

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 2012

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 2012.

The amendments made in December 2011 to the Code of Conduct by the Corporate Governance Committee were adopted and approved by the Board of Directors Meeting held on October 29 2012 and were taken into account in the preparation of this Report.

The Report, approved by the Board of Directors at the meeting held on March 11 2013, 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 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”.

Information on the ownership structure (as per Art. 123-bis, paragraph 1, T.U.F) at December 31 2012

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 interests (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 2012:

Ing. CARLO DE BENEDETTI: 52.373% (of which 51.924% through Carlo De Benedetti & Figli S.a.p.A. which put 31.145% fiduciarly in the name of BIM Fiduciaria e di Revisione S.p.A.– and 0.449% of the shares are owned by ROMED S.p.A.)

BESTINVER GESTION SGIIC S.A.: 15.551%

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.

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 6) 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 below in point 5) of this Report in relation to 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 29 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. More in general to define the procedures, terms and conditions for the share capital increase.

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 27 2012, 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 2011, 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 2012 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 of Borsa Italiana S.p.A.(December 2011 edition) 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 7) of this Report which deals with the Internal Control System.

c) How the Shareholders' Meeting functions.

Reference should be made to what is described in point 10) of this 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 this Report that deal with: the

composition of the Board of Directors (point 2), the Statutory Auditors (point 8) and the Committees (point 4 Institution and functioning of the Internal Committees of the Board of Directors - and 6 Remuneration of Directors and 7 System of Internal Control and risk management).

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 exclusively with 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.

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., examines the strategic and financial plans of the subsidiary CIR S.p.A.;
- On the basis of internal procedures approved by the Board of Directors on October 29 2012, examines and approves the strategic and financial plans of the Company and also examines the consolidated strategic, business and financial plans of its direct subsidiary CIR and of the companies heading the industrial groups that the latter controls as presented by their respective Chief Executives, evaluating whether the said plans are consistent with those of COFIDE and periodically monitoring their implementation

- Defines the nature and level of risk compatible with the strategic objectives of the Company, as illustrated in Art. 7 below;
- Evaluates the adequacy of the organizational, administrative and accounting structure of the Company, with particular reference to the system of internal control and risk management;
- Establishes the frequency, generally every three months, with which the Chief Executive Officer shall report back to the Board on the activity carried out in the exercise of the powers assigned to him;
- Monitors the progress of operations taking into consideration, in particular, the information received from the Chief Executive of the Company and the Chief Executives of the main subsidiaries, analysing the businesses 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 a significant strategic importance. To this end the Company at the Board of Directors Meeting held on October 29 2012 defined its parameters for measuring significance, adopting a special procedure;
- Carries out at least once a year an assessment of the size, composition and functioning of the Board of Directors itself and of its committees, taking into account elements such as the professional characteristics, experience, even managerial experience, and the gender of its members as well as how long they have been on the Board;
- Before the appointment of a new Board, gives the Shareholders its views on the professional figures whose presence on the Board would be considered useful;
- In order to ensure the correct management of company information, at the Board of Directors Meeting held on October 29 2012 the Company adopted an updated procedure for managing internally and communicating externally documents and information regarding the issuer, with particular reference to privileged information, which is available on the Company's website.

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 their commitment in relation to their work and

professional activities, 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 or other companies of a significant size. They are furthermore required to inform the Board of Directors of any other activities they may have in competition with the issuer and of any significant changes that occur in the positions they hold in other companies.

The Board of Directors Meeting held on October 29 2012 approved guidelines on the subject of the maximum number of positions of Director of Statutory Auditor, giving some limits as to the number of positions that can be held by executive and non-executive Directors of COFIDE in Significant Companies, as defined by the same Board.

Within the scope of the guidelines approved for executive directors, it is recommended that they should not be allowed to hold another position as executive director and/or statutory auditor, and that a maximum number of 3 positions as non-executive director should be allowed in Significant Companies not belonging to the COFIDE group.

For non-executive directors, it is recommended that a maximum limit should be set of 5 positions as non-executive director and/or statutory auditor and two positions as executive director in other Significant Companies not belonging to the COFIDE group.

However there is the possibility of waiving these limits with a resolution of the Board of Directors giving the reasons for this and taking into account the level of participation of the director in question in the works of the Board and of the committees.

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 transactions 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 any 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 of 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 in the interest of the Company.

Eight non-executive Directors are independent.

The composition of the Board of Directors of the issuer is therefore appropriate to guarantee adequate 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 following chart shows the composition of the Board of Directors:

Name	Position	In office since	List	Exec.	Non Exec.	Indep. Code of Conduct	Indep. TUF	% B of D	Other positions	Position held since
De Benedetti Carlo	Director Honorary Chairman	30.4.2010	M		X			100	4	22.12.1976
Guasti Francesco	Chairman	30.4.2010	M		X			100	2	30.04.2009
De Benedetti Rodolfo	C.E.O.	30.4.2010	M	X				100	7	09.06.1986
Abravanel Roger	Director	30.4.2010	M		X	X	X	57.14	7	27.04.2007
Brugnoli Giampaolo	Director	30.4.2010	M		X	X	X	0	/	30.09.1994
Cornelli Francesca	Director	30.4.2010	M		X	X	X	100	/	30.04.2010
Cremona Massimo	Director	30.4.2010	M		X	X	X	71.43	11	27.04.2007
Debenedetti Franco	Director	30.4.2010	M		X			85.71	4	22.12.1976
De Benedetti Marco	Director	30.4.2010	M		X			85.71	4	15.03.1994
Dubini Paola	Director	16.05.2011	M		X	X	X	85.71	/	16.05.2011
Ferrero Pierluigi	Director	30.4.2010	M		X			100	/	27.04.2001
Girard Franco	Director	30.4.2010	M		X			100	2	30.09.1997
Oughourlian Joseph	Director	30.4.2010	M		X	X	X	28.57	/	27.04.2007
Robotti Roberto	Director	30.4.2010	M		X	X	X	100	2	30.04.2004
Rocca Paolo Riccardo	Director	30.4.2010	M		X	X	X	100	3	30.09.1993

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 of Conduct of Borsa Italiana S.p.A. (December 2011 edition) 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.

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. The main professional characteristics of the Directors can be found on the Company's website.

Regarding the possibility that issuers adopt mechanisms ensuring different maturities of all or part of the members of the administrative body (a staggered board), the Company did not deem it appropriate to adopt this measure as it is not suitable given the ownership structure of COFIDE.

The Company did however adopt the ban on interlocking directorates, introduced by Art. 2 of the Code of Conduct of Borsa Italiana S.p.A. (2011 version).

In accordance with the terms of the Bylaws (Articles 13-14-15 and 22) the Board will 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 will 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 by 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.

The recommendations given in the Code of Conduct of Borsa Italiana S.p.A. are being applied since:

- The Chairman convenes the meetings of the Board of Directors and makes sure that all the members of the Board and the Statutory Auditors 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; if the documentation is voluminous or complex, it can be supplemented with a summary document;
- The Chairman coordinates the activity of the Board of Directors and directs the proceedings at its meetings ensuring that the items on the agenda receive sufficient time necessary for a debate and encouraging the Directors to make their contribution;
- the Chairman can ask the Chief Executive Officer, even at the request of one or more Directors, for executives of the issuer or of the companies of the group to be present at Board Meetings to explain items in greater detail;
- In recent years the Chairman of the Board of Directors, in agreement with the Chief Executive Officer, has started a process aimed at achieving greater involvement of the Board of Directors so that it can, as a collegiate body, carry out in full its role as a strategic guide for the management of the Company and each of its members can acquire all the elements useful to give his or her personal contribution to reaching the objectives of the Company. To this end the Chief Executives of the main companies at the head of the groups in their respective sectors have been present at Board meetings to illustrate the objectives being pursued, the strategies and the managerial guidelines adopted by each of them.

During 2012 the Board of Directors met 7 times. For the year 2013 eight 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 of Borsa Italiana S.p.A., 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 Board can set up from within its number committees with the function of consulting and making proposals, determining the scope of their activity and their powers.

The following chart shows the composition of the Committees set up by the Board: the Compensation Committee (renamed on October 29 2012 as the Appointments and Compensation Committee), the Internal Control Committee (renamed on October 29 2012 as the Control and Risk Committee), and the Committee for Related Party Transactions.

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
Abравanel Roger	X	100				
Cremona Massimo	X	100	X	100	X	100
Rocca Paolo Riccardo	X	100				
Brugnoli Giampaolo			X	/	X	/
Cornelli Francesca			X	100	X	100
Robotti Roberto			X	100	X	100
Dubini Paola (a)			X	100	X	100
<i>Number of Committee meetings</i>	<i>1</i>		<i>5</i>		<i>1</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 during 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 27 2012*

In accordance with the terms of the Code of Conduct of Borsa Italiana S.p.A., 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.

3) INDEPENDENT DIRECTORS

The Code of Conduct of Borsa Italiana S.p.A. 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 of Borsa Italiana S.p.A., 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 and the fee for being on the committees recommended by the Code of Conduct for listed companies, even in the form of 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 a legal 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 of Borsa Italiana S.p.A. 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;

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 held on April 27 2012 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.

In 2012 the Board of Statutory Auditors verified that the criteria and checking procedures adopted by the Board of Directors to assess the independence of its members were being applied correctly.

On April 27 2012 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) 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.)

The committees consist of no fewer than three members all of whom are independent and who are coordinated by a chairman. Minutes are taken of each meeting.

The chairman can, if he or she feels it is necessary, invite any other individuals whose presence could be useful for the proceedings of the meeting.

As permitted by the Code of Conduct of Borsa Italiana S.p.A., the Company has merged the functions of the Appointments Committee and of the Compensation Committee into one single committee, whose members include profiles with adequate competence in finance or compensation policy and

which is known as the Appointments and Compensation Committee, approving its rules at the Board of Directors Meeting held on October 29 2012.

The Internal Control Committee set up by the Board of Directors on May 4 2000 has taken the name of Control and Risk Committee and at least one of its members has adequate experience in accounting and finance or risk management. This Committee also carries out the functions of the Committee for related-party Transactions in compliance with the Rules for related-party Transactions.

5) APPOINTMENT OF DIRECTORS (as per Art. 123-bis, paragraph 1, letter l) T.U.F. and paragraph 2, letter d) T.U.F.)

The Appointments Committee, now renamed the Appointments and Compensation Committee, is made up of Independent Directors: Mr Roger Abravanel, Mr Massimo Cremona and Mr Paolo Riccardo Rocca (Chairman of the Committee).

The Committee has the following functions:

- It puts forward to the Board of Directors candidates for the position of Director whenever it is necessary to replace an independent Director as per the terms of Art. 2386, first paragraph of the Civil Code;
- It gives the Board of Directors its opinion on the maximum number of positions as director or statutory auditor that the Directors of the Company can hold in companies listed on regulated markets (even foreign ones), financial companies, insurance companies and companies of a significant size, taking into account whether the directors sit on the committees set up within the Board;
- It gives the Board of Directors its opinion on the size and composition of the same, and possibly also on the professional profiles whose presence on the Board would be appropriate.

The Board of Directors Meeting held on October 29 2012 adopted a Succession Plan for Executive Directors, the research for which was carried out by the Appointments and Compensation Committee.

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. Lists containing three or more candidates must include candidates of both genders in at least the same proportion as set out in current legislation on the subject of gender equality.

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.

If the application of the procedure set out in letters a) and b) does not result in compliance with the rules of gender balance prescribed by current regulations, the last person elected on the list which obtained the greatest number of votes belonging to the gender most represented will not be appointed but will be replaced by the first candidate not elected on the same list belonging to the least represented gender, as per the terms of the law. Where this is not possible the Shareholders' Meeting will make up the numbers of the administrative body with the majorities required by law ensuring compliance with the requirements of the law.

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.

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

The remuneration of Directors holding special positions is established by the Board of Directors, at the proposal of the Appointments and Compensation Committee after hearing the opinion of the Statutory Auditors and on the basis of the guidelines established in the compensation Policy.

The Committee based its work on the recommendations of the Code of Conduct for Listed Companies and met once during 2012. Minutes were taken of the Committee meeting as is standard practice.

This Committee carries out the following functions:

- It puts before the Board of Directors proposals in relation to compensation policies for Directors and executives with strategic responsibilities;
- It formulates opinions in conjunction with the Control and Risk Committee on proposals regarding the compensation policies for the head of internal auditing and the executive responsible for the preparation of the financial statements and corporate governance documents;
- It formulates proposals for the compensation of the Chief Executive Officer and the Directors holding special positions, which may also include compensation plans involving the assignation of stock options or the provision of other share-based incentive plans;

- It formulates proposals, at the indication of the Chief Executive Officer, on the criteria for compensating the managerial staff of the Company;
- It periodically evaluates the adequacy, the consistency and the practical application of the compensation policy for directors and executives with strategic responsibilities.

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 11 2013 and made available to the Shareholders’ Meeting convened for the approval of the Financial Statements as of December 31 2012.

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.

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

What is described below relates to the system of internal control existing in the Company for the whole of 2012 in accordance with the terms of the Code of Conduct of Borsa Italiana S.p.A. approved by the Corporate Governance Committee in March 2006 and amended in March 2010.

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 in the person of Mr Giuseppe Gianoglio.

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 of Borsa Italiana S.p.A..

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 five Independent Directors with sufficient experience in finance, specifically: Mr Giampaolo Brugnoli, Ms Francesca Cornelli, Mr Massimo Cremona, Ms Paola Dubini and Mr Roberto Robotti.

During 2012, the Committee met five times and minutes were taken of the meetings, which lasted an average of three hours, as is standard practice and the “Internal Control Officer” attended and referred back on his action.

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.

8) 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. Lists containing three or more candidates must include candidates belonging to both genders in each section.

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 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 statutory 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.

If the application of the procedure as per points 1), 2) and 3) does not make it possible to comply with the gender balance rules prescribed by current legislation, the last person elected in the section of the list which obtained the most votes who belongs to the most represented gender will not be appointed but will be replaced by the first candidate on the same list and in the same section belonging to the least represented gender. If this does not happen the Shareholders' Meeting will make up the number

of the Board of Statutory Auditors with the majorities required by law, ensuring that this requirement is complied with.

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 the Company 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 ensuring that the requirements of the law and of the Bylaws are complied with, taking into specific account the gender balance obligation.

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 collegiate 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 criteria applied to the Directors.

During 2012 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	/
Bracco Tiziano	In office	29.4.2011	M	X	100	/
Zingales Riccardo	In office	29.4.2011	M	X	100	3
Nani Luigi	Alternate	29.4.2011	M	X	/	1
Macchiorlatti Vignat Luigi	Alternate	29.4.2011	M	X	/	2

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 of Borsa Italiana S.p.A.(December 2011 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).

Alternate Auditor Raffaele Catarinella died in 2012.

During 2012 the Board of Statutory Auditors met 9 times.

9) **RELATIONS WITH SHAREHOLDERS**

The Company has always endeavoured to establish and maintain an effective dialogue with its Shareholders and with the market, using various forms of communication such as the following: presenting the results of the Company and the Group during Shareholders’ Meetings using slides, meeting with financial analysts and institutional investors in Italy and abroad, informing the public by making the corporate governance documents required by law, press releases and presentations available on the website of the Company.

The Company also adheres to the principles of the Guide for Information 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, financial analysts and institutional investors, in compliance with the rules established for the disclosure of Company information and documents.

10) 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 notice 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 of Borsa Italiana S.p.A., approved and subsequently updated 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 within the time frame laid down by law. This booklet is also published on the Company's website in the section "Corporate Governance".

11) 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".

12) 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 external consultants Messrs Giuseppe Bianchi and Andrea Gottardo and Independent Director Roberto Robotti.

During 2012 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 approved the “*Organizational Model*”, which was later supplemented following the broadening of the scope of the law contained in D.Lgs. 231/2001.

13) 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.

14) 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 2012)

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 Director 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 Finegil S.p.A.
Abravanel Roger	Director of Banca Nazionale del Lavoro Director of Teva Pharmaceuticals Tel Aviv Israel Director of Coesia S.p.A. Director of Luxottica S.p.A. Director of Pianoforte Holding S.r.l. Director of Admiral Group PLC Director of Esselunga S.p.A.
Brugnoli Giampaolo	- no other positions -
Cornelli Francesca	- no other positions -
Cremona Massimo	Director of Gucci Logistica S.p.A. Director of Guccio Gucci S.p.A. Director of Technogym S.p.A. Director of SIT La Precisa S.p.A. Director of UBS Fiduciaria 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 Robert Bosch S.p.A. Chairman of the Board of Statutory Auditors of Sasol Italy S.p.A. Chairman of the Board of Statutory Auditors of Tecnologie Diesel e Sistemi Frenanti S.p.A. Chairman of the Board of Statutory Auditors of Metro Italia Cash and Carry S.p.A.

De Benedetti Marco	Chairman of Twin-Set Simona Barbieri S.r.l. Director of NBTY Inc. Director of Moncler S.r.l. Director of CommonScope Holding Company 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.
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 2012).

Bennani Vittorio	- no other positions -
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.*
Macchiorlatti Vignat Luigi	Alternate Auditor of Cir S.p.A.* Alternate Auditor of Sogefi S.p.A.*

** Companies of the Group*