufficient experience in accounting and financial matters.

Risk management and internal control system in relation to the financial information process

Premise

The risk management and internal control system in relation to the financial information process for COFIDE S.p.A. is strictly correlated with that of its subsidiary CIR. The latter is a holding of industrial investments which has the prime objective of holding controlling shareholdings as long-term investments and which acts as a point of reference for its subsidiaries, contributing to their development and to a rapid decision making process.

The risk management and internal control system in relation to the financial disclosure process of COFIDE is, in this context, focused on reporting on a consolidated basis with the aim of ensuring that the financial information of the companies of the Group is available rapidly and is accurate and complete.

Main characteristics of the existing risk management and internal control system in relation to the process of financial disclosure

The risk management and internal control system in relation to the financial disclosure process of COFIDE is organized on two levels which have different features, a different structure and operate in different ways in light of the different levels of complexity and the different roles and functions involved. Specifically, the financial disclosure process consists of:

- individual financial disclosure;
- consolidated financial disclosure.

Individual financial disclosure

As well as its role as holder of equity investments, COFIDE engages in short-medium term investment activity with the aim of optimizing the investment of liquidity.

This activity involves a number of deals needing recognition in the accounts which is not particularly high but the unit amount of which may be quite significant.

The procedures involved in the accounting and administrative system and in the related internal control system take these characteristics into account and therefore the risk management system and internal control of disclosure on an individual basis is based on controls mainly of an analytical type rather than on automatic controls.

In particular every economic or financial transaction is recognized fully and accurately in the accounting and administrative system on a timely basis. The Company has set up the necessary procedures and controls to guarantee that the information flow to the accounting system is correct and rapid. For financial transactions that constitute the Company's typical business, the Company has equipped itself with computer systems suitably structured to ensure that the information is reliable and updated.

At regular intervals controls are carried out with third parties to reconcile accounting positions and to check that estimates are reasonable. In fact verification with financial counterparties is one of the normal procedures for checking figures.

In addition, for financial risk management purposes, COFIDE has adopted operating procedures aimed at monitoring and controlling financial activity which establish, among other things, the level of risk, the type of financial investment, stop loss policies and a value at risk (VAR) analysis of the portfolio. This risk management system, adopted by COFIDE, CIR and its 100% owned subsidiaries, is part of the internal control system for financial information.

Consolidated financial disclosure

As highlighted above, the accuracy, completeness and timeliness of information needed for the preparation of the consolidated financial statements of COFIDE depends on the degree of reliability of the instruments it uses to receive financial information from its subsidiaries.

This information flow through the accounting and administration system for the consolidated financial statements of COFIDE is guaranteed by a structured procedure which operates through a high-professional profile program specializing in the management of financial information and statistics of groups of companies. This instrument has systems of controls that ensure the consistency of the data managed both in relation to the information of the individual company and in relation to historical data. It also guarantees the traceability of information and is therefore useful for control activities. Homogeneity of financial data is achieved by the fact that the evaluation criteria and main accounting principles used are the same for the whole Group. Awareness of these principles and criteria is guaranteed by the existence of a Group accounting manual and by the daily contact between the competent departments of the various companies.

In this context the system of control of financial information actually put into practice, aimed at mitigating the risks involved in financial information, is based on the organization of the Group into subholdings. Control is therefore partly delegated to the subholdings who in turn guarantee uniformity in the treatment of information by their operating subsidiaries at all levels.

Specifically, CIR, the subholdings controlled directly by CIR and their respective subsidiaries are equipped with an internal control system and a risk management system aimed at ensuring that information flows into the parent company of the group according to the established timing and procedures. Each company has set up a model that enables information flows generated by their operating processes to be traced and checked and be subjected to first and second level checks. Moreover each operating Group has set up its own third level checking body which acts both directly and also on the basis of programs shared with the Internal Control Committee, the Board

of Statutory Auditors and the Supervisory Body as per D.Lgs. 231/2001.

Roles and functions involved

The operating activity and the execution of first and second level checks are carried out by a highly professional structure, wholly devoted to this, with the separation of roles between those who actually enter into the deals and those who manage the processing thereof.

The operational management of this complex system is the responsibility of the Internal Auditing function, which is responsible for checking the design and effective operations of the controls and for the periodic check that the management instruments and procedures that COFIDE has put in place are being applied correctly.

The results of the checks are discussed with the management of the Company, with the Internal Control Committee and in relation to the surveillance activities set out in the organization model as per D.Lgs. 231/2001, with the Supervisory Body.

Further checks

The reliability of the financial information of the companies of the Group is not guaranteed only by the above-mentioned procedures and information systems, as it is also ensured by the monitoring activities carried out by CIR through discussion, analysis and the ongoing revision of budgeted, pre-closing and actual numbers. Spot checks even in detail of any variance in the actual or pre-actual figures compared to the figures forecast and a critical assessment of operating events which may involve differences compared to expectations make it possible to know immediately how the company is performing and what its results are expected to be. This means that any corrective measures can be put in place rapidly when necessary. The analyses mentioned above are supported by an appropriate data management system, strictly correlated and integrated with the accounting system of the Company.

9) INTERESTS OF THE DIRECTORS AND TRANSACTIONS WITH RELATED PARTIES

On October 28 2010 the Company adopted the Rules for Related Party Transactions contained in Consob Regulation, issued with Resolution no. 17221 of March 12 2010 as it was subsequently amended and supplemented by Resolution no. 17389 of June 23 2010. This procedure can be consulted on the website www.cofide.it in the section “Corporate Governance”.

The procedure has the aim of establishing principles of conduct that the Company is required to adopt to guarantee that related-party transactions are managed correctly and to this end:

1. It determines the criteria and the procedures for the identification of the Company’s related parties;
2. It dictates the principles for identifying related party transactions;
3. It regulates the procedures for entering into related party transactions;
4. It establishes the procedures for fulfilling the related disclosure obligations.

The Board of Directors has also appointed a Committee for Related Party Transactions, establishing that its members will be the same as those of the Internal Control Committee, while the system of substitutes set out in the procedure applies. Mr Roberto Robotti has been identified as the coordinator of the Committee for Related Party Transactions.

10) STATUTORY AUDITORS (as per Art. 123-bis, paragraph 2, letter d) T.U.F.)

Article 22 of the Company Bylaws regarding the Board of Statutory Auditors stipulates that: the Board of Statutory Auditors comprises three Statutory Auditors and three Alternate Auditors whose term of office lasts for three financial years and who can be reappointed. Minority Shareholders can elect one Statutory Auditor and one Alternate Auditor.

The Board of Statutory Auditors is appointed by the Shareholders’ Meeting on the basis of lists of candidates presented by the Shareholders in two sections: one section for the candidates for the position of Statutory Auditor and the other containing the candidates for the position of Alternate

Auditor, and in each section the candidates are listed in numerical order.

The lists of candidates, signed by the Shareholders who are presenting them, must be filed with the Company headquarters within the time limit and following the procedures laid down by current regulations. Only Shareholders who, either alone or with others, represent at least 2.5% of the share capital or any other percentage that may be established by law or by regulations, have the right to present lists and they are required to provide proof of ownership of the required number of shares within the time limit and following the procedures laid down by law.

Lists presented which do not comply with the above rules will be considered as not having been presented. No Shareholder can present or contribute to the presentation of more than one list of candidates even through an intermediary or through a fiduciary company. Shareholders who are subject to joint control, as per the terms of Art. 93 of the T.U.F., or those who take part in the same Shareholder agreement for voting purposes can present or jointly present just one list.

Each Shareholder can vote for just one list. Candidates can be present on only one list otherwise they will be excluded from election. Candidates who already hold the position of Statutory Auditor for five other companies or organizations whose shares are listed on a regulated market included in the list as per Articles 63 and 67 of D.Lgs. no. 58/1998 cannot be included in the list of candidates and neither can individuals who do not possess the necessary requisites of integrity, professionalism and independence laid down in the legislation on the subject or those who do not respect the maximum limit for the number of positions they can hold in accordance with the law or with regulations.

Together with each list and within the above-mentioned time limit, a declaration signed by each candidate will be submitted. This declaration will attest that the candidate, under his or her own responsibility, accepts his or her nomination and will certify that there are no reasons why he or she should be ineligible for the position or be otherwise incompatible and that the candidate possesses the necessary requisites laid down by law and by current regulations for the members of Boards of Statutory Auditors. The lists must also be accompanied by a curriculum vitae with the

personal and professional details of the candidate and details of any other positions of director or auditor held in other companies.

Any incompleteness or irregularity regarding individual candidates will lead to the elimination of their names from the list that will be put to the vote.

The election of the members of the Board of Statutory Auditors will take place as follows:

1. Two members and two alternate members will be drawn from the list which obtains most votes at the Shareholders' Meeting on the basis of the numerical order in which the names appear on the list;
2. The other member and the other alternate member will be drawn from the list which obtains the second most votes at the Shareholders' Meeting ("minority list") and who must not be connected even indirectly with the Shareholders who presented or voted for the list which obtained the most votes, again on the basis of the numerical order in which the names appear on the list;
3. If only one list is presented, all the Statutory Auditors and Alternate Auditors will be drawn from that list.

The candidate on the minority list who obtained most votes has the right to the position of Chairman of the Board of Statutory Auditors.

If only one list is presented, the candidate for the position of Statutory Auditor who is number one on that list has the right to the position of Chairman of the Board of Statutory Auditors.

Should an Auditor prove not to be possession of the qualifications required by law and by these Bylaws then his or her appointment will no longer be valid and will therefore lapse.

Should a Statutory Auditor need to be replaced, the Alternate Auditor from the same list will take his or her place. The remuneration of the Statutory Auditors is established by the Shareholders' Meeting. The meetings of the Board of Statutory Auditors can also take place using telecommunications facilities provided that the following conditions are met with:

- a) That participants are able to view, receive or transmit all the necessary documentation;

b) That they can take part in real time in the discussion respecting the methodology of their function (the *collegio* method).

The meetings are held in the place where the Chairman is or, in his absence, where the oldest Statutory Auditor in terms of age is located. The Board of Statutory Auditors can, provided that the Chairman is notified, call a Shareholders' Meeting, a Board of Directors Meeting or an Executive Committee Meeting. The power to call a Board of Directors Meeting or an Executive Committee Meeting can be exercised individually by any member of the Board of Statutory Auditors; the right to call a Shareholders' Meeting must be exercised by at least two members of the Board of Statutory Auditors." Furthermore the Statutory Auditors are selected from persons who can be qualified as independent following the same criteria as those applied to the Directors. During 2011 the Board of Statutory Auditors checked that the above criteria were being complied with, ensuring that the results of the check were shown in this report. The Board of Statutory Auditors currently in office – the mandate of which expires with the approval of the Financial Statements as of December 31 2013 – is made up as follows:

| Name | Position | In office since | List | Indep. Code of Conduct | % attendance at meetings of B. of S.A. | Other positions |
|----------------------------|-----------|-----------------|------|------------------------|--|-----------------|
| Bennani Vittorio | Chairman | 29.4.2011 | M | X | 100 | 13 |
| Bracco Tiziano | In office | 29.4.2011 | M | X | 100 | / |
| Zingales Riccardo | In office | 29.4.2011 | M | X | 100 | 3 |
| Catarinella Raffaele | Alternate | 29.4.2011 | M | X | / | 1 |
| Nani Luigi | Alternate | 29.4.2011 | M | X | / | 1 |
| Macchiorlatti Vignat Luigi | Alternate | 29.4.2011 | M | X | / | 3 |

KEY:

List: "M/m" according to whether the Statutory Auditor was elected from the list voted by the majority or by a minority.

Indep: shows that the Statutory Auditor is qualified as independent according to the criteria established by the Code of Conduct (March 2006 version). At the meeting held on May 16 2011, the Board of Statutory Auditors adopted the opinion that its members had the requisites of independence despite having held office for more than nine years. The Board of Directors on May 16 2011, after hearing the opinion of the Internal Control Committee, duly acknowledged this fact and shared the opinion of the Board of Statutory Auditors.

% attendance: shows the attendance in percentage terms of the Statutory Auditor at the meetings of the Board of Statutory Auditors.

Other positions: shows the number of positions of director or statutory auditor held by the individual in other Italian listed companies. The full list of these positions is given in an attachment to this document (Attachment A).

During 2011 the Board of Statutory Auditors met 10 times.

On their appointment all the Statutory Auditors filed declarations in which they attested that they were eligible for election, that there was no incompatibility as per the terms of the law and that they had the requisites of integrity and professionalism required by current legislation and stipulated in the Company Bylaws. The Statutory Auditors were drawn from the single list presented by the majority Shareholder Carlo De Benedetti & Figli S.a.p.A, owner – at the date of the Shareholders' Meeting – of 51.585% of the capital of the Company.

It should be noted that the personal and professional characteristics of each Statutory Auditor are given in the annex to this report.

11) RELATIONS WITH SHAREHOLDERS

The Company has always endeavoured to establish and maintain an effective dialogue with its Shareholders and with the market, following - among other things - the principles of the Guide for disclosing information and documents to the Market.

To this end the Chief Executive Officer appointed Mr Michele Cavigioli, Central Finance Manager of the subsidiary CIR S.p.A., as the head of the Investor Relations function with responsibility for managing the flow of information to Shareholders, analysts and institutional investors, in compliance with the rules established for the disclosure of Company information and documents.

12) SHAREHOLDERS' MEETINGS (as per Art. 123-bis, paragraph 2, letter c) T.U.F.)

It has always been the policy of the Company to use the Shareholders' Meeting as an opportunity to give the Shareholders information about the Company and the Group and its outlook for the future, while complying with the procedure concerning price-sensitive information.

All the Directors and Statutory Auditors endeavour to be present at Shareholders' Meetings as far as possible but particularly those Directors who can make a positive contribution to the debate in view of the positions that they hold.

The right to attend the Shareholders' Meeting and to appoint a proxy is regulated by legislation on the subject. Proxies can be notified to the Company by Certified Electronic Mail before the beginning of the proceedings of the Shareholders' Meeting to the address indicated in the advice of meeting.

Attending the Shareholders' Meeting and voting electronically are allowed when specified in the notice of meeting with an indication of the procedures and requisites required by legislation on the subject.

It is the Chairman's duty to check that the proxies are in order and that those present have the right to take part in the Meeting. Each share gives the right to one vote. The Shareholders' Meeting, both in its Ordinary and its Extraordinary session, is constituted and adopts resolution in accordance with the provisions of the law.

The Meeting is called by means of the publication of a notice on the Company website and in the newspaper "la Repubblica" within the time limits and in the manner laid down by current regulations.

The Shareholders' Meeting held on April 27 2001, in accordance with the terms of the Code of Conduct, approved a set of Regulations for conducting Shareholders' Meetings, which can be consulted on the internet website of the Company in the section "Corporate Governance".

The Board of Director makes available to the Shareholders a booklet containing the items on the Agenda of the Shareholders' Meeting in the time frame laid down by law. This booklet is also published on the Company's website in the section "Corporate Governance".

13) CODE OF ETHICS

On March 7 2003 the Board of Directors approved the CODE OF ETHICS OF THE COFIDE GROUP, with the aim of defining in a clear and transparent way the code of values underpinning the action of the Group in the pursuit of its objectives and establishing principles of conduct which are binding for directors, employees and other individuals who maintain relations with the Group.

The text of the CODE OF ETHICS can be consulted on the company website in the section “Corporate Governance”.

14) INSTITUTION OF A SUPERVISORY BODY AND APPLICATION OF THE ORGANIZATIONAL AND OPERATIONAL MODEL PROVIDED FOR BY D.LGS 231/2001 as per Art. 123-bis, paragraph 2, letter a) T.U.F.)

Legislative Decree no. 231/2001 containing the “Discipline regulating the administrative liability of legal entities, companies and associations without legal status, pursuant to Article 11 of Law no. 300 of September 29 2000” and subsequent amendments and additions, introduced the criminal liability of entities for any fraudulent acts committed by people with a special functional relationship with the Company, where the alleged misdeed was carried out in the interest or to the advantage of the same Company; this liability was subsequently among other things extended by D.Lgs no. 61/2002 to cover corporate offences.

The decree provides that exemption for the company from such liability is possible provided that it can be demonstrated that the company had adopted and effectively put in place organizational models for the prevention of criminal offences and that it had given the task of monitoring the correct functioning of such models and making sure that they are fully updated to a controlling body equipped with independent powers to take the initiative and to carry out a control function.

On April 30 2003, with the aim of preventing the corporate offences envisaged by Legislative Decrees nos. 231/2001 and 61/2002 from being committed, The Board of Directors of the Company among other things set up a Supervisory Body with the competence and function established by the Code of Ethics.

The current members of the Supervisory Body are the external consultants Messrs Giuseppe Bianchi and Andrea Gottardo and Independent Director Roberto Robotti.

During 2011 the Supervisory Body met three times and minutes were taken of these meetings as is standard practice.

The Supervisory Body of COFIDE S.p.A. monitored the functioning and observance of the Organization, Management and Control Model adopted by the Company, checking that it was effective and assessing any possible updates, in accordance with the program approved by the Board of Directors Meeting held on March 10 2011.

On October 29 2004 the Board of Directors also approved the “*Organizational Model*” to which in 2006 was added a new version of the Code of Conduct on the subject of Internal Dealing and Keeping the Register of Persons who have access to Privileged Information. The Board subsequently made updates made necessary by the inclusion of new crimes in the sphere of application of D.Lgs. 231/2001.

15) FIRM OF AUDITORS

The Shareholders’ Meeting held on April 29 2008 awarded a mandate to the company Deloitte & Touche S.p.A. to audit the annual financial statements and the consolidated financial statements and carry out the check that the company accounts are being held correctly for financial years 2008-2016.

16) MANAGEMENT AND COORDINATION ACTIVITY

The Company is subject to management and coordination by its parent company CARLO DE BENEDETTI & FIGLI S.a.p.A.

List of the positions held by the Directors of COFIDE S.p.A. in other companies listed on regulated markets, in financial companies, banks, insurance companies, and also in non-listed companies of a significant size (at December 31 2011)

| | |
|----------------------|--|
| Guasti Francesco | Director of Ceresio Sim S.p.A. Director of Società Editrice del Corriere del Ticino S.A. |
| De Benedetti Carlo | Honorary Chairman and Director of Cir S.p.A.* Chairman of Gruppo Editoriale L'Espresso S.p.A.* Member of the Supervisory Board of Compagnia Financière Edmond de Rothschild Banque Member of the Board of Directors of Amber Capital Italia SGR |
| De Benedetti Rodolfo | Chief Executive Officer of Cir S.p.A.* Director of Gruppo Editoriale L'Espresso S.p.A.* Chairman of Sogefi S.p.A.* Chairman of Sorgenia S.p.A.* Chairman of Sorgenia Holding S.p.A.* Director of Banque Syz S.A. Director of Allianz S.p.A. |
| Abgravanel Roger | Director of Banca Nazionale del Lavoro Director of Teva Pharma Italia S.r.l. Director of Coesia S.p.A. Director of Luxottica S.p.A. Director of Pianoforte Holding S.r.l. Director of Admiral Group PLC |
| Brugnoli Giampaolo | - no other positions - |
| Cornelli Francesca | - no other positions - |
| Cremona Massimo | Director of Aviva Assicurazioni Vita S.p.A. Director of Aviva Assicurazioni S.p.A. Director of Aviva Italia Holding S.p.A. Director of Aviva Italia S.p.A. Director of Aviva Life S.p.A. Director of Aviva S.p.A. Director of Aviva Vita S.p.A. Director of Banca delle Marche S.p.A. Director of Banca Popolare Commercio e Industria S.p.A. Director of Technogym S.p.A. Director of SIT La Precisa S.p.A. Chairman of the Board of Statutory Auditors of Fonspa Bank S.p.A. Chairman of the Board of Statutory Auditors of Luvata Italy S.r.l. Chairman of the Board of Statutory Auditors of Sasol Italy S.p.A. Chairman of the Board of Statutory Auditors of UBS Italia SIM S.p.A. Chairman of the Board of Statutory Auditors of Belstaff S.r.l. |

| | |
|----------------------|--|
| | Statutory Auditor of Equita Sim S.p.A. Statutory Auditor of Metro Italia Cash and Carry S.p.A. |
| De Benedetti Marco | Director of NBTY Inc. |
| Debenedetti Franco | Director of Cir S.p.A.* Director of Piaggio & C. S.p.A. Director of Premuda S.p.A. Chairman of China Milan Equity Exchange |
| Dubini Paola | - no other positions - |
| Ferrero Pierluigi | - no other positions - |
| Girard Franco | Director of Cir S.p.A.* Chairman of the Board of Directors of M&C S.p.A. |
| Oughourlian Joseph | - no other positions - |
| Robotti Roberto | Director of Sogefi S.p.A.* Director of Aviva Italia Holding S.p.A. Director of Eurovita Assicurazioni S.p.A. |
| Rocca Paolo Riccardo | Director of Sogefi S.p.A.* Chairman of the Board of Statutory Auditors of BIM Fiduciaria S.p.A. Statutory Auditor of Symphonia SGR |

* *Companies of the Group*

List of the positions held by the Statutory Auditors and Alternate Auditors of COFIDE S.p.A. in other Italian listed companies (at December 31 2011).

| | |
|----------------------------|---|
| Bennani Vittorio | Chairman of the Board of Statutory Auditors of Intek S.p.A. Chairman of the Board of Statutory Auditors of Sorgenia S.p.A.* Chairman of the Board of Statutory Auditors of Sorgenia Holding |
| S.p.A.* | |
| | Chairman of the Board of Statutory Auditors of Sigma Tau Finanziaria S.p.A. Chairman of the Board of Statutory Auditors of Sigma Tau Ind. Farm. Riunite S.p.A. Chairman of the Board of Statutory Auditors of Pernigotti S.p.A Chairman of the Board of Statutory Auditors of Energia Italiana |
| S.p.A.* | |
| | Chairman of the Board of Statutory Auditors of All Music S.p.A.* Chairman of the Board of Statutory Auditors of Rete A S.p.A.* Chairman of the Board of Statutory Auditors of Dry Products S.p.A.* Chairman of the Board of Statutory Auditors of Salmoiraghi S.p.A. Statutory Auditor of Manzoni S.p.A.* Statutory Auditor of Kos S.p.A.* |
| Bracco Tiziano | - no other positions – |
| Zingales Riccardo | Director of Parmalat S.p.A. Statutory Auditor of Cir S.p.A.* Statutory Auditor of Sogefi S.p.A.* |
| Nani Luigi | Statutory Auditor of Cir S.p.A.* |
| Catarinella Raffaele | Alternate Auditor of CIR S.p.A.* |
| Macchiorlatti Vignat Luigi | Statutory Auditor of Gruppo Editoriale l'Espresso S.p.A.* Alternate Auditor of Cir S.p.A.* Alternate Auditor of Sogefi S.p.A.* |

* *Companies of the Group*

CURRICULUM VITAE STATUTORY AUDITORS

Vittorio Bennani,

Born in Modena on May 7 1938, resident in Turin.

Graduated in Economics and Commerce from the University of Bologna on July 15 1961.

From 01.10.1961 worked for Ing. Olivetti & C. S.p.A.; until July 1980 as executive responsible for the Tax Department of the Group.

Associate Professor of Tax Law in the Faculty of Economics and Management of the University of Turin.

Has been on the Turin Register of Business Consultants since September 6 1965.

Official Auditor since 1976 – On the Register of Auditors with D.M. of 12/4/1995.

Positions held in listed companies

Chairman of the Board of Statutory Auditors of: Gruppo Editoriale L'Espresso S.p.A. - Intek S.p.A. - Cofide S.p.A.

Positions held in non-listed companies

Chairman of the Board of Statutory Auditors of, among other companies: Finegil S.p.A. - Sigma Tau S.p.A. - Fondazione Giovanni Agnelli - Galbusera S.p.A. - Pernigotti S.p.A.

Tiziano Bracco

Born in Alessandria on June 25 1971, resident in Vercelli, professional offices in Turin.

Academic qualification: Degree in Economics and Commerce from the University of Pavia.

Professional qualifications: exercises the profession of Business Consultant with professional certificate issued by the University of Turin in 2001. On the Register of Auditors.

Professional experience: has worked in administrative department of an industrial company, trained with professional firms, multiyear experience with Inland Revenue in the dispute and tax inspection department.

Current activity: Business Consultant and Accountant; Statutory Auditor COFIDE S.p.A.; Statutory Auditor in other non-listed companies.

Riccardo Zingales

Tax and Business Consultant. Graduated in Business Economics from the Bocconi University in Milan in 1985. Has been on the Milan Register of Business Consultants since 1989.

From 1985 worked professionally for firms of business consultants in Milan and since 1990 has had his own firm (Zingales & Associati), dealing mainly with the following:

- Giving specialist opinions on tax and corporate issues, giving assistance to Italian and foreign companies, including banks and companies listed on regulated markets
- Specific experience in the corporate issues of listed companies
- Assistance and consulting in acquisitions and the disposal of shareholdings and business arms, contracts and financial negotiations
- Assistance and consulting in the preparation of petitions for insolvency agreements and bankruptcy proceedings corporate capital transactions, mergers, de-mergers, changes in company status, spin-offs
- Assistance and consulting in civil proceedings relating to the contestation of financial statements, litigation and corporate settlements in general
- Assistance for Italian and foreign groups for the establishment of companies in Italy and joint ventures abroad
- Evaluation of business arms and shareholdings
- Assistance and consulting in settlement of inheritance and family wealth issues
- Since 1985 has held positions on Boards of Statutory Auditors including those of listed companies
- Since 2002 Member of the Board of Directors of the parent company of a banking group and of a company involved in the banking business.

Knowledge of English, Spanish and to a lesser extent French.

Luigi Nani

Born in Turin on October 1 1959. Professional office in Turin in Via Valeggio, 41.

Education and qualifications:

Degree in Economics and Commerce awarded by the University of Turin.

On the Register of Business Consultants and Accountants.

On the Register of Auditors.

On the register of Conciliators of the CONSOB Chamber of Conciliation and Arbitration.

On the register of Arbitrators of the CONSOB Chamber of Conciliation and Arbitration.

Professional activity:

Worked for many years for a top firm of Auditors which he left in 1993.

Has exercised his current profession of business consultant since 1994.

Is a member of the Board of Statutory Auditors of various companies operating in different business sectors.

Raffaele Catarinella

Practising Tax Consultant in Turin. He provides tax and corporate consulting services to companies and other entities, he is auditor of a cooperative company and statutory auditor of various companies (SpAs). He graduated in Economics and Commerce in 1976 from the University of Turin. He is on the Turin Register of Business Consultants and the Register of Auditors.

For many years he was a voluntary Assistant Lecturer in Tax Law at the University of Turin under the direction of Prof. Vittorio Bennani.

Luigi Macchiorlatti Vignat

Born in Turin on 25/09/1963.

Education: Degree in Economics and Commerce awarded in 1991. On the Turin Register of Business Consultants since 1992. On the Register of Auditors with Ministerial Decree of 12/4/1995.

Profession: Business and Tax Consultant in Turin.

Business activities: Tax consulting mainly for companies. Official receiver for unclaimed inheritances appointed by the Law Court of Turin. Corporate capital transactions, mergers, de-mergers, changes in company status, spin-offs, sale of companies. Expert valuations of companies and shareholdings. Statutory Auditor for companies operating in various business sectors.