



## **REPORT ON CORPORATE GOVERNANCE AND THE OWNERSHIP STRUCTURES**

**Issued by: Exprivia S.p.A.**

**Website: [www.exprivia.it](http://www.exprivia.it)**

**Financial year: 2010**

**Submitted to the Shareholders' Meeting for approval on 28th April 2011**

## 1. ISSUER PROFILE

In accordance with the Articles of Association, the administration and control model adopted by Exprivia S.p.A. (referred to below as "**Exprivia**", the "**Company**", the "**Issuer**" or the "**Parent company**") is of a traditional nature, based on a Board of Directors and a Board of Auditors. This Corporate Governance consists of the following bodies:

- ✓ the Board of Directors,
- ✓ the Board of Auditors, which ensures that the company operates in accordance with the law and its articles of association, and that it adheres to the principles of correct administration in conducting its business. It also carries out checks on the adequacy of the organisational structure of the internal control system and the administrative and accounting system of the Company;
- ✓ the Shareholders' Meeting, which is convened in ordinary or extraordinary sessions to take decisions on the basis of legal provisions and the terms of the articles of association:

The company and its bodies act in accordance with the principles of correct company and business management, which also apply to its relations with the companies within the Exprivia Group.

## 2. INFORMATION ON OWNERSHIP STRUCTURES

### *Share Capital Structure*

As at 31st December 2010, Exprivia's share capital amounted to Euro 26,979,658.16, represented by a total of 51,883,958 ordinary shares with a par value of Euro 0.52 each.

Exprivia shares have been listed on the Electronic Share Market of Borsa Italiana (Italian Stock Exchange) since August 2000 and Exprivia was listed on the STAR segment for the first time on 28th September 2007.

There are no categories of shares with limited voting rights or without voting rights.

The Extraordinary Shareholders' Meeting of Exprivia of 3rd August 2006 approved a proposal for the Increase of the Share Capital to fund a Stock Option plan pursuant to article 2441, paragraph 4, point 2, of the Italian civil code, and article 5 of the articles of association, with a nominal value of Euro 1,716,000, with the issue of 3,300,000 new ordinary shares in Exprivia S.p.A., each with a nominal value of Euro 0.52, which may be subscribed only by the directors and managers of the company and its subsidiaries. Of the subscription options regarding the first tranche, 1,174,500 (one million one hundred and seventy four thousand five hundred) were subscribed and exercised, for a nominal value of Euro 610,740.00 (six hundred and ten thousand seven hundred and forty).

The matured options of the other two tranches are exercisable in the period 1st March – 30th June 2011

In compliance with the provisions of art. 114-bis of Legislative Decree no. 58/98 (the "**Consolidated Law on Finance**" or "**Consolidated Law**"), which came into force on 12th January 2006, art. 84-bis of Issuer Regulation introduced by Consob Resolution no. 15915 of 3rd May 2007 that came into effect on 1st September 2007 and the transitory regulations defined for the Plans subject to the decision of the competent body for their implementation before 1st September 2007, information on said Stock Options Plan is available on the issuer's website, in the section "*Investor – Stock Options Plan*".

## Significant shareholdings

On the basis of the entries in the shareholders' register, as supplemented by communications received in accordance with art. 120 of the TUF and available information, as at 2nd March 2011 the shareholder structure of Exprivia was as follows:

Situation at 2nd March 2011		
Shareholders	Shares	Holdings
Abaco Innovazione S.p.A. (*)	25,550,277	49.2450%
Merula S.r.l. (**)	2,794,207	5.3855%
Data Management S.p.A. (***)	1,055,001	2.0334%
Own shares held	0	0.0000%
Outstanding	22,484,473	43.3361%
<b>Total Shares</b>	<b>51,883,958</b>	<b>100.00%</b>

(\*) Abaco Innovazione SpA is a subsidiary of Abaco Systems & Services Srl incorporated under law and not controlled by any other party in accordance with art. 93 of the TUF; the corporate make-up of Abaco Systems & Services Srl is as follows: Domenico Favuzzi holds 45.33%, Valeria Savelli holds 33.17% and Marco D'Imperio holds 21.50%.

(\*\*) Merula S.r.l. is a company incorporated under law controlled by Domenico Di Paola (Engineer).

(\*\*\*) Data Management SpA is a de jure subsidiary of Almeida S.A., a company incorporated under Luxembourg law which is not controlled by any other party in accordance with art. 93 of the TUF.

## Stock transfer restrictions

On the date of publication of this report, no transfer prohibitions applied.

## Stocks granting special rights

The share capital of the Issuer consists only of ordinary shares.

There are therefore no other categories of shares or financial instruments that grant their holders rights other than those of the ordinary shares.

## Employee shareholdings: mechanisms for the exercise of voting rights

No mechanism for the exercise of voting rights applies to any employee shareholding system that might be in place.

## Restrictions on voting rights

The share capital of the Issuer consists only of ordinary shares.

There are therefore no other categories of shares or financial instruments which grant their holders voting rights other than those of the ordinary shares.

## Shareholder agreements

As at 2nd March 2011 no shareholders' agreements have been notified to Consob pursuant to art. 122 of the TUF and the relevant application regulations.

## Delegation of powers to increase the share capital

As pointed out above, on 3rd August 2006 the shareholders' meeting of Exprivia resolved to increase the share capital, pursuant to article 2441, paragraph 4, point 2, of the Italian civil code and article 5 of the articles of association, by a maximum of Euro 1,716,000, with the issue of 3,300,000 new ordinary shares in Exprivia S.p.A., each with a nominal value of Euro 0.52, identical to those already in circulation and with normal voting rights, for subscription by the chairmen, managing directors, managers, employees and collaborators of Exprivia S.p.A. and its subsidiaries and affiliated companies.

The price and methods were laid down by the Board of Directors in accordance with the share incentive plan, on the understanding that, pursuant to article 2439, paragraph 2, of the Italian civil code, the final deadline for subscriptions is 30th June 2011.

If the capital increase is not fully subscribed under the set terms and conditions by that date, the share capital will be increased by the equivalent of the subscriptions obtained.

The Meeting granted the Board of Directors the most wide-ranging powers for the drawing up of specific regulations for the application of the share incentive plan and the setting of the terms and conditions, and authorised it to proceed with the allocation of option rights for the issue and placement of the shares, either in a single block or in a number of instalments.

As pointed out above, in compliance with the provisions of art. 114-bis of Legislative Decree no. 58/98 (the Consolidated Law on Finance), which came into force on 12th January 2006, art. 84-bis of Issuer Regulation introduced by Consob Resolution no. 15915 of 3rd May 2007, which came into effect on 1st September 2007 and transitory regulations defined for the Plans subject to the decision of the competent body for their implementation before 1st September 2007, information on said Stock Options Plan is published on the issuer's website, in the section "*Investor – Piano Stock Options*".

During 2010, those entitled exercised 1,174,500 options over a total of 1,238,000 matured options, subscribing a total of 1,174,500 new shares at an exercise price of Euro 0.8918 each for a value of Euro 1,047,419.10, of which 610,740.00 of Share Capital and Euro 436,679.10 of share premium.

## Authorisations to acquire own shares

The Ordinary Shareholders' Meeting of Exprivia of 20th April 2010 approved the issue of a new authorisation to purchase and dispose of the company's own shares pursuant to articles 2357 and 2357-ter of the Italian civil code.

The main objective of the authorisation to purchase and dispose of the company's own shares is to obtain a significant tool of strategic and operating flexibility, on the basis of which the company will be able to dispose of its own shares acquired, in addition to those already in its possession, as part of:

- ✓ acquisitions or takeovers of shareholdings;
- ✓ operations for the stabilisation of the stock quotations;
- ✓ backup for the stock option plans;

- ✓ trading transactions on the company's own shares, in accordance with the terms of the new version of article 2357, paragraph 1, of the Italian civil code, by means of subsequent purchases and sales of the company's own shares.

In accordance with the regulations in force, the authorisation is issued for a maximum number of shares whose nominal value does not exceed a tenth of the share capital, taking into account for this purpose the shares already in possession of the company and possibly held by subsidiaries; the maximum number of shares that may be acquired may not exceed 5,136,945.

In any case, the number of own shares that can be acquired can not exceed the quantity contained, in terms of purchase price, in the available reserves resulting from the 2009 financial statements duly approved, amounting to Euro 20,750,134.00.

The authorisation to purchase is granted for a period of 18 months as of 20th April 2010, while the authorisation to sell is not subject to any time limits.

The minimum purchase price will be no less than 20% of the mean reference price for the stock in the three Stock Exchange sessions prior to each single purchase transaction.

The maximum purchase price will be no higher than 20% of the mean reference price for the stock in the three Stock Exchange sessions prior to each single purchase operation.

The transfer transactions carried out on the Borsa Italiana share market will take place at the market quotation price for the day when the transaction takes place.

The transfer transactions carried out outside the Borsa Italiana share market may take place at a price no lower than 20% of the mean official price of the Exprivia stock on the reference market in the 90 days prior to the transfer date.

The transfer transactions to back up the stock option plans will take place under the conditions set out in the Stock Option Plan approved by the Shareholders' Meeting.

The transactions for the purchase of the company's own shares will be carried out according to the methods set out in the regulations for the organisation and management of the markets, in such a way as to ensure fairness of treatment for all the shareholders, pursuant to article 132 of legislative decree 58 of 24th February 1998 and article 144-bis, paragraph 1 b) and c) of the Issuer Regulations, based on Consob resolution no. 11971 of 14th May 1999 and subsequent amendments.

On 2nd March 2011 the Board of Directors resolved to submit a proposal of revocation of the authorising resolution in place, though not used, for approval by the ordinary shareholders' meeting called to approve the 2010 draft financial statements, and the simultaneous issue of a new authorisation to purchase and dispose of own shares. This request is based on the need to extend until October 2012 the expiry of the existing authorisation, which would otherwise expire in October 2011.

## **Change of control clauses**

In 2008, a medium term loan was taken out with BNL and other lenders to back up the acquisition of Svmservice SpA and Wel.Network SpA, which took place at the end of 2007.

The loan involves specific restrictions and obligations on the part of the Issuer and its guarantors, on the basis of a standard classification for operations of this kind.

These commitments include the Change of Control situation if (i) Abaco Innovazione SpA should no longer directly hold at least 40% of the ordinary share capital of the Issuer and the related voting rights and is unable to exert dominant influence over the shareholders' meeting of the Beneficiary, including the appointment of the majority of its board members, (ii) Abaco System and Services s.r.l. should no longer directly hold at least 50% of the capital of Abaco

Innovazione SpA and Domenico Favuzzi should no longer directly hold at least 12.8% of the share capital of that company, and/or (iii) Domenico Favuzzi should no longer directly hold at least 45.33% of the share capital of Abaco System and Services S.r.l.

The relationships between Abaco Innovazione SpA, Abaco System and Services s.r.l. and Domenico Favuzzi are described in the "Significant Shareholdings" section above.

Failure to satisfy the above obligations will be regarded as a "Case for Withdrawal", or a cause which entitles the lenders to withdraw from the medium term loan agreement.

Full documentation on this loan is available in the Information Prospectus authorised for publication by CONSOB on 9th July 2008 by means of protocol 8065016, which can be found on the issuer's website, in the section entitled "Investor – Capital Operations"

### ***Indemnities due to the directors in the event of resignation, dismissal or termination of the working relationship following a public takeover offer***

No agreements have been stipulated between the Issuer and the directors involving the payment of indemnities in the event of resignations or dismissal/removal from office without just cause, or if the working relationship should be terminated following a public takeover offer.

## **3. COMPLIANCE**

The Corporate Governance system adopted by Exprivia incorporates the rules and procedures set out in the articles of association and the applicable legislative provisions, on which the management and control system for the company and group are based.

Essentially speaking, it incorporates the principles and recommendations set out in the new Code of Self-discipline for listed companies issued by Borsa Italiana SpA, which is available to the public on the Borsa Italiana website ([www.borsaitaliana.it](http://www.borsaitaliana.it)), and to which the company has adapted, as resolved during the meeting of the Board of Directors of 26th March 2007, in relation to the adaptation of the corporate governance structure of the company to the criteria laid down for the STAR Segment.

On 5th August 2010 the Board of Directors of the Company also resolved to adjust the new text of art. 7 of the Code of Self-discipline on the remuneration of directors and executives with strategic responsibilities, approved by the Corporate Governance Committee of Borsa Italiana that met on 3rd March 2010.

Pursuant to the terms of article 2.6.2., paragraph 1, of the regulations of Borsa Italiana S.p.A., the company passes on its annual calendar of events to the Market Management Company by 31st January of each year.

## **4. MANAGEMENT AND COORDINATION ACTIVITIES**

As of the date of publication of this report, Abaco System & Services S.r.l., with registered office in Viale Adriano Olivetti, Molfetta (Bari), entered in the Bari company register under no. 03739180721, controls the Issuer indirectly, through Abaco Innovazione SpA, pursuant to article 93 of the TUF.

## 5. BOARD OF DIRECTORS

### *Appointment*

On 14th December 2010, the Extraordinary Shareholders' Meeting amended some articles of TITLE IV - BOARD OF DIRECTORS - of the Articles of association to adjust them to Legislative Decree no. 27 of 27th January 2010, enforcing the "Implementation of Directive 2007/36/CE, regarding the exercise of some rights by the shareholders of listed companies " ("shareholders rights directive").

Approved in particular were some amendments to art. 14 as regards the right to submit a list and the methods of submission and publication of the lists.

The new article 14 governs the appointment of the Board of Directors, which takes place on the basis of the lists submitted by the shareholders as specified below.

Each list has to contain at least the minimum number of Directors laid down in the articles of association, including the independent directors, numbered in sequence.

The lists may only be presented by those shareholders who, whether alone or together with others, hold shares that overall represent a percentage that is not lower than the one set for the Company by the legislation or regulations in force. This share must be certified at least twenty one days before the date scheduled for the meeting.

Each shareholder, those who are parties to a significant shareholder agreement (article 122 of legislative decree 58/1998), the parent company, the subsidiaries and those subject to common control (article 93 of legislative decree 58/1998) may present or be involved in the presentation of no more than one list and can not vote for other lists, either directly or through intermediaries or trust companies. Each candidate may appear in one list only, upon penalty of disqualification. The involvement and the votes expressed in breach of this obligation shall not be attributed to any list.

The lists presented and signed by the shareholders must be lodged at the registered office of the company by the twenty fifth day before the day set for the meeting on first call, and are subject to the other forms of publication and filing as laid down in the regulations in force at the time.

The following have to be lodged along with each list (i) the identity information on the shareholders presenting the list and the total percentage of their shareholdings; (ii) declarations by means of which each candidate accepts his or her candidacy and swears that he or she is not ineligible for or incompatible with the office for any reason, and is in possession of the requirements laid down in the regulations in force to take up the positions; (iii) declarations concerning the satisfaction of the requirements of independence made by the candidates, under their responsibility, pursuant to applicable legislation and regulations; (iv) the CV of each candidate.

Any lists presented without fulfilling the conditions set out above will not be taken into consideration.

The company will publish the lists on its website together with the other methods envisaged by applicable legal and regulatory provisions at least twenty one days before the date of the meeting.

The following procedures apply to the election of the Board of Directors:

- a) all of the directors to be elected, except one, are taken from the list obtaining the greatest number of shareholder votes ("Majority List"), in the sequence in which they are numbered in the list;

- b) a director is taken from the list obtaining the second largest number of votes, which will bear no connection of any kind, directly or indirectly, with the shareholders presenting or voting for the Majority List ("Minority List"), in the person of the candidate specified with the first number in the same list.

For this purpose, the lists that do not obtain at least half the percentage of votes required for the presentation of the lists, according to this article or based on mandatory legal or regulatory provisions, will not be taken into consideration.

If the candidates elected as described above do not bring the number of independent directors elected up to the minimum laid down in law, a replacement procedure will apply. This is described in detail in article 14 of the articles of association.

If only one list is presented or no list is presented, the Meeting will pass its resolutions on the basis of the legal majority, rather than proceed as described above.

If one or more directors should no longer be in office in the course of the financial year, the procedure laid down in article 2386 of the Italian civil code, as described in detail in article 14 of the articles of association, will apply, provided the majority of board members are those appointed by the Shareholders' Meeting.

The new article 14 of the articles of association, which governs the election of the Board of Directors, will be applied by the Issuer for the first time at the next Shareholders' meeting, when the mandate of the current board will expire upon the approval of the financial statements for 2010.

The articles of association of the company may be found in the "Investor – Company Information" section.

## Composition

On 14th December 2010, the Extraordinary Shareholders' Meeting approved the proposal to increase the maximum number of directors that may be part of the Board of directors of the company from seven up to eleven; as a matter of fact, a higher number of directors may better meet the management needs of a continuously growing company while ensuring greater representation to the Company.

Pursuant to the new paragraph of art. 14 of the Articles of association, the board of directors may comprise a minimum of three and a maximum of eleven directors, also shareholders, as resolved by the Meeting.

The directors remain in office for the period laid down at the time of their election, and in any case for no more than three financial years. Their mandate expires on the date of approval of the financial statements for the final year of their period in office, and they are eligible for reelection.

If the majority of directors should no longer be in office for any reason, the entire board is understood as removed from office, and the Shareholders' Meeting will be convened to elect a new board, pursuant to the terms of article 2386 of the Italian civil code.

The board of directors consists of executive (see "Delegated Bodies") and non-executive members.

An appropriate number of non-executive directors will be independent. This means that, on the basis of applicable regulations, they will have no existing or previous relations with the company or its subsidiaries or affiliated companies, either directly or indirectly, that might have an effect on their independence of judgment.

All the members of the board of directors appointed by the Shareholders' Meeting of Exprivia of 31st March 2008 were elected from the list presented and voted by the majority.

After the resignation of the Executive Director Filippo Giannelli, on 25th June 2009 the board of directors opted for Engineer Giorgio De Porcellinis to replace him; the appointment of Engineer De Porcellinis was confirmed by the Shareholders' meeting of the Company on 20th April 2010.

At 31st December 2010 the board of directors, whose term of office expires with the approval of the 2010 financial statements, is made up as follows:

BoD Member	Office held	Executive/ Non Executive	Place and date of birth
Domenico Favuzzi	Chairman and Managing Director	Executive	Molfetta (BA) 18/04/1962
Dante Altomare	Vice Chairman	Executive	Molfetta (BA) 18/09/1954
Giancarlo Di Paola	Vice Chairman	Non-executive	Bari 22/05/1952
Rosa Dalosis	Non-Independent Director	Non-executive	Margherita di Savoia (FG) 5/04/1966
Pierfilippo Vito Maria Roggero	Independent director	Non-executive	Milan 22/06/1954
Alessandro Laterza	Independent director	Non-executive	Bari 9/02/1958
Giorgio De Porcellinis	Independent director	Non-executive	Milan 21/01/1948

All the directors are domiciled for the purpose of their office at the registered office of the company: Molfetta (BA), Viale Adriano Olivetti s.n.c.

During its meeting of 31st March 2008, the Board of Directors confirmed that the directors may hold no more than 10 directorships in other listed and unlisted companies.

During the same meeting, the Board of Directors stated that the other positions currently held by the directors in listed companies (financial, banking, insurance and other major companies), are compatible with the effective performance of their respective tasks as directors of the Company.

The table below lists the main positions held over the last 5 years by the members of the company board of directors in the administration, management or control bodies of other companies, as well as their shareholdings in other unlisted companies during the same period.

Name and Surname	Company where external activities are performed	Position	Current status
<b>Domenico Favuzzi</b>	Sezione Terziario Innovativo e Comunicazione di Confindustria Bari e Bat	Member of the Presidential Committee	Ongoing
	Sezione Terziario Innovativo e Comunicazione di Confindustria Bari e Bat	Member of the Management Committee	Ongoing
	Distretto produttivo dell'Informatica	Member	Ongoing
	Abaco Innovazione	Chairman and Shareholder	Ongoing
	Abaco Systems & Services	Shareholder	Ongoing
	Spegea S.C. a r.l. (*)	Vice-chairman	Ongoing
	Svimservice S.p.A. (*)	Chairman	Ongoing
	Wel.Network S.p.A. (*)	Chairman	Ongoing
	Exprivia S.I. (Spain) (*)	Director	Ongoing
	Professionales de Sistemas de Aplicaciones y Productos S.I. (Spain) (*)	Chairman	Ongoing
Consorzio Rete Industria di Confindustria	Director	Ongoing	

Name and Surname	Company where external activities are performed	Position	Current status
	ASSINFORM – Associazione Nazionale	Member of the Organising Council	Ongoing
	Comitato Nazionale di Coordinamento Territoriale), Confindustria Servizi Innovativi e Tecnologici	Member of the Organising Council	Ongoing
	Sezione Terziario Innovativo e Comunicazione di Confindustria Bari	Chairman	Ceased
	ACS S.p.A.	Director	Ceased
	Infobyte S.p.A.	Director	Ceased
<b>Dante Altomare</b>	Abaco Innovazione S.p.A.	Shareholder	Ongoing
	Abaco Innovazione S.p.A.	Director	Ceased
	Exprivia Projects S.p.A. (*)	Chairman	Ongoing
	Exprivia Solutions S.p.A. (*)	Chairman	Ongoing
	Svimservice S.p.A. (*)	Director	Ongoing
	Profesionales de Systemas de Aplicaciones y Productos S.I. (Spain) (*)	Director	Ongoing
	Consorzio Pugliatech	Director	Ceased
<b>Giancarlo Di Paola</b>	Società cons. a r.l. Conca Barese	Director	Ceased
	IDP S.r.l.	Sole director	Ongoing
	Aplomb S.r.l.	Sole director	Ongoing
	BARI Chamber of Commerce	Director	Ongoing
	Confindustria Bari, Barletta, Andria e Trani	Vice-chairman	Expiring
	Confindustria (Rome)	Member of the Southern Italy Commission	Expiring
	Broadband communications and development committee	Committee member	Expiring
	Confindustria Puglia	Member of the Management Committee	Ceased
	Fondazione Carnevale di Putignano	Chairman	Ceased
	Svimservice S.p.A.	Managing director and General manager	Ceased
	Spegea S.C. a r.l	Chairman	Ceased
	Al Faro S.r.l.	Sole director	Ceased
	Ruhl S.r.l.	Sole director	Ceased
<b>Rosa Daloiso</b>	Abaco Innovazione S.p.A.	Shareholder	Ongoing
	Abaco Innovazione S.p.A.	Director	Ceased
<b>Pierfilippo Vito Maria Roggero</b>	Fujitsu Technology Solutions SPA (former Fujitsu Siemens Computers)	Chairman and Managing Director	Ongoing
	Fujitsu Siemens itps srl	Chairman	Ceased
	Fujitsu Service SPA	Chairman	Ceased
	Promobit	Chairman	Ceased
	Aitech Assinform - Confindustria sector association	Replacement vice-chairman	Ceased
<b>Alessandro Laterza</b>	GIUS. LATERZA E FIGLI SPA	Managing director	Ongoing
	LATERZA-AGORÀ	Director	Ongoing
	Confindustria Bari	Chairman	Ongoing
	Confindustria Cultural Commission	Chairman	Ongoing
	Confindustria for Southern Italy Commission	Director	Ongoing
	Luiss - Libera Università Internazionale degli Studi Sociali Guido Carli	Director	Ongoing
	Scientific committee of the Association of Study and Research for Southern Italy	Member of the Scientific committee	Ongoing
	ICTechnology (Infocamere - Unioncamere)	Director	Ongoing
	REI Foundation for legal and economic research	Chairman	Ongoing
	Comitato Biennale Internazionale di Firenze per i Beni Culturali e Paesaggistici	Director	Ongoing
	Telefono Azzurro	National vice-chairman	Ongoing
	Comitato Locale Pugliese Unicredit	Chairman	Ongoing
	Fondazione Rico Semeraro	Director	Ongoing
Man'è	Director	Ongoing	

Name and Surname	Company where external activities are performed	Position	Current status
	Scuola di alta formazione Spegea	Chairman	Ceased
	Comitato tecnico per il Credito riservato alle Piccole e Medie Imprese Confindustria	Director	Ceased
	Comitato tecnico confederale Education	Director	Ceased
	Comitato promotore di Fondirigenti	Director	Ceased
	SFC – Confindustria	Director	Ceased
	Comitato Interassociativo per la Formazione di Sistema	Chairman	Ceased
<b>Giorgio De Porcellinis</b>	Golf Immobiliare S.p.A.	Chairman	Ongoing

(\*) The marked companies are part of the consolidation area of the Exprivia group.

The articles of association do not specify a minimum interval between board meetings. However, the board meets at least once a month, in the presence of all the directors and members of the Board of Auditors.

Board meetings are convened by the chairman each time he/she believes it is in the interest of the company for a meeting to be held. The board also meets when required to do so by law or under the terms of the articles of association, and at the request of the directors and Board of Auditors.

The work of the board is coordinated by the chairman, who conducts the meeting and the voting procedures, ensures that the directors and auditors have been duly and correctly informed of each item on the agenda, and ensures that the supporting documentation for the decisions to be taken by the board has been received at least 5 days prior to the date of the meeting, except in urgent situations.

During each board meeting, the first point on the agenda is the reading and approval of the minutes of the previous meeting.

During the 2010 financial year, 14 meetings of the Board of Directors took place, which were attended as follows:

Position	Member	In office		Executive	Non-executive	Independent	no. of calls	% of attendance
		from	to					
Chairman and Managing Director	Domenico Favuzzi	1st January	in office	X			14	100 %
Vice Chairman	Dante Altomare	1st January	in office	X			14	100 %
Vice Chairman	Giancarlo Di Paola	1st January	in office		X		10	71 %
Director	Rosa Daloiso	1st January	in office		X		14	100 %
Director	Pierfilippo Roggero	1st January	in office			X	8	57 %
Director	Alessandro Laterza	1st January	in office			X	11	79 %
Director	Giorgio De Porcellinis	1st January	in office			X	14	100%

The Surveillance Body set up pursuant to legislative decree 231/2001 is also invited to take part in the board meetings, and a representative of that body took part in all 14 meetings held in 2010.

The 2011 calendar of board meetings for the approval of the financial statement figures, which was announced to the market on 31st January, is as follows:

- ✓ 2nd March - board meeting for the approval of the draft financial statements for the period ended 31/12/10
- ✓ 28th April - Ordinary Shareholders' Meeting for the approval of the financial statements for the period ended 31/12/10 – 1st call
- ✓ 13th May - board meeting on the financial statement figures for Q1 2011
- ✓ 4th August - board meeting on the interim financial statement figures for H1 2011
- ✓ 11th November - board meeting on the financial statement figures for Q3 2011

## **Role and powers of the Board of Directors**

The Board of Directors meets at regular intervals and organises its operations in such a way as to ensure the effective performance of its tasks.

The Board of Directors acts and takes its decisions in an informed manner and autonomously. Its priority objective is the creation of value for the shareholders, and for that purpose it takes all the decisions necessary and useful to further the success of the company business.

The Board of Directors is vested with the broadest powers for the ordinary and extraordinary management of the company, without exception, with full authority for the implementation and achievement of the corporate aims.

Therefore, it can undertake any type of obligation and carry out any capital provision without limitations of any kind, since any task that is not specifically assigned to the resolutions of the shareholders' meetings is its responsibility.

It is responsible for the strategic and organisational guidelines and the monitoring of the company and Exprivia group performance.

More specifically, the Board of Directors has the following exclusive powers, on the basis of the articles of association, company practices and the authorisations conferred upon it:

- a) it elects a chairman and, where appropriate, one or more vice-chairmen, from its members, unless this has been done by the Shareholders' Meeting;
- b) it may appoint an executive committee and/or one or more managing directors;
- c) it allocates and removes the powers of the chairman, vice-chairmen, managing directors, executive committee and one or more directors, and lays down the limits of their powers and the methods for their exercise. It also lays down the intervals at which the delegated bodies have to report to it on the operations carried out by them, which they will do at least once a quarter;
- d) it may appoint one or more general managers, unless this has been done by the Shareholders' Meeting, as well as special representatives to carry out specific actions or categories of action, and lay down their duties, authorisations and powers within the legal limits;
- e) after examining the proposals by the remuneration committee and consulting the board of auditors, it determines the payments due to the managing directors, directors occupying specific positions and the general manager, as well as the subdivision of the overall fees payable to the board members, unless this has been done by the Shareholders' Meeting;
- f) it examines and approves the strategic, industrial and financial plans of the company and its subsidiaries, the corporate governance system and the structure of the Exprivia Group;
- g) it assesses the effectiveness of the organisational, administrative and general accounting models of the company and its subsidiaries as set up by the managing directors, with particular reference to the internal control system and the handling of conflicts of interests;
- h) it examines and approves the annual budget and business plan presented by the managing directors of the company and its subsidiaries, and identifies any modifications required during the financial year;
- i) it assesses the overall management trend, and compares the results achieved with those targeted at regular intervals, taking into consideration the information received from the delegated bodies;
- j) it examines and approves the operations of the company and its subsidiaries in advance, when these are of particular economic, capital or financial significance for the company, with particular reference to those situations in which one or more of the directors hold interests on their own behalf or on behalf of third parties, and when the operations regard affiliated parties. For this purpose, it lays down general criteria for the identification of operations of particular significance;
- k) it approves the recruitment of management personnel, determines their salaries and the positions to be occupied by them, and the termination of working relationships with them;
- l) it reports to the shareholders through the chairman, during the shareholders' meetings;
- m) at least once a year, it carries out an assessment of its own performance and that of its committees, and expresses judgments as to the professional specialists whose presence on the board is regarded as desirable;
- n) in its corporate governance report, it supplies information on the application of article 1 of the code on self-discipline for listed companies, and more specifically on the number of meetings held by the board and executive committee, if present, during the financial year and the percentages of attendance by each member;
- o) The Board of Directors also has the following powers:
  - I. decisions on mergers in the cases referred to in articles 2505 and 2505-bis;
  - II. the adaptation of the articles of association to the regulatory provisions;

III. the transfer of the registered office within Italian territory.

### Delegated bodies

During its meeting of 31st March 2008, the board of directors of the Issuer conferred upon its chairman and managing director, Domenico Favuzzi, the role of executive manager and the powers to drive forward the company activities.

The board acknowledged that even though this accumulation of roles on the part of the chairman and managing director is not fully in line with international *best practices*, it is justified by the organisational requirements of a medium sized company such as Exprivia.

During the same meeting, the board appointed the executive directors Dante Altomare and Giancarlo Di Paola to the position of vice-chairman, to guarantee the company operations even in the absence of the chairman and managing director.

On 5th August 2010 the Board widened the powers of the Chairman regarding the taking of loans in order to slender the process for the opening of new lines of credit of any nature, also in consideration of the new approach it intends to follow to individually fund medium to large tenders and other investments in the medium term.

The chairman, the managing director and vice-chairmen currently have the following powers:

Chairman and Managing Director		Vice-chairmen
	Powers that can be exercised at any time	Powers that can be exercised only in the absence or impediment of the chairman
1	Pursuant to article 18 of the articles of association, the powers to represent the company in its dealings with third parties and in legal actions, with the right to start legal actions and lawsuits and present legal and administrative petitions at all levels of justice, including revocation and appeal judgments, and the power to sign on behalf of the company.	Pursuant to article 18 of the articles of association, the powers to represent the company in its dealings with third parties and in legal actions, with the right to start legal actions and lawsuits and present legal and administrative petitions at all levels of justice, including revocation and appeal judgments, and the power to sign on behalf of the company.
2	The recruitment of personnel, with the exception of management personnel, as part of the recruitment programme laid down by the board of directors, with the powers to determine their payments and the positions attributed to them.	The recruitment of personnel, with the exception of management personnel, as part of the recruitment programme laid down by the board of directors, with the powers to determine their payments and the positions attributed to them.
3	The management of remuneration policies, in line with the accounting provisions laid down by the board of directors, career advancement procedures, disciplinary actions and dismissal of personnel, with the exception of management personnel. The management of remuneration policies for management staff, in line with the accounting provisions laid down by the board of directors and the limits set by the remuneration committee, with salary increases limited to a maximum of 20% per manager, with reporting on such actions to the board of directors.	The management of remuneration policies, in line with the accounting provisions laid down by the board of directors, career advancement procedures, disciplinary actions and dismissal of personnel. The management of remuneration policies for management staff, in line with the accounting provisions laid down by the board of directors and the limits set by the remuneration committee, with salary increases limited to a maximum of 20% per manager, with reporting on such actions to the board of directors.
4	The assignment of consultancy missions to companies and/or professional specialists in relation to specific services not linked to industrial production, in accordance with the plans approved in advance by the board of directors. The mandates granted to each company and/or consultant will have a value not in excess of Euro 150,000 (a hundred and fifty thousand) within a single financial year	The assignment of consultancy missions to companies and/or professional specialists in relation to specific services not linked to industrial production, in accordance with the plans approved in advance by the board of directors. The mandates granted to each company and/or consultant will have a value not in excess of Euro 150,000 (a hundred and fifty thousand) within a single financial year

	Chairman and Managing Director	Vice-chairmen
5	The assignment of mandates to trustees, agents, representatives and sales agents, whose payments consist prevalently of commission	The assignment of mandates to trustees, agents, representatives and sales agents, whose payments consist prevalently of commission
6	Representation of the company in relation to all its activities and with no limits of expenditure in the following cases: taking part, either alone or as a member of temporary joint ventures and/or consortia, in private negotiations and bidding procedures set up by private and/or public enterprises and bodies, government, regional and local authorities and all other public administrative bodies in Italy and abroad; membership of temporary joint ventures, consortia and joint venture enterprises, with the widest ranging powers to sign all the necessary and useful documentation, including the issue of mandates and/or power of attorney to the parent company's enterprises; the signing of offers and contracts for the sale of products and/or services; operating as agent and/or representative of third parties. Report to the board on single operations with a value in excess of Euro 10 million	Representation of the company in relation to all its activities and with no limits of expenditure in the following cases: taking part, either alone or as a member of temporary joint ventures and/or consortia, in private negotiations and bidding procedures set up by private and/or public enterprises and bodies, government, regional and local authorities and all other public administrative bodies in Italy and abroad; membership of temporary joint ventures, consortia and joint venture enterprises, with the widest ranging powers to sign all the necessary and useful documentation, including the issue of mandates and/or power of attorney to the parent company's enterprises; the signing of offers and contracts for the sale of products and/or services; operating as agent and/or representative of third parties. Report to the board on single operations with a value in excess of Euro 10 million
7	The taking on of loans in the most appropriate technical forms, with a total maximum credit limit for the company and its subsidiaries of Euro 75,000,000.00 (seventy five million). The credit limits may also be based on the transfer of credits deriving from the company business, and the limit in question may be exceeded by a maximum of 10% (ten percent) in the case of additional temporary credit limits with a maximum duration of six months, of which the board of directors has to be informed.	The taking on of loans in the most appropriate technical forms, with a total maximum credit limit for the company and its subsidiaries of Euro 50,000,000.00 (fifty million). The credit limits may also be based on the transfer of credits deriving from the company business, and the limit in question may be exceeded by a maximum of 10% (ten percent) in the case of additional temporary credit limits with a maximum duration of six months, of which the board of directors has to be informed.
8	All banking operations, including the opening of current accounts and their management within the credit limits assigned to them, and the use of cash and endorsement credits. The signing of cheques and payment instructions on the company current accounts for a maximum of Euro 2,000,000 (two million) per transaction	All banking operations, including the opening of current accounts and their management within the credit limits assigned to them, and the use of cash and endorsement credits. The signing of cheques and payment instructions on the company current accounts for a maximum of Euro 2,000,000 (two million) per transaction
9	Enter into leasing agreements and negotiate their amounts and conditions, for a maximum of Euro 200,000.00 (two hundred thousand) per transaction	Enter into leasing agreements and negotiate their amounts and conditions, for a maximum of Euro 200,000.00 (two hundred thousand) per transaction
10	The taking on of obligations as part of the normal administration of the company, and the handling of all current expenditure and/or investments for the purchase of services and goods up to a maximum of Euro 1,000,000 (one million) per transaction, in line with the annual budget approved by the board of directors, with the exception of purchases of goods to be resold on the basis of purchase orders.	The taking on of obligations as part of the normal administration of the company, and the handling of all current expenditure and/or investments for the purchase of services and goods up to a maximum of Euro 1,000,000 (one million) per transaction, in line with the annual budget approved by the board of directors, with the exception of purchases of goods to be resold on the basis of purchase orders.
11	Pursuant to article 17 of the articles of association and within the limits of the powers conferred, issue special powers of attorney to third parties for acts of normal administration, as well as for acts of extraordinary administration that might be determined from time to time by the board of directors	Pursuant to article 17 of the articles of association and within the limits of the powers conferred, issue special powers of attorney to third parties for acts of normal administration, as well as for acts of extraordinary administration that might be determined from time to time by the board of directors

On 31st January 2006, Pietro Sgobba, the Chief Administrative and Financial Officer of Exprivia, was granted special powers, to be exercised by means of his signature alone up to

such time as these are revoked, with the following powers to enable him to perform his administrative and financial roles in the most effective manner possible:

- a) all banking operations on the company's current accounts, both in credit and overdrawn, the use of cash and endorsement credits, signing of cheques and payment instructions, up to a maximum limit of Euro 100,000.00 per transaction, and in any case within the credit limits granted. In the case of payments of taxes, duties and contributions to the state, state treasury offices or local authority bodies, the maximum limit per transaction is Euro 1,000,000.00;
- b) the taking on of loans in the most appropriate technical forms, within the credit limits laid down by the company, including the procurement, acceptance and use of credits based on advances on invoices and/or transfers of credits deriving from the company business operations;
- c) cash transfers up to the maximum limit of Euro 2,000,000.00 on the current accounts of the company and its subsidiaries, or with regard to any temporary relationships with group subsidiaries or affiliated companies;
- d) operations of all kinds with the National Debt Office, Bank of Italy, Deposits and Loans Office, the Treasury and State Treasury Offices, the Finance and other Ministries, the Post Office, Local and Regional Bodies and recognised Foundations and Associations, for the ordinary management of the company, including the signature of declarations, notifications, petitions, claims and similar documents;
- e) withdrawal and despatch of all correspondence, including registered letters, telegrams, telexes or documents, packages and packets, goods of all kinds and any other item sent to the company or dispatched by it, with the issue of receipts and liability exemption statements, where appropriate. The above operations may be carried out with the Post Office, State Railway Offices and all other national or local public body, as well as with shipping companies, airlines, carriers, couriers and all other individuals and organisations in general;
- f) the issue of declarations and certifications on payments to third parties and employees on behalf of the company;
- g) the issue of extracts from payroll records and statements regarding personnel to social security, insurance and other bodies or private organisations, with the monitoring of the company's obligations in this sense (the signing of forms and certifications for the payment of deductions on behalf of employees, agents and other collaborators), with the powers to sign declarations, statements and all other deeds or certificates for that purpose;
- h) in relation to the annual budget approved by the board of directors, administer all the current expenditure and/or investments for the purchase of goods and services, up to a maximum limit of Euro 100,000.00 per transaction. In relation to the annual budget approved by the board of directors, administer all the current expenditure for the purchase of products and services directly linked to supplies to the company customers, up to a maximum limit of Euro 500,000.00 per transaction.

On 4th December 2007, the company managers Dante Altomare, Giorgio Cioni and Filippo Giannelli, based in the Rome and Milan offices, were granted the following special powers to perform their roles as commercial representatives of the company:

- a) representation of the company in relation to all its activities and with no limits of expenditure in the following cases: taking part, either alone or as a member of temporary joint ventures and/or consortia, in private negotiations and bidding procedures set up by private and/or public enterprises and bodies, government, regional and local authorities and all other public administrative bodies in Italy and abroad; membership of temporary joint ventures, consortia and joint venture enterprises, with the widest ranging powers to sign all the necessary and useful documentation, including the issue of mandates and/or power of attorney to the parent company's enterprises; the signing of offers and contracts for the sale of products and/or services; operating as agent and/or representative of third parties. Any individual transaction with a value in excess of Euro 10 million will have to be reported to the managing director without delay;
- b) negotiate, stipulate and terminate the following contracts or agreements in relation to the management of the company, as supplier or transferring party, with no price limits: the signature of orders and order confirmations received from customers; license agreements for the use of patents, trademarks and other intellectual and technological property rights in general; sales agreements, tender contracts, agreements for the supply of goods and/or services and/or technical assistance and/or maintenance, sub-supply and administration, not including leasing, free loan, rental and tenancy contracts. Any individual transaction with a value in excess of Euro 10 million will have to be reported to the managing director without delay.

Identical powers were granted on 18th July 2008 to the company manager Stefano Ferrara.

On 4th December 2007, Francesco Greco, the Human Resource Manager of Exprivia, was granted special powers up to such time as these are revoked, for the effective performance of his duties:

- a) to carry out operations of all kinds with assistance and social security bodies, employment offices, social security and maximum employment bodies, the Ministry of Labour and Social Security and all other public authorities with responsibility for matters regarding the management and administration of personnel;
- b) representation of the company with professional associations and trade unions;
- c) the recruitment of personnel, with the exception of management personnel, as part of the recruitment programme laid down by the board of directors, with the powers to determine their payments and the positions attributed to them.
- d) the management of remuneration policies, in line with the accounting provisions laid down by the board of directors, career advancement procedures, disciplinary actions and dismissal of personnel, with the exception of management personnel. Representation of the company as plaintiff and defendant in employment disputes at all levels of justice, and agreement to settlement procedures relating to manual and office workers and senior staff, but with the exception of management personnel;
- e) withdrawal and despatch of all correspondence, including registered letters, telegrams, telexes or documents, packages and packets, goods of all kinds and any other item sent to the company or dispatched by it, with the issue of receipts and liability exemption statements, where appropriate. The above operations may be carried out with the Post Office, State Railway Offices and all other national or local public body, as well as with shipping companies, airlines, carriers, couriers and all other individuals and organisations in general;
- f) the issue of declarations and certifications on payments to third parties and employees on behalf of the company;
- g) the issue of extracts from payroll records and statements regarding personnel to social security, insurance and other bodies or private organisations, with the monitoring of the company's obligations in this sense (the signing of forms and certifications for the payment of deductions on behalf of employees, agents and other collaborators), with the powers to sign declarations, statements and all other deeds or certificates for that purpose.

On 20th November 2009, Francesco Guindani, head of the Sales Team Clinico ed Imaging, was granted the special powers up to such time as these are revoked, for the effective performance of his duties, with a view to taking part in public tender competitions, with or without joint ventures:

representation of the company in relation to all its activities and with no limits of expenditure in the following cases: taking part, either alone or as a member of temporary joint ventures and/or consortia, in private negotiations and bidding procedures set up by private and/or public enterprises and bodies, government, regional and local authorities and all other public administrative bodies in Italy and abroad, and/or by private enterprises or organisations; take part in temporary joint ventures, consortia or joint venture enterprises. For these purposes he may:

- (i) draw up, sign and present all the documentation and other deeds necessary to enable the company to take part in single tender competitions and provide services to competing third parties which decide to make use of them, including declarations of requirements possessed by auxiliary parties and the setting up of provisional performance bonds;
- (ii) grant or take on mandates when taking part in temporary joint ventures or similar associations;
- (iii) negotiate and sign the contracts and deeds relating to the tender procedure and awards, including, merely by way of example, the deeds of the tender competition for acceptance, the deeds for the setting up of intermediary companies, shareholders' agreements, the regulations for temporary joint ventures and similar (with determination of the parent company and the quotas and activities of each member company), and tender contracts, and carry out all related deeds, including requests for documentation not received during the preliminary or offer stages, and the setting up of final and provisional performance bonds, with the powers to grant any warranties that might be required by the guarantor;

On 12th November 2010, Donato Dalbis, head of the Central Services Division, was granted the special powers up to such time as these are revoked, for the effective performance of his duties:

- (i) all banking operations on the company's current accounts, both in credit and overdrawn, the use of cash and endorsement credits, signing of cheques and payment instructions, up to a maximum limit of Euro 100,000.00 (one hundred thousand) per transaction, and in any case within the credit limits granted. In the case of payments of taxes, duties and contributions to the state, state treasury offices or local authority bodies as well as payment of wages to company employees, the maximum limit per transaction is Euro 1,000,000.00 (one million).
- (ii) the taking on of loans in the most appropriate technical forms, within the credit limits laid down by the company, including the procurement, acceptance and use of credits based on advances on invoices and/or transfers of credits deriving from the company business operations.
- (iii) cash transfers up to the maximum limit of Euro 2,000,000.00 (two million) on the current accounts of the company and its subsidiaries, or with regard to any temporary relationships with group subsidiaries or affiliated companies.

(iv) operations of all kinds with the National Debt Office, Bank of Italy, Deposits and Loans Office, the Treasury and State Treasury Offices, the Finance and other Ministries, the Post Office, Local and Regional Bodies and recognised Foundations and Associations, for the ordinary management of the company, including the signature of declarations, notifications, petitions, claims and similar documents.

(v) in relation to the annual budget approved by the board of directors, administer all the current expenditure and/or investments for the purchase of goods and services, up to a maximum limit of Euro 100,000.00 (one hundred thousand) per transaction. In relation to the annual budget approved by the board of directors, administer all the current expenditure for the purchase of products and services directly linked to supplies to the company customers, up to a maximum limit of Euro 500,000.00 (five hundred thousand) per transaction.

(vi) to carry out operations of all kinds with assistance and social security bodies, employment offices, social security and maximum employment bodies, the Ministry of Labour and Social Security and all other public authorities with responsibility for matters regarding the management and administration of personnel;

(vii) representation of the company with professional associations and trade unions;

(viii) the recruitment of personnel, with the exception of management personnel, as part of the recruitment programme laid down by the board of directors, with the powers to determine their payments and the positions attributed to them;

(ix) the management of remuneration policies, in line with the accounting provisions laid down by the board of directors, career advancement procedures, disciplinary actions and dismissal of personnel, with the exception of management personnel. Representation of the company as plaintiff and defendant in employment disputes at all levels of justice, and agreement to settlement procedures relating to manual and office workers and senior staff, but with the exception of management personnel;

(x) withdrawal and despatch of all correspondence, including registered letters, telegrams, telexes or documents, packages and packets, goods of all kinds and any other item sent to the company or dispatched by it, with the issue of receipts and liability exemption statements, where appropriate. The above operations may be carried out with the Post Office, State Railway Offices and all other national or local public body, as well as with shipping companies, airlines, carriers, couriers and all other individuals and organisations in general;

(xi) the issue of declarations and certifications on payments to third parties and employees on behalf of the company;

(xii) the issue of extracts from payroll records and statements regarding personnel to social security, insurance and other bodies or private organisations, with the monitoring of the company's obligations in this sense (the signing of forms and certifications for the payment of deductions on behalf of employees, agents and other collaborators), with the powers to sign declarations, statements and all other deeds or certificates for that purpose.

The delegated bodies report to the board of directors on the operations carried out by means of the powers conferred upon them during the board meetings, and in any case at least once a quarter, and provide the board with all the information required to keep it updated on any non-routine or unusual operations or operations with affiliated parties, whose assessment and approval are not the direct responsibility of the board

The Issuer decided not to set up an executive committee, as it believes that its existing organisational structure is suitable for the operating requirements of the single Group companies.

### **Other executive directors**

During its meeting of 31st March 2008, the board of directors confirmed that Filippo Giannelli was to be regarded as an executive director, taking into account the positions held by him within the parent company and subsidiaries pursuant to article 2 of the code of self-discipline. Mr. Giannelli resigned from this position on 18th June 2009.

During its meeting of 31st March 2008, the board of directors confirmed that Rosa Dalouis was to be regarded as a non-executive director, a position which she still holds, taking into account the positions held by her within the parent company and subsidiaries pursuant to article 2 of the code of self-discipline.

During its meeting of 18th June 2009, the board of directors confirmed that the vice-chairman Giancarlo Di Paola, who had been an executive director up to that time, was now to be regarded as a non-executive director, pursuant to article 2 of the code of self-discipline (Composition of the Board of Directors – Criteria for Application - 2.C.1).

## Independent directors

The independent directors have the necessary professional skills and autonomy of judgment to analyse, discuss and resolve the management problems that the company has to deal with. With their specific qualifications and consolidated professional experience in the sector, they make a significant contribution to the strategic guidelines and development initiatives of the company and group.

The procedure laid down in the articles of association and adopted by the board of directors to ensure the independence of the directors pursuant to article 148, paragraph 3, of legislative decree 58/1998 involves a declaration of independence by the director at the time of appointment, which has to be confirmed by the board during its first meeting following the appointment. The independent directors are also obliged to inform the board immediately of any situations that negatively affect their independent status, in which cases they will be required to step down from office.

If a director should lose the status of independence as defined above, he or she will not be removed from office if the minimum number of directors laid down in the regulations in force should continue to retain independent status.

At the time of approving the Corporate Governance Report, the board asks the directors involved to repeat their declarations of independence, and examines any additional information supplied by them.

The board of auditors carries out checks to ensure the correct application of the criteria and procedures adopted each year by the board of directors to assess the independence of its members, and reports on these checks to the shareholders' meeting.

The independence of the directors is assessed at regular intervals by the board and the results of its assessments are passed on to the market.

The independence of the directors is assessed with the emphasis placed on substance rather than form, and taking into account that a director is unlikely to be independent in the following cases:

- a) if he/she controls the company directly or indirectly, through subsidiaries, trustees or intermediaries, or is in a position to exert significant influence on it, or is a party to a shareholders agreement by means of which one or more parties may exercise control or a significant influence over the company;
- b) if he/she is, or has been in the previous 3 financial years, a key role-player in the company or one of its strategically important subsidiaries, or in a company subject to common control with the company, or in an organisation or body that controls the company or is able to exert considerable influence over it, either singly or by means of other organisations on the basis of a shareholders agreement;
- c) if he/she has, or has previously had, significant commercial, financial or professional relations with one of the following, directly or indirectly (such as through subsidiaries or companies in which he/she plays a key role, or as a partner in a professional practice or consultancy company):
  - a. the company, one of its subsidiaries, or any of the key role-players in these latter;
  - b. a party that controls the company, either individually or by means of other organisations on the basis of a shareholders agreement;
  - c. or he/she is, or has been in the previous 3 financial years, an employee of one of the above parties;
- d) if he/she receives, or has received in the previous 3 financial years, significant additional remuneration in addition to the fixed fees payable to the non-executive directors of the

company, from the company or a subsidiary or parent company, including remuneration from performance related incentive plans, whether share-based or otherwise;

- e) if he/she is an executive director in another company in which an executive director of the company is a director;
- f) if he/she is a shareholder or director of a company or organisation belonging to the company network which audits the accounts of the company;
- g) if he/she is a close relative of a person in any of the situations described in the previous points.

The board meeting of 31st March 2008 appointed Pierfilippo Roggero and Alessandro Laterza as independent directors.

Immediately after their appointment and after the Board of Directors checked their independence, Alessandro Laterza and Pierfilippo Roggero confirmed that they satisfy this requirement and agreed to inform the board as soon as possible of any situation that should have a negative effect on their independent status.

The Meeting of 20th April 2010 confirmed Giorgio De Porcellinis as Director of the Company. Immediately after its appointment, Giorgio De Porcellinis confirmed its independent status, which was verified by the Board of Directors, undertaking to promptly inform the board of any situation that should have a negative effect on their independent status.

The board meeting of 2nd March 2011 verified and confirmed the independent status of Alessandro Laterza, Pierfilippo Roggero and Giorgio De Porcellinis pursuant to the terms of article 3 of the code of self-discipline and asked the chairman of the board of auditors to have this latter check the correct application of the criteria and procedures adopted by the board for the assessment of the independence of its members.

### ***Lead Independent Director***

Taking into account the fact that the positions of chairman and managing director are held by the same person, the board meeting of 31st March 2008 appointed Pierfilippo Roggero to the position of *“lead independent director”* pursuant to the terms of article 2 of the code of self-discipline.

The Board of Directors asked the *“lead independent director”*, Pierfilippo Roggero, to organise a meeting of independent directors at periodic intervals, pursuant to the terms of article 3.C.6. of the code of self-discipline, to express their comments on the running and management of the company.

## **6. HANDLING OF COMPANY INFORMATION**

### ***Handling of confidential information***

The directors and auditors are obliged to treat the documents and information acquired by them in the course of their duties as confidential, and to adhere to the procedure adopted by the company for the internal management and outside disclosure of such documents and information.

On 18th December 2008, the board updated the internal procedure in force since March 2006 for the correct management of outside disclosure of company documents and information, with particular reference to privileged information that has to be disclosed as a matter of urgency.

The aim of the internal procedure is to ensure that the information passed on to the market is not selective, out of date, incomplete or inappropriate, especially in the case of price sensitive information.

Important information is disclosed as follows:

- ✓ the “Communication and *Investor Relations*” department works with the managing director, and may contact Borsa Italiana S.p.A., in the event of doubts, to establish when a fact, event or item of news involving the company or group has to be passed on to the market;
- ✓ when the market has to be informed, the “Communication and *Investor Relations*” department, with the assistance of the company structures involved, draws up the text of the notification and ensures that this contains the information that the Italian and international financial intermediaries require
- ✓ the managing director examines the notification and submits it to the board of directors, executive committee or chairman for approval, as applicable. In the case of notifications to be issued without delay and as a matter of urgency, these are approved by the managing director following consultations with one or more of the vice-chairmen, a senior director and/or the *Lead Independent Director*;
- ✓ following approval of the final text of the notification, the “Communication and *Investor Relations*” department contacts Borsa Italiana by telephone and then issues the notification through the NIS remote circuit, as laid down in the Consob and Borsa Italia regulations and instructions;
- ✓ following the transfer of the notification to the remote circuit, the “Communication and *Investor Relations*” department passes it on to other press agencies and newspapers (by means of external consultants, where applicable) and to the financial community entered in the IR database.
- ✓ The press release is then passed on internally to the entire group structure and entered in the dedicated section of the company website.

On 27th March 2006, the board of directors approved the creation of a Register of Relevant Parties, pursuant to the terms of article 115-bis of legislative decree 58 of 24th February 1998 and subsequent amendments and additions and articles 152-bis and following of the issuer regulations.

This register came into force on 1st April 2006, and contains the names and other identity details of those whose roles or functions give them access to precise information of a nonpublic nature that directly or indirectly regards Exprivia or its group companies, which could, if placed in the public domain, have a significant influence on the financial instruments issued by it.

The Register is kept at Exprivia by the “Communication and *Investor Relations*” department, which is responsible for its safekeeping, management and updates, on behalf of Exprivia and its subsidiaries.

Exprivia is responsible for the creation, management and safekeeping of the register, on its own behalf and in the interest of its group companies, pursuant to the terms of article 152-bis, paragraph 4, of the issuer regulations. It also ensures that the internal policies on the circulation and monitoring of privileged information among the group companies and Exprivia enable these latter to fulfil all their obligations in this sense.

## **Notification procedure for operations on company financial instruments carried out by relevant and closely linked parties**

Pursuant to the terms of articles 152-sexies and following of the issuer regulations (the "Procedure"), the *Internal Dealing* procedure which came into force on 1st April 2006 was updated, with the removal of the regulations on *Internal Dealing* included in the regulations of Borsa Italiana S.p.A. The upgrade in question was approved by the board meeting of 27th March 2006.

The aim of the procedure is to regulate the obligations to inform Consob and the public of the operations carried out on financial instruments, whether directly or through intermediaries, by parties responsible for the administration, control or management of a listed issuer, by managers with regular access to the privileged information referred to in article 114, paragraph 1, of the Financial Mediation Legislation, and who have the power to take management decisions that could have an effect on the evolution and future prospects of the listed issuer, or by any parties holding at least 10% of the share capital or any other party controlling the listed issuer.

With a view to ensuring fulfilment of the notification obligations, the procedure identifies:

- ✓ the relevant parties;
- ✓ the operations regarded as significant,;
- ✓ the deadlines within which the parties have to inform the company that the operation has been carried out;

Under the terms of the procedure and on the basis of the information received, the company informs the market of the operations with a total or combined value of Euro 5,000 (five thousand) within the end of the year. In the case of derivative financial instruments, the value of the operation is calculated with reference to the underlying shares.

The amount of Euro 5,000 is calculated by adding the values of the operations on shares and connected financial instruments carried out on behalf of each relevant party and the persons closely linked to these latter.

The procedure also prohibits the relevant parties from carrying out such operations during specific periods of time, and grants the board of directors the right to make changes or add to the list of relevant parties or similar persons.

The Code of Conduct on *Internal Dealing* can be found in the "Investor – Company Information" section of the Issuer's website.

## **7. INTERNAL COMMITTEES WITHIN THE BOARD**

Pursuant to the terms of article 5.C.1 of the code of self-discipline, the board of directors of the issuer decided to set up a Technical Remuneration Committee and an Internal Control Committee. Their members consist exclusively of non-executive directors, and they play advisory and consultancy roles.

The board decided not to set up an Appointment Committee, as the company makes use of the list voting system for the election of its directors. This method is described in detail in the section on the election of the board of directors.

## 8. APPOINTMENT COMMITTEE

As mentioned above, both the previous and current board of directors decided that there was no need to set up an Appointment Committee.

The methods for the election of the board of directors on the basis of the lists presented by the majority and minority shareholders, as laid down in article 14 of the articles of association, were applied for the first time during the shareholders' meeting of 31st March 2008 and will be applied once again during the Meeting to approve the 2010 financial statements.

Also on this occasion, the outgoing board of directors resolved to set up a List Committee, consisting of Giorgio De Porcellinis and Dante Altomare, Mario Ferrario, the manager of the parent company's Company Affairs, and Mariacecilia Guglielmi, the manager of the Group's legal office, for the monitoring of the presentation of the majority and minority lists and the correct application of the relevant terms of the articles of association and issuer regulations, and to ensure that the market is correctly informed.

## 9. REMUNERATION COMMITTEE

The Board of Directors is assisted by the Remuneration Committee in performing its institutional tasks.

This committee presents proposals to the Board of Directors, in agreement with the Board of Auditors but independently of the interested parties, on the remuneration programmes, including any stock option or share allocation plans, for the managing directors and other special office holders. It also issues proposals upon the recommendation of the managing directors for the remuneration of senior managers at the company.

The committee also examines the matters relating to the general remuneration policies for managers and senior staff.

The Remuneration committee currently comprises:

- ✓ Pierfilippo Roggero (Lead Independent Director), Chairman;
- ✓ Alessandro Laterza (Independent director);
- ✓ Giorgio De Porcellinis (Independent director);

In 2010 the Remuneration Committee met twice, in the presence of all its members, except for Mr. Laterza, the Chairman of the Board of Auditors and the Head of the Company Affairs.

Other parties attended the meetings of the remuneration committee to report to it on the single items on the agenda.

The committee has no specific financial resources at its disposal, but it may gain access to information and to the company departments necessary to enable it to carry out its tasks, and may also make use of external consultants.

In the meeting of 22nd July 2010, the Remuneration Committee resolved to draw the attention of the Board of Directors to the need for the Company to continue to adhere to the code of self-discipline issued by Borsa Italiana and acquire the new text of article 7, introduced into the code of self-discipline with regard to the remuneration of directors and executives with strategic responsibilities, approved by the Corporate Governance Committee that met on 3rd March 2010 at Borsa Italiana.

The recommendation of the Committee was absorbed by the Board of Directors of 5th August 2010.

Following this decision, and in application of Standards - 7.P.4. - the Board of Directors of the Company met on 2nd March 2011, upon proposal of the Remuneration Committee, defining a general policy for the remuneration of executive directors, directors in special positions and executives with strategic responsibilities.

The directors will present a report describing this policy to the next Shareholders' meeting called to approve the 2010 financial statements.

## 10. DIRECTORS' FEES

The fees payable to the Board of Directors are laid down by the Shareholders' Meeting in accordance with the law and articles of association. Article 22 of the articles of association states that: "the Shareholders' Meeting may grant the board fees in the form of a fixed sum, to be paid once only or at periodic intervals, which may be in proportion to the results achieved by the company. The fees will be divided up among the directors as established by the board".

The directors will be entitled to be refunded for costs incurred by them in the performance of their duties.

The remuneration of the managing directors and directors performing special roles is established by the board of directors, upon consultancy with the board of auditors, on the proposal of the technical remuneration committee set up for the purpose.

The remuneration due to the executive directors and senior managers is determined in relation to the results obtained by the company and/or the achievement of specific targets.

The gross payments made in 2010 to the directors of the parent company for the work carried out by them, including the operations carried out for the other companies in the consolidation area, are set out below, in compliance with Consob recommendations of 10th January 2011 concerning the reporting of the remuneration according to art. 78 of the Issuer Regulations.

Directors		Values in Euro					
Name and surname	Office held	Period when it was held	Office expiry	Fees for the office	Non monetary benefits	Bonuses and other incentives	Other fees
Domenico Favuzzi	Chairman and Managing Director	12 months	App. 2010 financial statements	304,950			
Dante Altomare	Vice Chairman	12 months	App. 2010 financial statements		91	11,700	68,015
Giancarlo Di Paola	Non-executive vice-chairman	12 months	App. 2010 financial statements	11,667			
Rosa Daloiiso	Non-executive director	12 months	App. 2010 financial statements			1,875	39,445
Pierfilippo Roggero	Independent director	12 months	App. 2010 financial statements	20,000			
Alessandro Laterza	Independent director	12 months	App. 2010 financial statements	15,000			
Giorgio De Porcellinis	Independent director	12 months	App. 2010 financial statements	10,000			

(1) The fees for the office refer to: (i) the fees resolved by the meeting or pursuant to article 2389, par. 2 of the Italian Civil Code, though not paid and (ii) the possible participation in the profit, (iii) attendance bonuses, (iv) refund of flat expenses.

(2) The non monetary benefits report the fringe benefits (according to a fiscal taxation criterion), including any insurance policies

(3) The bonuses and other incentives include the fees accrued on a one-off basis; excluded are the values of the assigned or exercised stock-options.

(4) The other fees state (i) the fees for positions covered in listed and unlisted subsidiaries, (ii) wages (gross of fiscal and social security charges on the employee's account, excluding the mandatory collective charges on the company's account and the allocation to the severance pay fund), (iii) the end of office indemnities and (iv) any fees deriving from other services provided

No agreements are in place between the Company and the directors involving the payment of indemnities in the event of resignation or dismissal without just cause, or if the working relationship should be terminated following a public takeover offer.

Summarised below are the stock-option plans assigned to the Directors in office during 2010, in the form of offer of options to subscribe the issuer's shares.

Name and surname	Office held	Matured options held at the beginning of 2010			Options assigned in 2010			Options exercised in 2010			Options expired in 2010	Matured options held at 31/12/2010		
		Number of options	Average exercise price (in €)	Average maturity	Number of options	Average exercise price	Average maturity	Number of options	Average exercise price (in €)	Average maturity		Number of options	Average exercise price (in €)	Average maturity
Domenico Favuzzi	Chairman and Managing Director	600,000	1.3757	31/12/2010	-	-	-	200,000	0.8918	30th June	-	400,000	1.6176	1st H 2011
Dante Altomare	Vice Chairman	115,000	1.3634	31/12/2010	-	-	-	40,000	0.8918	30th June	-	75,000	1.6149	1st H 2011
Rosa Daloiiso	Non-executive director	18,000	1.3757	31/12/2010	-	-	-	6,000	0.8918	30th June	-	12,000	1.6176	1st H 2011

## Remuneration of the senior managers

During the financial year ended on 31st December 2010, the senior managers of the company received payments totalling Euro 1,145,250.00.

In compliance with the recommendations issued by Consob on 10th January 2011 on the reporting of fees according to art. 78 of the Issuer regulations, the table below sets out the gross remuneration (excluding the Severance Pay Fund) paid to the senior managers of the Company by the Issuer or by Group companies in 2010.

Executives with strategic responsibilities		Values in Euro					
Name and surname	Office held	Period when it was held	Office expiry	Fees for the office	Non monetary benefits	Bonuses and other incentives	Other fees
Giannelli Filippo	Exprivia commercial manager	12 months			865	16,650	88,008
Ubaldo Agosti	Exprivia production manager	12 months			2,271	10,170	65,308
Stefano Baldini	Wel.Network managing director	12 months	App. 2010 financial statements	166,667	1,788		
Francesco De Michele	Swimservice managing director	12 months			304	58,500	158,453
Stefano Ferrara	Manager of the Health and Local Bodies Business Unit	12 months		100,000			60,000
Donato Dalbis	Central Services Manager	12 months		2,000	1,370	6,750	55,000
Francesco Greco	Human Resource Manager	12 months			1,687	1,125	70,000
Pietro Sgobba	Administration and Finance Manager	12 months			2,273		71,179
Luigi Di Pace	R&D manager	12 months		5,000			85,000
Vito Carnimeo	Managing Director of Spegea and group organisational development manager	12 months		5,000	882	9,000	100,000

(1) The fees for the office refer to: (i) the fees resolved by the meeting or pursuant to article 2389, par. 2 of the Italian Civil Code, though not paid and (ii) the possible participation in the profit, (iii) attendance bonuses, (iv) refund of flat expenses.

(2) The non monetary benefits report the fringe benefits (according to a fiscal taxation criterion), including any insurance policies

(3) The bonuses and other incentives include the fees accrued on a one-off basis; excluded are the values of the assigned or exercised stock-options.

(4) The other fees state (i) the fees for positions covered in listed and unlisted subsidiaries, (ii) wages (gross of fiscal and social security charges on the employee's account, excluding the mandatory collective charges on the company's account and the allocation to the severance pay fund), (iii) the end of office indemnities and (iv) any fees deriving from other services provided

Summarised below are the stock-option plans assigned to the senior managers of the company in the form of offer of options to subscribe the issuer's shares.

Name and surname	Office held	Matured options held at the beginning of 2010			Options assigned in 2010			Options exercised in 2010			Options expired in 2010	Matured options held at 31/12/2010		
		Number of options	Average exercise price (in €)	Average maturity	Number of options	Average exercise price	Average maturity	Number of options	Average exercise price (in €)	Average maturity		Number of options	Average exercise price (in €)	Average maturity
Giannelli Filippo	Exprivia commercial manager	150,000	1.3757	31/12/2010	-	-	-	50,000	0.8918	30th June	-	100,000	1.6176	1st H 2011
Ubaldo Agosti	Exprivia production manager	148,400	1.3726	31/12/2010	-	-	-	50,000	0.8918	30th June	-	98,400	1.6169	1st H 2011
Stefano Baldini	Wel.Network managing director	-	-	-	-	-	-	-	-	-	-	-	-	-
Francesco De Michele	Svmservice managing director	-	-	-	-	-	-	-	-	-	-	-	-	-
Stefano Ferrara	Manager of the Health and Local Bodies Business Unit	50,000	1.2750	31/12/2010	-	-	-	-	-	-	-	50,000	1.2750	1st H 2011
Donato Dalbis	Central Services Manager	60,000	1.3757	31/12/2010	-	-	-	20,000	0.8918	30th June	-	40,000	1.6176	1st H 2011
Francesco Greco	Human Resource Manager	25,000	1.1984	31/12/2010	-	-	-	-	-	-	-	25,000	1.1984	1st H 2011
Pietro Sgobba	Administration and Finance Manager	60,000	1.3757	31/12/2010	-	-	-	20,000	0.8918	30th June	-	40,000	1.6176	1st H 2011
Luigi Di Pace	R&D manager	-	-	-	-	-	-	-	-	-	-	-	-	-
Vito Carnimeo	Managing Director of Spegea and group organisational development manager	-	-	-	-	-	-	-	-	-	-	-	-	-

## 11. INTERNAL CONTROL COMMITTEE

With a view to ensuring the correct operation of the internal control system, the Board of Directors is assisted by an Internal Control Committee, which plays an advisory and consultancy role, and whose members are non-executive directors and mostly independent.

The Chairman of the Board of Auditors or another Auditor designated by this latter takes part in the activities of the Internal Control Committee.

Where necessary due to the matters to be discussed, the Internal Control Committee and Board of Auditors meet jointly.

As well as assisting the Board of Directors in its tasks relating to the internal control system, the Internal Control Committee also:

- carries out checks with the manager in charge of drafting the company accounting documents and the auditors on the correct use of the accounting standards and their uniformity, with a view to drafting the consolidated financial statements;
- upon the Executive Director's request, expresses its opinion on specific aspects relating to the identification of the main company risks as well as the design, creation and management of the internal control system;
- examines the *internal auditing* plan drawn up by the internal control manager and the periodic reports drawn up by the latter;
- assesses the proposals submitted by the auditing companies for the issue of the mandate, and the operating plan drawn up for the auditing procedures and the results entered in the report and the letter of suggestions, if any;
- monitors the effectiveness of the account auditing process;

- f) assesses and validates the internal company procedures while supervising the correct application and prompt updating of the rules of Corporate Governance;
- g) reports to the board at least once every six months on the activities carried out and the effectiveness of the internal control system, during the meetings for the approval of the financial statements and half-yearly report.

The Internal Control Committee currently comprises:

- ✓ Giorgio Roggero (*Lead Independent Director*), Chairman;
- ✓ Alessandro Laterza (Independent director);
- ✓ Giorgio De Porcellinis (Independent director);

In 2010 the Internal Control Committee met three times, in the presence of all its members, except for Mr. Laterza, the Chairman of the Board of Auditors and the Company Affairs Manager, the representative of the Surveillance Body and the *Internal Audit* department, upon invitation.

The complete Board of Auditors attended one of these meetings.

Other parties attended the meetings of the Internal Control Committee to report to it on the single items on the agenda.

The committee has no specific financial resources at its disposal, but it may gain access to information and to the company departments necessary to enable it to carry out its tasks, and may also make use of external consultants.

## 12. INTERNAL CONTROL SYSTEM

The internal control system is the set of rules, procedures and organisational structures for the identification, assessment, management and monitoring of the main risks, to ensure that the company is run in an efficient, correct manner, in line with its business objectives.

An effective internal control system helps safeguard the company assets and ensures that the company operations are carried out efficiently and correctly, that the financial information is reliable and that the laws and regulations are complied with.

The Board of Directors is responsible for the internal control system. It lays down the guidelines and checks the correct and effective running of the system from time to time, to ensure that the main company risks are identified and managed in a suitable manner.

The board of directors ensures that its assessments and decisions regarding the internal control system, approval of the financial statements, half-yearly reports and the relationships between the issuer and auditor are backed up by a suitable information gathering process.

For this purpose, the Board of Directors is assisted by the Internal Control Committee, made up of non-executive directors, most of them independent.

In accordance with the code of self-discipline and on the proposal of the Internal Control Committee, the Board of Directors has also:

- a) given the Managing Director, Domenico Favuzzi, the task of Executive Director in charge of monitoring the overall running of the internal control system;
- b) given the task of *Internal Auditor* for the internal control system to the head of the Quality and Organisation Department, Rosa Dalloiso;
- c) formally given the task of drafting the company accounting documents to the the Administration and Finance Manager, Pietro Sgobba.

These roles were attributed for the first time on 27th March 2006 by the previous Board of Directors and confirmed on 9th April 2008 by the existing board, on the proposal of the Internal Control Committee.

The company has laid down the roles and responsibilities of the various people involved in the training and control processes relating to the Group financial information and the operating and management methods for the administrative and accounting control system. In 2010, the company reviewed and updated the main administrative procedures in the light of the company and organisational changes which took place during that year and will continue throughout 2011, and the recent legislative provisions in this area. The review will take into account the scheduled organisational and process modifications and the reinforcement of the information systems.

## **ORGANISATIONAL MODEL pursuant to legislative decree 231/2001**

With effect from 31/03/2008, Exprivia adopted a new Organisation, Management and Control model as per Leg. Decree 231/2001, and has set up a Surveillance Body for the entire group. Its members, who do not belong to any of the Boards of Directors of the Group companies, are Angelantonio De Palma, Chairman, Giulio Guarino, director, and Mariacecilia Guglielmi, member.

This model is integrated with the principles and provisions of the Exprivia Ethics Code. The unique nature of the Exprivia process and policy government system is thus confirmed, including the development of a company Ethics culture, in full harmony with the behavioral principles of the whole of Exprivia.

The Surveillance body carried out its work respecting the tasks assigned to it by the Model and the Regulations/Articles of association that it independently adopted, with the aim of checking the operation of the Model and arranging for it to be updated.

In 2010 the Body met once and five auditing sections took place.

These auditing sessions were planned in a six-month internal audit plan that ended in April 2010. The audits particularly concerned the following areas:

- Prevention and protection service: Respect of the procedures coded in the organisational model to prevent Culpable Homicide or Grave and Extremely Grave Injuries Inflicted in Violation of the Accident Prevention and Health and Safety in the Workplace Regulations – special part C version 2.0 of 22.05.2009
- Research & Development Unit: Respect of the procedures coded in the organisational model to prevents Offences against the Public Administration – special part A version 2.0 of 30.06.2009
- PTU (Public Sector, Transport and Utilities) Business Line: Respect of the procedures coded in the organisational model to prevents Offences against the Public Administration – special part A version 2.0 of 30.06.2009; 2 sessions
- Human Resource Division – Personnel selection and contracts: Respect of the procedures coded in the organisational model to prevents Offences against the Public Administration – special part A version 2.0 of 30.06.2009, with special focus on the procedure related to personnel selection
- Organisational development – Personnel training: Respect of the procedures coded in the organisational model to prevents Offences against the Public Administration – special part A version 2.0 of 30.06.2009
- Central Services – Administration and Finance – Company Affairs – Investor Relations: Respect of the procedures coded in the organisational model to prevent Corporate offences – special part B version 2.0 of 30.06.2009

The results of these audits suggest that the Model adopted by Exprivia is compliant with the provisions of art. 6 of Leg. Decree 231/01, net of purely procedure-related considerations, and compatibly with the implementation phase; a report on this subject was sent by the Surveillance Body to the Company.

Based on the report issued by the Surveillance body and pursuant to article I.A. 2.10.2 of the instructions regulating the markets organised and managed by Borsa Italiana S.p.A., on 15th June 2019 the issuer sent Borsa Italiana a certification stating the suitability of the organisational, management and control model as provided for by article 6 of Leg. Decree 231/01.

The Organisation, Management and Control model is published on the Issuer's web site in the section *"Investor – Corporate Information Report"*.

## **INDEPENDENT AUDITOR**

On 29th June 2005, the Shareholders' Meeting of Exprivia S.p.A allocated the mandate to audit the company accounts for the 2005-07 period to PKF Italia S.p.A., pursuant to the terms of article 159 of legislative decree 58 of 24th February 1998.

On 27th April 2007, the Shareholders' Meeting of Exprivia extended the mandate to the independent auditor until the end of the 2013 financial year, under the terms of article 8 of legislative decree 303 of 29th December 2006.

The same mandate was given to PKF Italia S.p.A. by the other companies forming part of the Exprivia Group.

## **13. DIRECTORS' INTERESTS AND OPERATIONS WITH AFFILIATED PARTIES**

In conformity with the applicable legislative and regulatory provisions, and in particular with:

- (i) the new "Regulations on operations with affiliated parties -- no. 17221 of 12/03/2010" issued by CONSOB on 23rd June 2010;
- (ii) the outcomes of the subsequent "consultation" published by Consob last 24th September;
- (iii) the Consob notice on the guidance for the application of the regulation published on 24th September 2010;
- (iv) Consob notice no. 10094530 of 15th November 2010 with additional clarifications.

on 27th November 2010 the Board of Directors of the Company adopted a new PROCEDURE FOR OPERATIONS WITH AFFILIATED PARTIES, with provisions concerning operations with affiliated parties, in order to ensure transparent and correct, substantial and procedural operations with affiliated parties performed directly or through companies of the same, directly and/or controlled ("Exprivia Group").

This new procedure replaced the one previously in force that had been introduced on 26th March 2007

An entity is considered as an "affiliated party" of a company if:

- (a) directly or indirectly, also through subsidiaries, trustees or intermediaries: (i) it controls the company, is controlled by it or is subject to joint control; (ii) has an interest in the company that is such to be able to exercise significant influence on it; (iii) has control over the company jointly with other entities;

- (b) is an associated company;
- (c) is a joint venture in which the company has an interest;
- (d) is one of the executives with strategic responsibilities of the company or its parent company;
- (e) is a close relative of one of the subjects under letters (a) or (d);
- (f) is an entity in which one of the subjects under letters (d) or (e) exercises control, joint control or significant influence or directly or indirectly holds a significant share of the voting rights, in any case not lower than 20%;
- (g) is an Italian or foreign supplementary, collective or individual pension fund created in favour of the company employees or any other entity related to it.

Included are: (i) mergers, spin-offs by incorporation or non-proportional spin-offs, when performed with affiliated parties; (ii) any decision regarding the granting of fees or economic benefits, of any form, to the members of administration and control bodies and the executives with strategic responsibilities.

Exprivia is included in the definition given by the Consob regulation to "smaller companies": a company where neither the assets nor the revenues, as resulting from the last approved consolidated financial statements, exceed Euro 500 million.

Consequently, the regulations approved by Exprivia apply the simplified procedure according to which:

- (1) The Internal Control Committee consisting of non-executive mostly independent directors has the right to express a positive opinion on the procedure and the transactions;
- (2) The abovementioned Committee only performs its tasks in the decision-making phase regarding the transactions but not in the negotiating phase, also for highly significant transactions
- (3) The distinction between more significant and less significant transactions persists also in terms of procedure, exclusively for the more significant transactions under the responsibility of the board on which a contrasting opinion has been expressed by the internal control committee.

Always excluded from the application of the Procedure are those transactions specified under art.10 of the Procedure. In particular:

- (i) the transactions performed with or among subsidiaries, also jointly, and transactions with associated companies, if, in the subsidiaries or associated companies that are a party in the transaction, there is no significant interest by other Affiliated parties of the Company, and thus infragroup contracts that in Exprivia's experience make up most of the transactions with Affiliated parties as well as
- (ii) the Ordinary transactions performed at conditions that are equivalent to market conditions; as specified in the definitions, by way of non exhaustive example, these include, according to the indications of Consob communication: the loan agreements or guarantee granting agreements connected with ordinary operations, granted against payment at market conditions, which the company Abaco Innovazione (Exprivia's parent company) may perform towards Exprivia or other Group companies.

The new procedure for the performance of transactions with affiliated parties is published on the Issuers' site in the section "*Investor – Company Information*".

## 14. APPOINTMENT OF AUDITORS

The Board of Auditors consists of three delegate auditors and two substitute auditors, who are appointed by the Shareholders' Meeting and eligible for re-election. Their powers, duties and period in office are as laid down in law.

The auditors remain in office for three financial years and their mandate expires on the date of approval of the financial statements for the final year of their period in office.

Any person in the situations of incompatibility specified in law or who fails to satisfy the personal and professional integrity requirements as well as the limits of positions that may be assigned, may not be appointed to the position of auditor, or if they have been so appointed, will be removed from office.

On 14th December 2010, the Extraordinary Shareholders' Meeting amended TITLE IV - BOARD OF AUDITORS - of the Articles of association to adjust it to Legislative Decree no. 27 of 27th January 2010, enforcing the "Implementation of Directive 2007/36/CE, regarding the exercise of some rights by the shareholders of listed companies" ("shareholders rights directive").

Approved in particular were some amendments to art. 23 as regards the right to submit a list and the methods of submission and publication of the lists.

The new article 23 of the Articles of Association governs the appointment of the Board of Directors, which takes places on the basis of "lists" presented by the shareholders according to the procedures specified below to ensure that the minority appoints one regular auditor and one alternate auditor.

The lists presented are divided into one section for the regular auditors and another for the alternate auditors. The list contains the names and reference numbers for one or more candidates.

The lists may only be presented by those shareholders who, whether alone or together with others, hold shares that overall represent a percentage that is not lower than the one set for the Company by the legislation or regulations in force. This share must be certified at least twenty one days before the date scheduled for the meeting.

Each shareholder, those who are parties to a significant shareholder agreement (article 122 of legislative decree 58/1998), the parent company, the subsidiaries and those subject to common control (article 93 of legislative decree 58/1998) may present or be involved in the presentation of no more than one list and can not vote for other lists, either directly or through intermediaries or trust companies. Each candidate may appear in one list only, upon penalty of disqualification. The involvement and the votes expressed in breach of this obligation shall not be attributed to any list.

The lists presented and signed by the shareholders must be filed at the registered office of the company at least 25 days prior to the date set for the Shareholders' Meeting on first call and published in the company website according to the methods set by current legal and regulatory provisions, at least 21 days before the meeting, notwithstanding any additional form of disclosure and filing method, as described in the regulations in force at the time.

If only one list has been presented within the set deadline, or only lists presented by shareholders with joint interests under the terms of the legislative and regulatory provisions in force, additional lists may be presented within the deadline set by the legal and regulatory provisions in force. In such a case, the shareholders holding, either alone or together with others, shares representing one half of the minimum capital may present the additional lists.

If only one list is presented, the Board of Auditors is chaired by the candidate regular auditor appearing on top of the list.

If no list is presented, the Meeting resolves with the legal majority without observing the procedure below.

The following have to be lodged along with each list: (i) (i) the identity information on the shareholders presenting the list and the percentage of their shareholdings, (ii) declarations by means of which each candidate accepts his or her candidacy and swears that he or she is not ineligible for or incompatible with the office for any reason, including accumulated positions, pursuant to applicable legal and regulatory provisions, and is in possession of the requirements laid down in the regulations in force to take up the positions, and (iii) the CVs of each candidate, containing detailed information on their personal and professional profiles and indicating the administration and control positions held in other companies.

The lists presented by shareholders other than those with a controlling or majority shareholding have to be accompanied by a statement to the effect that they are unconnected to the controlling or majority shareholders in accordance with the relevant regulations in force.

The first two candidates in the list obtaining the highest number of votes and the first candidate in the list receiving the second highest number of votes, who has no direct or indirect connections with the shareholders presenting or voting for the list which obtained the greatest number of votes, are elected to the position of regular auditor.

The first candidate in the list obtaining the highest number of votes and the first candidate in the list that obtained the second highest number of votes are elected to the position of alternate auditor.

The first candidate in the list that obtained the second highest number of votes will be the chairman of the board of auditors.

Should the set regulatory and legal requirements cease to apply, the Auditor is required to step down from office.

In case of replacement of an Auditor, the alternate auditor from the same list will take his/her place. The Board of Auditors will be chaired by the minority auditor.

When the Shareholders' Meeting has to elect regular and/or substitute auditors to make up the number of members of the board of auditors, the replacement procedure described in detail in article 23 of the articles of association applies.

The auditors act on an autonomous and independent basis, which also extends to the shareholders who elected them.

The articles of association of the company may be found in the *"Investor – Company Information"* section.

## 15. AUDITORS

The current Board of Auditors, appointed by the Exprivia meeting on 31st March 2008 and with term of office expiring with the closing of 2010, is made up as follows:

Auditor	Office held	Place and date of birth
Renato Beltrami	Chairman	Storo (TN) 07/12/1942
Gaetano Samarelli	Regular Auditor	Molfetta (BA) 07/12/1945

Ignazio Pellecchia	Regular Auditor	Bari 28/06/1968
Leonardo Giovanni Ciccolella	Alternate Auditor	Bari 24/06/1964
Mauro Ferrante	Alternate Auditor	Bisceglie (BA) 01/11/1964

All the members of the board of auditors were elected from the list presented and voted by the majority.

The auditors in office satisfy the requirements of independence laid down in law as well as the requirements set by the Code for Directors. The board of directors confirmed that those requirements were met during its meeting of 11th March 2010, in which it examined the corporate governance of the company.

The table below lists the main positions occupied over the last 5 years by the members of the company board of auditors in the administration, management or control bodies of other companies, as well as their shareholdings in other unlisted companies during the same period.

Name and Surname	Company where external activities are performed	Position	Current status
<b>Renato Beltrami</b>	Clinichall S.r.l.	Chairman of the Board of Auditors	Ongoing
	Svimservice S.p.A. (*)	Chairman of the Board of Auditors	Ongoing
	Wel.Network S.p.A. (*)	Chairman of the Board of Auditors	Ongoing
	GST S.r.l. (*)	Chairman of the Board of Auditors	Ongoing
	Phoenix International Spa	Chairman of the Board of Auditors	Ongoing
	Compagnia di Sviluppo S.r.l.	Chairman of the Board of Auditors	Ongoing
	Arici Fratelli S.r.l.	Chairman of the Board of Auditors	Ongoing
	Golf Immobiliare S.p.A.	Chairman of the Board of Auditors	Ongoing
	Mediocredito Trentino Alto Adige S.p.A.	Regular Auditor	Ongoing
	A.C.S. S.p.A.	Regular Auditor	Ceased
	Salumificio Aliprandi S.p.A.	Regular Auditor	Ongoing
	Pervoice S.r.l.	Regular Auditor	Ongoing
	Valle Bianca S.p.A.	Regular Auditor	Ongoing
	E.B.S. S.r.l.	Regular Auditor	Ongoing
	Garioni Naval S.p.A.	Regular Auditor	Ongoing
	Venzia Holding S.p.A.	Chairman of the Board of Auditors	Ceased
	OMP Piccinelli S.r.l.	Chairman of the Board of Auditors	Ceased
	Ille Prefabbricati S.p.A.	Chairman of the Board of Auditors	Ceased
	Comap Italia S.r.l.	Regular Auditor	Ceased
	Comap Industria S.p.A.	Regular Auditor	Ceased
	Nova Comet S.r.l.	Regular Auditor	Ceased
	Exprivia Solutions S.p.A.	Chairman of the Board of Auditors	Ceased
	Euroboiler S.r.l.	Regular Auditor	Ceased
	Dosso Alto S.p.A.	Regular Auditor	Ceased
	Cassa Rurale di Darzo e Lodrone (TN)	Chairman of the Board of Directors	Ceased
	Entratech S.r.l.	Director	Ceased
	<b>Gaetano Samarelli</b>	Viaggi & Turismo Marozzi S.r.l.	Chairman of the Board of Auditors
Exprivia Solutions S.p.A. (*)		Regular Auditor	Ongoing
Oleificio Cooperativo Goccia di Sole		Chairman of the Board of Auditors	Ongoing
BIOGENE - Consorzio per lo studio e l'applicazione della Bioinformatica		Regular Auditor	Ongoing

Name and Surname	Company where external activities are performed	Position	Current status
	Svimservice S.p.A. (*)	Regular Auditor	Ongoing
	Wel.Network S.p.A. (*)	Regular Auditor	Ongoing
	Fondazione Musicale "Vincenzo Maria Valente"	Regular Auditor	Ongoing
	Spegea S.C. a r.l (*)	Chairman of the Board of Auditors	Ongoing
	Azienda Servizi Municipalizzati - settore raccolta e smaltimento rifiuti – Molfetta	Chairman of the Board of Accounts Controllers	Ceased
	Fonderie e Smalterie "Palbertig" S.p.A.	Chairman of the Board of Auditors	Ceased
	Metra Puglia S.r.l.	Regular Auditor	Ceased
	Aemmeci S.r.l.	Regular Auditor	Ceased
	Filmer S.r.l.	Regular Auditor	Ceased
<b>Ignazio Pellecchia</b>	ASV Autolinee e Autoservizi S.p.A.	Regular Auditor	Ongoing
	Spegea S.C. a r.l (*)	Regular Auditor	Ongoing
	Svimservice S.p.A. (*)	Regular Auditor	Ongoing
	Innovazione Sanitaria SpA	Controllo Contabile 2409 bis c.c.	Ongoing
	Santa Maria SpA	Controllo Contabile 2409 bis c.c.	Ongoing
	Consorzio Campus Virtuale	Regular Auditor	Ceased
	Coalpa S.p.A.	Regular Auditor	Ceased
	Teleco Sud S.p.A..	Regular Auditor	Ceased
<b>Leonardo Giovanni Ciccolella</b>	Abaco Innovazione S.p.A.	Chairman of the Board of Auditors	Ongoing
	Exprivia Projects S.p.A. (*)	Regular Auditor	Ongoing
	Promove S.r.l.	Chairman of the Board of Auditors	Ongoing
	Cattolica Immobiliare srl	Regular Auditor	Ongoing
	Dalet srl	Regular Auditor	Ongoing
	Exprivia S.p.A. (*)	Regular Auditor	Ceased
<b>Mauro Ferrante</b>	Abaco Innovazione S.p.A.	Regular Auditor	Ongoing
	Exprivia Projects S.p.A. (*)	Chairman of the Board of Auditors	Ongoing
	Exprivia Solutions S.p.A. (*)	Regular Auditor	Ongoing
	Promove S.r.l.	Chairman of the Board of Auditors	Ceased
	Promove Costruzioni Meccaniche S.r.l.	Sole director	Ongoing

(\*) The marked companies are part of the consolidation area of the Exprivia group.

None of the members of the board of auditors named above:

- is related to the other members of the board of directors, board of auditors or senior managers;
- has been a member of the administration, management, supervisory bodies or a shareholder of any companies other than those already mentioned in the previous five years;
- has any convictions for fraud;
- has been involved in bankruptcy, controlled administration or liquidation procedures regarding the companies in which they held the positions mentioned;
- has been subject to official charges and/or sanctions applied by public or regulatory authorities.

In 2010, no situations arose in relation to which the members of the board of auditors had to declare direct or indirect interests in a specific operation carried out by the company.

The attendance at meetings by the members of the board of auditors in 2010 was as follows:

Position	Member	In office		Audits		BoD		Internal Control Committee		Remuneration Committee	
		from	to	no. of calls	% of attendance	no. of calls	% of attendance	no. of calls	% of attendance	no. of calls	% of attendance
Chairman	Renato Beltrami	1st Jan	in office	5	100 %	14	100 %	3	100 %	2	100 %
Regular Auditor	Gaetano Samarelli	1st Jan	in office	5	100 %	14	93 %	-	-	-	-
Regular Auditor	Ignazio Pellecchia	1st Jan	in office	5	100 %	14	100 %	-	-	-	-
Alternate Auditor	Leonardo Ciccolella	1st Jan	in office	-	-	-	-	-	-	-	-
Alternate Auditor	Mauro Ferrante	1st Jan	in office	-	-	-	-	-	-	-	-

In carrying out its activities, the Board of Auditors worked closely at all times with the Internal Audit Department and the Internal Control Committee.

The members of the issuer's board of auditors hold similar positions also in other controlled or partly owned companies belonging to the Exprivia Group, as follows:

Company / Member	Exprivia Solutions SpA	Exprivia Projects SpA	Svimservice SpA	Wel.Network SpA	Spegea S.c. arl	G.S.T. Srl	PerVoice SpA
<b>Renato Beltrami</b>		Alternate Auditor	Chairman of the Board	Chairman of the Board		Chairman of the Board	Regular Auditor
<b>Gaetano Samarelli</b>	Regular Auditor		Regular Auditor	Regular Auditor	Chairman of the Board		
<b>Leonardo Ciccolella</b>	Alternate Auditor	Regular Auditor	Alternate Auditor	Alternate Auditor	Alternate Auditor		
<b>Ignazio Pellecchia</b>		Alternate Auditor	Regular Auditor	Alternate Auditor	Regular Auditor		
<b>Mauro Ferrante</b>	Regular Auditor	Chairman of the Board	Alternate Auditor	Alternate Auditor			

The fees payable to the board of auditors are determined by the shareholders' meeting on the basis of the relevant professional tariffs.

The total fees paid in 2010 to the auditors of the parent company for the work carried out by them, including the operations carried out for the other group companies, are set out below.

**RENATO BELTRAMI – CHAIRMAN:** EURO 82,838.56 INCLUDING FEES FOR THE POSITIONS INDICATED IN THE PREVIOUS TABLE – NO NON-MONETARY BENEFITS, BONUSES OR OTHER INCENTIVES.

**GAETANO SAMARELLI – REGULAR AUDITOR:** EURO 57,124.92 INCLUDING FEES FOR THE POSITIONS INDICATED IN THE PREVIOUS TABLE – NO NON-MONETARY BENEFITS, BONUSES OR OTHER INCENTIVES.

**IGNAZIO PELLECCIA – REGULAR AUDITOR:** EURO 44,937.01 INCLUDING FEES FOR THE POSITIONS INDICATED IN THE PREVIOUS TABLE – NO NON-MONETARY BENEFITS, BONUSES OR OTHER INCENTIVES.

**LEONARDO GIOVANNI CICCOLELLA – ALTERNATE AUDITOR:** EURO 3,706.14 INCLUDING FEES FOR THE POSITIONS INDICATED IN THE PREVIOUS TABLE – NO NON-MONETARY BENEFITS, BONUSES OR OTHER INCENTIVES.

**MAURO FERRANTE – ALTERNATE AUDITOR:** EURO 8,685.26 INCLUDING FEES FOR THE POSITIONS

INDICATED IN THE PREVIOUS TABLE – NO NON-MONETARY BENEFITS, BONUSES OR OTHER INCENTIVES.

## 16. RELATIONS WITH SHAREHOLDERS

The company has set up a specific "Investor" section in its website, which is freely accessible for consultation and contains information on the issuer of interest to its shareholders, to enable them to exercise their rights in an informed manner.

In accordance with the procedure on the provision of documents and information on the company, Exprivia has created a specific department (Communication and *Investor Relations*) whose task is to guarantee a transparent, ongoing, complete dialogue with the shareholders, with particular reference to institutional investors.

This department, which reports directly to the managing director, backs up the company in its communications to the financial community (institutional and *retail* investors and financial analysts) on the strategies and the most important company decisions, to enable this to carry out a complete, precise assessment of the company in a prompt and transparent manner.

The above activity is backed up by a specific *Investor Relator* database containing the list of individuals and organisations who wish to receive company information by email (press releases, financial statements, initiatives, etc.) and an *Investor Relations* section in the *web* site, which provides all the significant financial information on the company.

An email address has also been made available to the financial community (IR@exprivia.it), for the forwarding of requests for clarification or information.

The communication procedure does not include information on significant facts before the market is notified of these.

## 17. SHAREHOLDERS' MEETINGS

On 14th December 2010, the Extraordinary Shareholders' Meeting amended some articles of TITLE III - SHAREHOLDERS' MEETING - of the Articles of association to adjust it to Legislative Decree no. 27 of 27th January 2010, enforcing the "Implementation of Directive 2007/36/CE, regarding the exercise of some rights by the shareholders of listed companies " ("shareholders rights directive").

Concerning convocation on the shareholders' request, the Articles of association have implemented the provision under article 2367 of the Italian civil code, which provides for a percentage of participation in the share capital to call the meeting on the shareholders' request reduced from 1/10 to 1/20.

As regards the new methods of publication of the convocation notice, the Articles of association provide for it to be published in the website of the Company, while still allowing for it to be published according to other methods envisaged by applicable regulations, and maintaining a reference to the publication in newspapers in the cases in which this method of publication is mandatory by law.

The provisions of art. 126-bis of the TUF were implemented, which allow the shareholders that represent at least 1/40th of the share capital to ask an integration to the list of the items on the agenda within 10 days from the publication of the convocation notice, with the methods and within the limits of the law.

The Articles of association now envisage, according to art. 2369 of the Italian Civil Code, the possibility for the Board of Directors to establish for both the ordinary and the extraordinary

shareholders' meeting to be held in one call, if needed, applying the majority set by law in this case.

Concerning the participation of shareholders in the meeting, the Articles of association were adjusted to make them compliant with the provisions of art. 83-sexies of the TUF, which introduce the "record date" mechanism. In this sense, participation in the meeting and the right to vote is attributed legally to the holders of shares on the seventh day of open market before the date set for the meeting, who have notified their will to attend through the authorised intermediary.

in compliance with the new article 135-novies of the TUF, the Articles of association were amended to specify the methods to electronically notify the Company of the delegation to be represented at the meeting.

Following the introduction of article 135-undecies of the TUF concerning the shareholders' representative, the Articles of association were amended for the Company to be able to designate a representative for delegation purposes.

The Company encourages and facilitates the Shareholders' participation in the Meetings, particularly by providing any explanation and clarification needed to ensure their easy and informed involvement.

As an expression of the self-determining powers of the shareholders, on 14th December 2010 the Extraordinary Shareholders' Meeting approved a new regulation with a view to ensuring that the ordinary and extraordinary shareholders' meetings take place in an ordered manner and that each shareholder has the right to speak on the items on the agenda.

The regulations on shareholders' meetings lay down the procedures for the identification and admission of the participants and their representatives, specify the times and methods for contributions on the single items on the agenda and govern the voting processes and the announcement of the results.

The new Articles of association and the new regulation on the meetings are available on the Issuer's website in the "Investor – Company Information" section.

In 2010, 2 shareholders' meetings took place:

- ✓ The ordinary shareholders' meeting took place on first call on 20th April at the registered office of the company, for the:
  - Presentation and approval of the financial statements of Exprivia SpA for the year ended 31st December 2009, presentation of the management report by the Board of Directors, the Corporate Governance Report, reports by the Board of Auditors and Independent Auditor, and the resolutions on the above.
  - Presentation of the Consolidated Group Financial Statements for the year ended 31st December 2009, the management report by the Board of Directors and the reports by the Board of Auditors and Independent Auditor.
  - Authorisation to purchase and sell own shares pursuant to articles 2357 and 2357-ter of the Italian Civil Code; relevant and consequent resolutions.
  - Appointment of a non-executive director already co-opted pursuant to art. 2386 of the Italian civil code.
  
- ✓ The extraordinary shareholders' meeting took place on first call on 14th December at the registered office of the company, for the:
  - Proposed amendments to the first paragraph of article 14 of the Articles of Association; relevant and consequent resolutions;

- Proposed amendments to articles 7, 8, 9, 11, 14, 21, 23 and 25 of the Articles of Association; relevant and consequent resolutions;
- Proposed amendments to articles 2, 3, 5, 9, 10, 11, 18, 22 and 23 of the Articles of Association; relevant and consequent resolutions.

## **18. CHANGES FOLLOWING THE CLOSURE OF THE FINANCIAL YEAR**

No changes to the Corporate Governance structure described in this report have taken place since the closure of the 2010 financial year.

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## Provisions of the Code of Self-discipline

	YES	NO	Summary of the reasons for any departure from the recommendations in the code
<b>System of delegation and operations with affiliated parties</b>			
The Board of Directors has distributed delegations of powers and laid down the:			
a) limits	X		
b) methods of exercise	X		
c) reporting intervals	X		
Does the Board of Directors reserve the right to examine and approve the operations of particular significance in economic, capital and financial terms (including operations with affiliated parties)?	X		
Has the Board of Directors laid down guidelines and criteria for the identification of 'significant' operations?	X		
Are these guidelines and criteria described in the report?	X		
Has the Board of Directors laid down specific procedures for the examination and approval of operations with affiliated parties?	X		
Are the procedures for the approval of operations with affiliated parties described in the report?	X		
<b>Procedures for the most recent appointment of directors and auditors</b>			
Were the candidacies for the position of director lodged at least 10 days in advance?	X		
Were the candidacies for the position of director accompanied by full information?	X		
Were the candidacies for the position of director accompanied by information on the suitability of the candidates to be classified as independent?	X		
Were the candidacies for the position of Auditor lodged at least 10 days in advance?	X		
Were the candidacies for the position of Auditor accompanied by full information?	X		
<b>Shareholders' meetings</b>			
Has the company approved a set of regulations on shareholders' meetings?	X		
Are the regulations attached to the report (or does this specify where they may be obtained or downloaded)?	X		
<b>Internal control</b>			
Has the company appointed an internal control officer?	X		
Are the officers independent of the heads of operating areas?	X		
Organisational unit in charge of internal control			Quality and Organisation
<b>Investor Relations</b>			
Has the company appointed a head of <i>Investor Relations</i> ?	X		
Organisational unit and references to the head of <i>Investor Relations</i>			Head of Investor Relations Via Carlo Esterle, 9 – 20132 – Milan Tel. 02280141 – Fax 022610853 e-mail: alessia.vanzini@exprivia.it

Molfetta, 2nd March 2011

Chairman and Managing Director

**Domenico Favuzzi**