

## **REPORT ON CORPORATE GOVERNANCE AND COMPANY STRUCTURE**

in accordance with artt.123 *bis* TUF

Issuer: Ascopiave S.p.a.

Website: [www.ascopiave.it](http://www.ascopiave.it)

Year to which Report refers: 2010

Date of approval of Report: 16<sup>th</sup> March 2011

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## GLOSSARY

**Code:** The Self-Discipline Code of the quote companies approved in March 2006 by the *Corporate Governance Committee* and promoted by Borsa Italiana S.p.A. (the Italian Stock Exchange).

**Cod. civ./ c.c.:** the Italian Civil Code.

**Board:** The Issuer's Board of Directors.

**Issuer:** The Issuer of quoted shares to which the Report refers.

**Year:** The Corporate year to which Report refers.

**Instructions for the Stock Exchange Regulations:** The Instructions for the Regulations of Markets organised and managed by Borsa Italiana S.p.A. (the Italian Stock Exchange).

**Stock Exchange Regulations:** The Regulations of Markets organised and managed by Borsa Italiana S.p.A. (the Italian Stock Exchange).

**Consob Issuer Regulations:** The Regulations issued by Consob under the 1999 resolution no. 11971 relating to issuers.

**Consob Market Regulations:** The Regulations issued by Consob under the 2007 resolution no. 16191 relating to markets.

**Report:** The Report on Corporate Governance that the companies are obliged to prepare in accordance with art. 123 bis TUF

**TUF - Consolidated Finance Law:** Legislative Decree no. 58 dated 24<sup>th</sup> February 1998 (Testo Unico della Finanza).

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## 1. ISSUER PROFILE

The Ascopiave Group works in the field of natural gas, and mainly in its distribution and sale to final consumers. For the area of its client basin and for the quantities of gas sold, Ascopiave is currently one of the main operators of the sector at national level. The Group owns the distribution network managed, which extends for more than 8,000.00 kilometres, supplying the service to a customer base of more than one million inhabitants to over 200 municipalities. The activity of natural gas sale is carried out through different companies, some of which are controlled with majority holdings, others are participated at 49% and 51% and on which the Group exercises a joint control with the other shareholders. Totally considered, the controlled and participated companies supply gas to about 820,000.00 final customers. Thanks to its leading position in the market, since 2007 the Group has also been operating as a gas wholesaler and trader.

Since 12<sup>th</sup> December 2006, Ascopiave has been quoted in the Star segment of the Italian Stock Exchange.

The Issuer is organised according to the traditional administration and control model, as specified under arts. 2380 bis et seq. Civil Code, with the Shareholders' Meeting, the Board of Directors and the Board of Auditors, as well as a separate Auditing Company (external body).

The Report on Corporate Governance, which is also published in a separate folder, and the Company Statute, can all be viewed on the Company's website ([www.ascopiave.it](http://www.ascopiave.it)).

## 2. INFORMATION on OWNERSHIP STRUCTURES (ex art. 123bis Consolidated Finance Law) as of 31/12/2010

### a) Structure of the Share Capital

Amount (in Euros) of the subscribed and paid in Share Capital: 234,411,575.00

Types of shares making up the Share Capital:

	No. Shares	% of Share Capital	Quoted/Not Quoted	Rights and Obligations
<b>Ordinary Shares</b>	234,411,575.00	100%	STAR	Each share gives the right to one vote. Shareholders' rights and obligations are specified under articles 2364 of the Italian Civil Code et seq. and the Company Statute.

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On 5 July 2006, the Meeting resolved to increase the Share Capital by payment in the form of subscription under public offer for subscription, offering, as an incentive, the assignment of a bonus share.

This incentive specified that those adhering to the Public Subscription Offer and who retained ownership of their shares for at least 12 months, would then have the right to be assigned 'additional shares' without further outlay. The Meeting specifies that "The funds necessary to pay for the Additional Shares will derive from a special fixed reserve fund set up specifically for this purpose and as such unavailable for any other use than that specified hereafter, by means of the provision of a part of the total price paid by the subscribers to the Public Offer".

On 17<sup>th</sup> January 2008, Mediobanca S.p.A. declared that the number of free shares to be assigned to those with such rights, equalled Euro 1,078 thousands. The increase of the Share Capital in relation to the bonus shares has been reported to the Treviso Companies' Register on 29<sup>th</sup> January 2008.

On the date of approval of this Report, there were no direct assignees to subscribe new issue shares.

#### **b) Restrictions concerning the transfer of equities**

There are no restrictions concerning the transfer of equities.

#### **c) Significant shares in the capital**

As of 31<sup>st</sup> December 2010, own shares held in the Issuer's portfolio are equal to 8,844,311.00<sup>1</sup>. The significant shares in the Issuer's capital, according to that resulting from the communications made in accordance with art. 120 Consolidated Finance Law, are as follows:

<b>Declarant</b>	<b>Direct shareholder</b>	<b>% of ordinary equità share capital</b>	<b>% of voting equity ownership interest</b>
Asco Holding S.p.A.	Asco Holding S.p.A.	61,562%	61,562%
Ascopiave S.p.A.	Ascopiave S.p.A.	2,703%(i)	2,703%(i)
Blue Flame S.r.l.	Blue Flame S.r.l.	8,100%	8,100%
ASM Rovigo S.p.A.	ASM Rovigo S.p.A.	2,031%	2,031%
Regione Veneto	Veneto Sviluppo S.p.A.	2,090%	2,090%

#### **d) Equities granting special rights**

No equities have been issued that grant special control rights.

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<sup>1</sup> Including no. 1,975 bonus shares, at a cost of Euro 1,00.

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**e) Employees' shares: exercise of voting rights**

There is no system of employee share holding.

**f) Restrictions to voting rights**

There are no restrictions concerning voting rights.

**g) Agreements between Shareholders**

We would like to point out that according to art. 122 of Consolidated Finance Law, on 30<sup>th</sup> May 2008 a shareholder's agreement amongst the shareholders of Blue Flame S.r.l., which regarded, although indirectly, Ascopiave S.p.A. shares, has been deposited by the Consob and by the company headquarters. On 20<sup>th</sup> December 2010, the shareholders of Blue Flame Sr.l. stipulated a new shareholder's agreement that wholly replaced the previous one, stipulated on 20<sup>th</sup> March 2008.

The main aspects of this Agreement are reported below.

Shareholders joining the Agreement

<b>Shareholders</b>	<b>% on Blue Flame S.r.l. equity</b>
Fassina Partecipazioni S.r.l.	37,07%
NEIP II S.p.A – Infrastrutture e servizi	34,17%
Quaternario Investimenti S.p.A.	24,47%
Geo Nova S.p.A.	3,71%
Nord Est Ippodromi S.p.A.	0,59%
Total	100,00%

**Content of the Agreement**

The aim of the Agreement is the direct and sole management of Ascopiave's participation in the share capital through Blue Flame S.r.l., and the sharing of the strategies to be adopted, including any increase in the share capital in order to carry out extraordinary operations.

The Company shall contribute to the development of Ascopiave's activities, also by appointing a representative of the Board of Directors and Board of Auditors when re-election is to take place.



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According to art. 13 of the Statute, the decisions about the vote direction in the Ascopiave S.p.A. assemblies and the purchase of further shares of the same quoted company are taken with the majority of six members out of seven of the Board of Directors.

#### Duration

The Agreement shall last three years. At the date of expiry, on 20<sup>th</sup> December 2013, if no further Shareholder's Agreement has been stipulated, the Parties shall exercise their voting right in order for the Company Meeting to declare its dissolution and its consequent winding-up.

#### Admission into and exit from the Company

After one or more Parties notify their exit from the Company, the Parties undertake to create the conditions so as to proceed to a Company spin-off, which must take place within 6 months.

The admission of new shareholders shall take place by a reserve share capital increase, after all the Parties have given their unanimous positive opinion.

#### Stand Still

During the whole duration of the Shareholder's Agreement, each Party undertakes not to buy Ascopiave's shares for an overall proportion not exceeding 0.5% of the Company's share capital.

#### Deposit of the Agreement

The Agreement has been deposited at the Treviso Companies' Register in accordance with the current regulations.

### **h) Change of control clauses**

The Issuer and its subsidiaries have not drawn up any significant agreements that become effective, are changed or cancelled in the event of a change of control of the contracting company.

### **i) Delegations to increase the Share Capital and authorisation for the purchase of own shares**

The Board of Directors has obtained no delegation from the Meeting to increase the Share Capital.

On 22<sup>nd</sup> December 2008 the Shareholders Assembly deliberated the adoption of a new Plan for the purchase of own shares (hereinafter referred to as the "Plan").

The Plan authorized the Board of Directors to set purchase and disposal acts, in one or more times, on rotating base, in order that the company don't hold in any moment a number of ordinary shares higher than 23,441,157.00 or the different number that will represent a portion not higher than the maximum limit of 10% of the capital share, also considering the shares already owned by the Company and those that will be owned each time by the controlled companies and, in any case, respecting the limits established by the law. The shares could be acquired for a duration of 18 months from the date of the related deliberation of the Assembly on 22<sup>nd</sup> December 2008.

The maximum outlay for the purchase of own shares couldn't be higher to the amount of the distributable profits and of the available reserves resulting from the last approved balance, equal to (as of 31<sup>st</sup> December 2007) to Euro 59,363,992.53.

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The Board has also been authorised, in accordance with and pursuant to art. 2357ter Civil Code, to make any provisions, on one or more occasions, with regards to shares held in the portfolio, at any time, and with no time restrictions. The operations available may also be carried out prior to having completed all purchases, and may take place on one or more occasions on the market, in blocks or by means of offer to Shareholders, or as payment in the event of exchange, loan, transfer, sale or other Act concerning own shares carried out under the purchase of shares or implementation of industrial projects or other extraordinary financial operations that would involve the assignment or arrangement of own shares. In the event of sale, the unitary price may be no less than 10% of the price of reference recorded by the stock exchange during the session prior to each operation.

On 28<sup>th</sup> April 2010, the Shareholders Assembly resolved that a new Plan for purchasing own shares be adopted (hereinafter also referred to as "The 2010 Plan"), which replaces and revokes the previous authorisation of the assembly dated 22<sup>nd</sup> December 2008.

The 2010 Plan authorises the Board of Directors to purchase and transact, in one or more times, on a rotating base, a maximum of 46,882,315 ordinary shares, i.e. the different number that will represent a portion not higher than the maximum limit of 20% of the share capital, also considering the shares already owned by the Company and those that will be owned each time by the controlled companies and, in any case, respecting the limits set by law. The shares could be acquired for a duration of 18 months from the date of the resolution of the Assembly dated 28<sup>th</sup> April 2010.

In accordance with Article 2356, paragraph 1 of the Italian Civil Code, the purchase of own shares is subject to the limits of the distributable earnings and of the available reserves resulting in the financial statement as of 31<sup>st</sup> December 2009.

The purchase operations shall start and end in accordance with the timings and deadlines established by the Board of Directors or the CEO. The purchase operations shall take place, in one or more times and on a rotating basis, in accordance with the methods established by the Regulations of the Organised Markets and managed by Borsa Italiana S.p.A. The operations available may also be carried out prior to having completed all purchases, and may take place on one or more occasions and adopting any method appropriate to the goals to be achieved. The implementation of the plan for the purchase and transaction of own shares will basically allow to carry out investment operations consistent with the strategic objectives of the Company, also in the form of exchange, loan, transfer, sale or other Act concerning own shares carried out with the aim of acquiring shares or share holdings or for any other operation on the capital that may involve the assignment or transaction of own shares. Moreover, the plan will allow to:

1. intervene, in accordance with the current regulations, directly or through authorised intermediaries, on the share tendencies in relation to contingent market conditions, thus facilitating exchanges when there is little liquidity on the market, and encouraging regular negotiations;
2. offer the shareholders an additional tool useful for monetising their investment;
3. acquire own shares to be used, if deemed appropriate, in incentive plans based on shares and reserved to directors and/or employees and/or collaborators of the Company or of companies controlled by the parent Company.

Within the framework of the Plans, in 2010 no. 882,478 ordinary shares have been purchased at the average price of Euro 1,53 and for a total counter value of Euro 1,353,618.00.

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In accordance with the provisions of the deliberation of the Assembly of 22<sup>nd</sup> December 2008 and of 28<sup>th</sup> April 2010, the purchase price has never been higher or lower than 10% in relation to the reference price registered by the bond in the Stock Exchange session preceding each purchase operation. The purchase operations, started on 27<sup>th</sup> January 2010 have been carried out on the market regulated of Borsa Italiana S.p.A. in accordance with any law and supervising applicable disposition.

The number of own shares as of 31<sup>st</sup> December 2010 result equal to 8,844,311<sup>2</sup>, for a counter value equal to Euro 13,072,466.00.

### **1) Direction and Co-ordination Activity**

The Issuer believes not to be subjected to any activity of direction and co-ordination according to art. 2497 et seq.

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We specify that:

- the information requested by art. 123-bis, first comma, letter i) (“the agreement between the company and the directors...that provide for compensations in case of resignations or dismissal without a just cause or if their work relation ends after a public offer of purchase”) are illustrated in the section of the Report dedicated to the remuneration of the Directors (Section 9);
- the information requested by art. 123-bis, first comma, letter l) (“the norms applicable to the appointment and substitution of the directors...and also the change of the Statute, if different from those legislative and of the regulations applicable in supplementary way”) are illustrated in the section of the Report dedicated to the Board of Directors (Section 4.1).

## **3. COMPLIANCE**

The Issuer has adopted the Code of the listed companies approved in March 2006 by the Corporate Governance Committee and promoted by Borsa Italiana S.p.A..

The Issuer is not subject to non-Italian provisions of law that influence the Issuer's own corporate governance structure.

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<sup>2</sup> Including no. 1,975 bonus shares, at a cost of Euro 1,00.

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## 4. BOARD OF DIRECTORS

### 4.1. APPOINTMENT AND SUBSTITUTION

The dispositions of the Issuer Statute that regulate the composition and nomination of the Board (art. 14 and 15) are qualified to guarantee the respect of the dispositions introduced by Law 262/2005 (art. 147-*ter* of TUF) and by Legislative Decree no. 303 dated 29<sup>th</sup> December 2006.

According to art. 15 of the Company Statute, the members of the Board of Directors are appointed through the so-called list vote on the basis of the lists presented by the shareholders that, alone or with other shareholders, own shares for at least 2.5% of the share capital, i.e., when different, the maximum portion of participation in the share capital required by the law and current regulations to present the lists ("shares in the capital"). The shares in the capital shall be indicated in the summons notice of the Assembly, which shall take a decision on the appointment of the board of Directors. Art. 15 of the Company Statute also states that the lists presented by the shareholders be deposited at the Company Headquarters within the deadline provided for, every time, by the current and relevant regulations.

According to the provisions of Applicative criteria 6.C.1 of the Code, together with each list, within the afore-stated deadlines, the declarations, with which the single candidates accept the candidature and certify –under their responsibility- the non existence of ineligibility and incompatibility causes, and also the possession of the requested data previewed by the Normative applicable each time must be published. The first candidate of each list must own the requirements of independence previewed by art. 148 comma 3 of Legislative Decree dated 24<sup>th</sup> February 1998, n. 58 (and subsequent amendments) and by the codes of behaviour drawn up by management companies of the market to which the Company adhered.

After the vote of the assembly, if two or more lists have been presented, the first four candidates of the list that will obtain the higher number of votes and the first candidate of the list that will result second for number of votes will be elected.

The appointment mechanism through the so-called list vote guarantees transparency, as well as rapid and adequate information on the personal and professional characteristics of the candidates.

As of the date of the report, the BoD still hadn't set up an internal committee for the proposals of appointment to the charge of member of the BoD, because it did not judge it necessary. This choice is dictated by the fact that the current and applicable regulatory dispositions and the provisions of the company Statute – such as, in particular, the appointment mechanism through the list vote- attribute adequate transparency to the procedure of selection and indication of the candidates.

If during the financial year, for any reason, one or more directors taken from the list that obtained the higher number of votes ("Majority Directors") run out, and if this conclusion doesn't run out the majority of the directors elected by the Assembly, the BoD will substitute the lacking Majority Directors through co-optation, according to art. 2386 C.C., it being understood that if one or more ceased majority Directors are Independent directors, other independent directors must be co-opted. The directors thus remain in charge till the following Assembly, that will confirm their appointment or substitution with the ordinary modalities and majorities, as an exception to the list vote system previously indicated.

If during the year one or more directors taken from the first list following for the number of votes to the list that obtained the higher number of votes ("Minority Directors") run out and if this conclusion doesn't run out the majority of the elected directors, the Assembly of the BoD will substitute the ceased Minority Directors with the first non elected candidates part of the same list, only if they are still

eligible and willing to accept the charge, or, if defecting, to the first list following for number of votes between those that achieved a number of votes equal to at least the minimum threshold provided for by paragraph 15.10 of the Statute. The substitutes decline with the directors in charge at the moment of their entrance in the Board, as an exception to the provisions set forth in art. 2386 first comma of C.C.; in the case in which one or more ceased Minority Directors are independent directors, these have to be substituted with other independent directors; if it is not possible to proceed with the afore-stated terms, for the non-capacity of the lists or for the unavailability of the candidates, the BoD proceeds to co-optation, according to art. 2386 of C.C., of a director chosen by the BoD according to the criteria established by the law, in order to respect the normative and regulatory prescriptions related to the presence of the minimum number of independent directors and also, if possible, the principle of minority representation. The director thus co-opted will remain in charge till the following Assembly, that will confirm their appointment or substitution with the ordinary modalities and majorities, as an exception to the list vote system.

## 4.2. STRUCTURE

In accordance with art. 14 of the Company Statute, the Board of Directors is made up of five (5) members, who need not necessarily be Shareholders, appointed by the Meeting. The members of the Board of Directors remain in charge for three financial years, and expire at the date of the Meeting called to approve the Financial Statement relating to the last year of their office. The members of the Board of Directors may be re-elected.

The Ascopiave Board of Directors, appointed during the Meeting of 28<sup>th</sup> April 2008, is currently made up of 5 (five) members who will remain in charge until the date of the Meeting summoned to approve the Financial Statement relating to the year ended 31<sup>st</sup> December 2010.

Name	Office
Gildo Salton	President and Executive Director <sup>3</sup>
Alfonso Beninatto	Director
Gianantonio Bortolin	Director
Flavio Trinca	Independent Director
Alessandro Fassina	Independent Director

The Directors, except Alessandro Fassina, have been taken from the list presented by the majority shareholder Asco Holding S.p.A.. The Director Fassina has been taken from the only minority list presented by the shareholder Blu Flame S.r.l.. For the detailed composition of the Board of Directors, please refer to Table 1, attached to the Report.

The Directors' professional curriculum vitae are filed at the company's headquarters and available on the Issuer's institutional website [www.ascopiave.it](http://www.ascopiave.it) under the Investor Relations section.

<sup>3</sup> Since 31<sup>st</sup> January 2011, Dott. Salton has been President of the Company as well as General Director. On 28<sup>th</sup> January 2011, The Board of Directors appointed Dott. Salton as general Director and revoked his delegations, approved on 14<sup>th</sup> May 2008. His Office as President of the Board of Directors was, however, confirmed.

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### **Maximum accumulation of offices held in other companies**

The Board has not deemed it necessary to define any general criteria as regards the maximum number of administrative and control charges held in other companies that can be considered compatible with an efficient holding of the role of director of the Issuer, without prejudice to the requirement of each Director to evaluate the compatibility of the charges of director and auditor held in other companies listed in regulatory markets, financial companies, banks, insurance brokers, or companies of significant size, with the diligent fulfilment of the tasks accepted as Director of the Issuer.

During the meeting held on 15<sup>th</sup> March 2010, the Board evaluated the offices currently held by its Directors in other companies, and deemed that the number and type of office held does not interfere and is, as such, compatible with an efficient fulfilment of the office of Director in the Issuer.

A list of the companies in which each Director holds administrative or control offices is reported below, highlighting whether or not the company in which the office is held belongs to the group to which the Issuer belongs.

### **4.3. ROLE OF THE BOARD OF DIRECTORS**

The Company Statute does not specify a minimum frequency of meetings of the Board of Directors. However, in accordance with the provisions set forth in Principle 1.P.1 of the Self-Discipline Code, on 24<sup>th</sup> July 2006, the Company's Board of Directors resolved, amongst other matters, to meet at least once a quarter, failing any further need or urgent situation.

During the year, 13 (thirteen) meetings of the Board of Directors were held on the following dates: 8<sup>th</sup> February 2010; 15<sup>th</sup> March 2010; 13<sup>th</sup> May 2010; 7<sup>th</sup> July 2010; 28<sup>th</sup> July 2010; 26<sup>th</sup> August 2010; 28<sup>th</sup> September 2010; 18<sup>th</sup> October 2010; 11<sup>th</sup> November 2010; 24<sup>th</sup> November 2010; 15<sup>th</sup> December 2010. Board meetings lasted an average of two hours.

At least 6 (six) Board Meetings are forecast for the current year. As well as the 3 (three) meetings already held on 28<sup>th</sup> January 2011, 23<sup>rd</sup> February 2011 and 16<sup>th</sup> March 2011 (approval of the draft of the financial statement for the fiscal year ended 31<sup>st</sup> December 2010 and of the consolidated financial statement for the year ended 31<sup>st</sup> December 2010), the 2011 calendar of the main company events (already sent to the market and to Borsa Italiana S.p.A. in accordance with regulatory provisions) includes 3 (three) further meetings on the following dates:

- 12<sup>th</sup> May 2011 – approval of the Quarterly Report as of 31<sup>st</sup> March 2011;
- 29<sup>th</sup> August 2011 – approval of the Half year Report as of 30<sup>th</sup> June 2011;
- 14<sup>th</sup> November 2011: approval of the Quarterly Report as of 30<sup>th</sup> September 2011.

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The Board of Directors plays a primary role in the Ascopiave system of Company governance, in that it determines Ascopiave's strategic objectives and those of the companies belonging to the Group it heads, ensuring that they are achieved. Furthermore, the Board of Directors is also significantly

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involved in the correct management of company information and relations with shareholders. To this end, art. 19 of the Company Statute invests the Board of Directors with broad powers for administration of the Company, with no exceptions, and grants it the faculty to perform all the actions which it deems appropriate or useful to reach the Company objectives, excluding only those actions that the law reserves to the Shareholders' Meeting.

Moreover, and again in accordance with art. 19 of the Company Statute, the Board of Directors shall be exclusively responsible for all resolutions to be taken in compliance with art. 2436 Civil Code, concerning:

- mergers or spin-offs in accordance with arts. 2505, 2505bis, 2506ter, Civil Code;
- creation and closing of secondary branches;
- transferral of company headquarters within Italy;
- specification of which Directors shall act as legal representatives;
- decrease of company capital in case of recession of partners;
- changes in the company statute to comply to compulsory Law,

without prejudice to the fact that such resolutions can, in any case, also be made by the Shareholder's extraordinary meeting.

In applying Criteria 1.C.1 of the Self-discipline Code, on 24<sup>th</sup> July 2006 the Board of Directors resolved that their exclusive responsibilities shall include:

- the examination and approval of the strategic, industrial and financial plans of the Issuer and of the Group it heads, the Issuer's own system of Company governance and the structure of the Group itself;
- evaluation of the suitability of the organisational, administrative and general accounting structure of the Issuer and subsidiaries with strategic relevance drawn up by the Managing Directors, with specific reference to the In-company Control system and the management of conflicts of interest;
- the assignment and revocation of the delegations to the Managing Directors, defining relevant limits and methods of execution;
- to determine, having examined the proposals made by the specific committee and heard the opinion of the Board of Auditors, the Managing Directors' compensation and that of the other Directors holding specific offices, as well as, where the Meeting has not so resolved, the subdivision of the total compensation due to Board members;
- the evaluation of the general management trend, taking specific account of the information received by the appointed bodies, and periodically comparing the results obtained with those forecast;
- the acquisition of companies and shares and merger or spin-off operations or other extraordinary operations of strategic, economic, equity or financial importance for the Issuer.

Ascopiave holds that it complies, by means of a non-formalised operative praxis, with the provisions contained in Principle 1.P.2 of the Self-Discipline Code in relation to the obligation of the members of the Board of Directors to act and deliberate independently and appropriately with the objective of creating value for shareholders.

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During the year, and in line with the Application Criteria 1.C.1. letter b), the Board has evaluated, on a six month basis, the suitability of the organisational, administrative and general accounting structure of the Issuer, with specific reference to the In-company Control system and management of conflicts of interest, in accordance with the procedures adopted by the Issuer for that purpose. With regard to

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these activities, according to need, the Board shall make use of the support offered by the In-company Control Committee, by the In-company Control Supervisor, the auditing company and the Director Responsible for preparing company accounts, as well as the procedures and checks implemented in accordance with Law no. 262/2005.

As to the Directors' compensation, the Meeting of 28<sup>th</sup> April 2008 on proposal of the Board of Directors, pursuant to art. 2389, paragraph 1 of the Civil Code, the Board has deliberated to fix , in accordance with the proposal made by the Compensation Committee and in line with the Application Criteria 1.C.1. letter d), an annual fee of Euro 350,000.00 (three hundred fifty thousand/00) for the Board of Directors, notwithstanding the competence of the Board to determine a further fee for those administrators who have particular charges, in accordance with the Statute, as per to article 2389, paragraph 3 of the Italian Civil Code.

The fees for each individual Director, the President and the Executive Director have, instead, been decided by the Board, upon proposal of the Remuneration Committee and having heard the opinion of the Board of Auditors.

In line with the Application Criteria 1.C.1. letter e), the Board has evaluated, on at least a quarterly basis, the general trend of management, taking into account all information received from the delegated bodies, and periodically comparing the results obtained with those forecast.

Following Issuer listing and resolutions consequently made by the Board during the meeting of 24<sup>th</sup> July 2006 regarding the division of the management tasks of the administrative body, the Board shall have the exclusive task of examining and advance approving operations by the Issuer and its subsidiaries, when these operations are of significant strategic, economic, equity or financial importance for the Issuer itself.

On 24<sup>th</sup> November 2010, the Board approved the text of the Code on Related Parties Transactions (hereinafter referred to as the "Code"), which governs the competencies of company bodies in terms of execution of Related Parties Transactions, carried out either directly or through subsidiaries, in accordance with the provisions set forth in the Regulatory Norms adopted by Consob with resolution no. 17221 on 12<sup>th</sup> March 2010 and further amendments ("Regulatory Norms") in compliance with art. 2391-bis of the Italian Civil Code.

The Code shall be in force as of 1<sup>st</sup> January 2011. It replaces the previous regulations governing Related Parties Transactions approved by the Board on 11<sup>th</sup> September 2006 (subsequently modified).

In compliance with the reference standards, any Operation with a Related Party is defined in the new Code as any transfer of resources, services or obligations between Related Parties, regardless of whether or not a compensation has been agreed upon. These operations include: (a) merger transactions, spin-off by incorporation or strictly non-proportional spin-off, if carried out with Related Parties; (b) any decision on the allocation of compensation and economic benefits, in whatever form, for members of the administrative and control bodies and managers with strategic responsibilities.

A party is a "Related Party" of a company if it:

(a) directly or indirectly, including through subsidiaries, trustees or intermediaries:

(i) 1) controls the company, 2) is controlled by or 3) is subject to joint control;

(ii) holds a stake in the company which enables it to exert significant influence over the company;



- (iii) exercises control over the company jointly with other parties;
- (b) is an associate of the company;
- (c) is a joint venture in which the company is a participant;
- (d) is a manager with strategic responsibilities of the company or its parent;
- (e) is a close relative of a party referred to in paragraphs **Errore. L'origine riferimento non è stata trovata.**(i)I), (a)(ii), (a)(iii) or **Errore. L'origine riferimento non è stata trovata.;**
- (l) is an entity in which a person referred to in paragraphs (d) or (e) exercises control, joint control or significant influence or owns, directly or indirectly, a significant portion, but not less than 20%, of voting rights;
- (g) is a supplementary pension fund, collective or individual, Italian or foreign, (i) established for the employees of the company, or of any other entity associated with it, that is (ii) on which the Company exercises significant influence.

The new Code of Related Parties Transactions approved by the Issuer defines the criteria (quantitative and/or qualitative) that govern the identification of the operations reserved for the examination and approval of the Board. The main definitions and provisions are reported below:

*"Small Amount Transactions"* excluded from the application of the Code: Related Parties Transactions in which the foreseeable maximum consideration amount or the foreseeable maximum amount of the performances charged to the company does not exceed, for each transaction:

- (a) 100,000.00 Euro/year for Transactions with Related Parties who are individuals, also in case of Transactions with Related Parties carried out with the same Related Party, homogeneous or carried out in the framework of a unitary plan, considered cumulatively;
- (b) 500,000.00 Euro/year, for Transactions with Related Parties who are legal persons, also in case of Transactions with Related Parties conducted with a same Related Party which are a series of related or similar transactions or implement a single project, considered cumulatively;

*Transactions of Greater Relevance:* operations in which at least one of the following indexes of relevance – which are applicable according to the specific transaction type – is greater than 5%:

- (a) Value relevance index: it is the ratio between (i) the transaction value and (ii) either the net worth taken from the most recent balance sheet published by the company or, if higher, the company's capitalization measured at the close of the last open market day included in the reference period of the most recent periodic accounting document published (annual or semi-annual financial report or interim report). If the economic conditions of the transaction are determined, the transaction value is
  - (i) for the cash components, the amount paid to/by the contractual counterparty;
  - (ii) for the components made up of financial instruments, the fair value determined, on the transaction date, in compliance with the international accounting principles adopted with the Set of Rules (CE) no.1606/2002;
  - (iii) for the transactions involving financing or the granting of guarantees, the maximum amount that can be paid.

If the transaction economic conditions depend in whole or in part on magnitudes which are not yet known, the transaction value is the maximum receivable or payable value under the agreement;

- (b) Assets relevance index: it is the ratio between the total assets of the entity concerned by the transaction and the total assets of the company. The data to be used must be taken from the most recent balance sheet published by the company; if possible, similar data must be used to determine the total assets of the entity concerned by the transaction. For the transactions

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involving the acquisition and transfer of shareholdings in companies that have an impact on the consolidation, the numerator value is the total assets of the partially owned company, regardless of the capital percentage concerned. For transactions involving the acquisition or transfer of shareholdings in companies that do not have an impact on the consolidation area, the numerator value is:

- (i) in the case of acquisitions, the transaction value increased by the liabilities of the target company possibly assumed by the purchaser;
- (ii) in the case of transfers, the consideration paid for the assets transferred.

For transactions involving the acquisition or transfer of other assets (other than the acquisition of shareholdings), the numerator value is:

- (i) in the case of acquisitions, the highest value between the consideration value and the accounting value assigned to the asset;
  - (ii) in the case of transfers, the accounting value of the asset;
- (c) Liabilities relevance index: the ratio between the total liabilities of the target entity and the total assets of the company. The data to be used must be taken from the most recent balance sheet published by the company; if possible, similar data must be used to determine the total liabilities of the company or of the business unit acquired.

They are approved with the prior reasoned and non-binding recommendation of a committee, composed of three Non-Executive and Unrelated Directors most of whom are Independent, on the interest of the Company in the transaction execution, as well as on the convenience and on the substantial correctness of the transaction conditions. The board of directors can approve a Transaction of Greater Relevance, despite a contrary opinion of the Independent Directors, provided that the ordinary shareholders meeting authorizes the transaction's execution and that such meeting resolves by the quorums provided for by the law

*Transactions of Lesser Relevance:* Related Parties Transactions other than Transactions of Greater Relevance and Small Amount Transactions. They are approved with the prior reasoned and non-binding recommendation of a committee, composed of three Non-Executive and Unrelated Directors most of whom are Independent (Compensation Committee or In-Company Control Committee, depending on the scope of application of the operation).

*Ordinary Transactions:* Related Parties Transactions that: (a) belong to the ordinary operating activity or the related financial activity of the company; and (b) are conducted under conditions (i) which are similar to those usually applied to unrelated parties for transactions of corresponding nature, scope and risk, (ii) which are based on regulated rates or on imposed prices, or (iii) which correspond to those applied to parties for which the law requires the company to enter into agreements with a set consideration.

On 15<sup>th</sup> March 2010, the Issuer Board carried out an annual evaluation in accordance with application criteria 1.C.1, letter g) of the Code, stating that the structure and functioning of the administrative board is suitable with reference to the management and organisational requirements of the Issuer, also taking into account the presence, out of a total of five members, of four non-executive Directors, of which two independent non-executive Directors, thereby guaranteeing a suitable structure of the Committees constituted within the Board.

The Meeting did not authorise any exceptions to the prohibition of competition as specified by art. 2390 Civil Code.

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## **4.4. DELEGATED PARTIES**

### **Managing Directors**

By resolution dated 14<sup>th</sup> May 2008, the Company's Board of Directors resolved to grant the President of the Board of Directors, Gildo Salton, all powers relating to the ordinary administration of the Company, with the exception of those reserved by Law and/or by the Company Statute to the Board of Directors or Shareholders' Meeting.

The president of the Issuer, Dott. Gildo Salton, was also in charge as CEO until 30<sup>th</sup> January 2011.

Within the framework of the restructuring process concerning the company governance system, which the new provisions and regulations made necessary, the Board of Directors, in accordance with the best practices of quoted companies, revoked, on 28<sup>th</sup> January 2011, the delegations granted to Dott. Salton through resolution dated 14<sup>th</sup> May 2008, though confirming his office as President of the Board of Directors. The President has policy and management powers as to the activities of the company's bodies and committees, and he shall identify the most important strategic operations and submit them to the Board.

The powers of ordinary administration have been granted to Dott. Gildo Salton in his capacity as General Director appointed by the Board of Directors with resolution dated 28<sup>th</sup> January 2011, in accordance with Art. 19 of the Company Statute. Such powers shall be exercised by the General Director in order to implement the resolutions made by the Board of Directors, to which the General Director shall have to report both hierarchically and functionally.

### **President**

The President of the Board:

- a) is responsible for the majority of the Issuer management (chief executive officer) and
- b) is not the controlling shareholder of the Issuer

### **Information to the Board**

In accordance with what specified by art. 19.5 of the Company Statute, the delegated parties report on at least a quarterly basis to the Board of Directors and Board of Auditors as to their work, general management trends, foreseeable evolution and the most economically, financially and equity important operations carried out by the Company and its subsidiaries. Specifically, the President provides information as to the operations in which he has an interest on his own behalf or that of third parties.

In line with Application Criteria 2.C.2., during the meeting held on 24<sup>th</sup> July 2006, the Board of Directors resolved that the President shall provide information with regards to the main legal and regulatory news that concern the normative framework in which the Company operates, as well as the exercise of the functions of the company bodies, in the Board meeting that immediately follows the date on which he becomes aware of such news.

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#### 4.5. OTHER EXECUTIVE DIRECTORS

There are no other executive directors.

#### 4.6. INDEPENDENT DIRECTORS

The non-executive Directors and Independent Directors are, in terms of number and authority, such as to guarantee that their judgement can have significant influence on the Issuer's board resolutions. The non-executive Directors and Independent Directors shall bring their specific competencies to board discussions, contributing to the decision-making process in accordance with the Company interests.

The number of Independent Directors (2 out of a Board of 5 members) is appropriate, both on the basis of that specified by art. IA.2.13.6 of the Stock Exchange Instructions, and in relation to the size of the board and the activities of the Issuer. Finally, this is sufficient to the constitution of the committees within the board that the Company has deemed appropriate to adopt.

In the meeting held on 13<sup>th</sup> May 2010, the Board of Directors evaluated the existence of the requirements of independence of the Independent Directors currently in office, as specified by Principle 3.P.2. and in line with the Application Criteria 3.C.4. The same evaluation was carried out during the Board meetings held on 28<sup>th</sup> August 2008 and 14<sup>th</sup> May 2009.

In carrying out these evaluations, the Board of Directors applied the Application Criteria 3.C.1. and 3.C.2. as specified by the Code. The Independent Directors are, as such, in possession of the independence requirements listed in art. 148, 3<sup>rd</sup> paragraph, letters b) and c) of the Consolidated Finance Law, in as much as none:

- (i) control the Issuer, directly or indirectly, even through subsidiaries, fiduciary companies or on behalf of third parties, nor are able to exercise undue influence;
- (ii) participate, directly or indirectly, in any company agreement where one or more subjects may exercise control or significant influence on the Issuer;
- (iii) is, or in the previous 3 fiscal years was, an important party (by such, meaning President, legal representative, President of the Board of Directors, and executive Director or Manager with strategic responsibility) of the Issuer or of a holding with strategic relevance or of a company under common management with the Issuer or of a company or body which, even with others, through a representational company agreement, controls the Issuer or is able to exercise significant influence;
- (iv) has, or had during the previous year, directly or indirectly (e.g. through subsidiaries or companies of significance in the sense specified by the previous point (iii), or as partner of a professional studio or consultancy company) significant commercial, financial or professional relations, or subordinate working relations: (a) with the Issuer, with a subsidiary, or with one of its partners, in the sense specified by the previous point (iii), (b) with a subject that, even jointly with others, through a representational company agreement, controls the issuer or given that it is a body or company with the partners, in the sense specified by the previous point (iii);
- (v) without prejudice to what specified under the previous point (iv), holds any independent or subordinate working relations, or other relations of an economic or professional nature such as to compromise independence: (a) with the Issuer, with one of its holdings or parent companies,

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- or with the companies subject to common management; (b) with the Issuer Directors; (c) with subjects that are married or related up to the fourth level with the Company's Directors as under the previous point (a);
- (vi) receives or has received in the previous 3 fiscal years from the Issuer or from a holding or subsidiary a significant additional fee in addition to the fixed fee as non-executive Company Director including participation in incentives linked to company performance even based on shares;
  - (vii) has been a Director of the Issuer for more than nine years during the last twelve years;
  - (viii) holds the office of Executive Director in another company in which an Executive Director of the Issuer holds an office of Director;
  - (ix) is a member of the board of a company or of one in the network of companies charged with the auditing of the Issuer's accounting;
  - (x) is a close family member of a person who find themselves in any of the situations as specified under the previous points and, in any case, is a husband, wife, relative or similar within the fourth grade of the Issuer Directors of the subsidiaries, of the companies controlling it and those subject to common management.
  - (xi)

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During the meeting held on 13<sup>th</sup> May 2010, the Board of Auditors has verified the correct application of the criteria and procedures for ascertainment adopted by the Board to evaluate the independence of its members, and the results of this control will be explained in the Auditors' report at the meeting in accordance with art. 2429 Civil Code.

The independent administrators never met themselves during the year in the absence of the other administrators as no other circumstance demanding the necessity of these reunions occurred. There are various reasons that contributed to the non-convocation of special reunions of the independent administrators. For example, the fact that the administrators have always received with large advance all the necessary information for their effective, deep and not formal participation to the reunions of the Board of Directors was determining. This permitted the timely formulation of eventual relieves on the opportunity and correctness of each single proposed decision. Furthermore, the adoption of the Code on Related Parties Transactions, its punctual application, the previous declaration, during the opening of the Board's works, of the eventual existence of conflicts of interests according to article 2391 of Civil Code and the subsequent abstention of the administrators in conflict, are symptomatic elements of a correct *modus operandi* that guarantees the absence of conflicts of interest and explains the reason why the necessity of facing these problems without the presence of the so-called not-independent administrators never appeared during the financial year.

In order for the new Code on Related Parties Transactions to be adopted, the Independent Directors were asked to express their binding opinion on the text. To this end, during the meeting of the BoD held on 11<sup>th</sup> November 2010, the Independent Directors were handed the draft of the Code, and they expressed their favourable opinion during the next meeting, held on 24<sup>th</sup> November 2010. On that same date, the new Code was approved by the BoD.

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#### 4.7. LEAD INDEPENDENT DIRECTOR

In line with Application Criteria 2.C.3. of the Code, during the meeting held on 23<sup>rd</sup> July 2008, the Board of Directors appointed Mr. Flavio Trinca previously Independent Director of the Company, as Lead Independent Director. This figure is specified by the Self-Discipline Code in the event that the President of the Board of Directors holds the main responsibility for the management of the company, or should the office of President be held by the same person as that controlling the Issuer. In this hypothesis, a Lead Independent Director shall act as a point of reference and coordination of any matters and contributions concerning non-executive directors and, specifically, independent directors.

The Company's Board of Directors appointed Mr. Flavio Trinca as Lead Independent Director as a result of the fact that the President of the Board of Directors, Gildo Salton, holds various operative delegations and most responsibility for the management of the company. In particular, as resolved by the Board of Directors, the Lead Independent Director shall collaborate with the President in order to guarantee that the Directors (and particularly the non-executive directors) receive full and timely information. In order to carry out his role fully, the Board of Directors has granted the Lead Independent Director the faculty to call, independently or upon request made by other directors, specific meetings of just independent directors, in which to discuss matters judged to be of interest with regards to the functioning of the Board or company management.

### 5. TREATMENT OF COMPANY INFORMATION

#### 5.1. CODE FOR THE TREATMENT OF CONFIDENTIAL INFORMATION AND REGISTER OF INFORMED PERSONS

The Self-Discipline Code states that the Directors and Auditors must keep all documents and information acquired whilst carrying out their tasks, confidential, and comply with the procedure adopted by the Company for the internal management and external communication of such documents and information.

In accordance with this behaviour, and in compliance with the provisions of art. 114, first and twelfth paragraphs, and 115-bis of the Consolidated Finance Law, and arts. 66 et seq. and 152-bis et seq. of the Issuer Regulations, on 11<sup>th</sup> September 2006, the Board of Directors approved the adoption of a behaviour code concerning confidential information (the **'Code for the treatment of confidential information'**), and the institution of a specific register of persons who, due to the working or professional activities carried out, or offices held, have access to confidential information (the **'Register of Informed Persons'**).

By resolution dated 11<sup>th</sup> September 2006, in accordance with what previously resolved, the Board approved the Code for the treatment of confidential information and the institution of the Register of Informed Persons, with effect as from the date of the relevant resolution. The code text approved by the Company first includes the obligation for the Company Directors and all those who, due to their working or professional activities, have access to confidential information concerning the Issuer or companies controlled by such (the **'Informed Persons'**) to keep such information confidential. The code sets out a specific procedure aimed at governing the ways and terms in which the confidential

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information concerning the Company is to be communicated to the market, in compliance with applicable regulations and provisions of law.

The procedure also states that Ascopiave's President of the Board of Directors shall take responsibility for the management of Confidential Information concerning the Company or Subsidiaries, as well as relations between the Company and institutional investors. Specifically, Ascopiave's President of the Board of Directors approves the communication sent to his attention by the Contact person and, generally speaking, the management of relations with the press and institutional investors.

The Contact person, appointed by the Board of Directors, shall deal with relations with information bodies and prepare the drafts of communications about Confidential Information concerning the Company or Subsidiaries, ensure correct fulfilment of obligations to inform the market, and, in accordance with the methods set out by the Issuer Regulations and the Stock Exchange Regulations, as well as by the 'Code for the treatment of confidential information', release any communications relating to the Confidential Information, approved by Ascopiave's President of the Board of Directors.

The communication obligations outside the Confidential Information must be met by means of press releases made to the market, and, where deemed appropriate or fitting, making reports and documents available. Communication to the public of Confidential Information takes place by means of press releases to be prepared and transmitted in accordance with the methods specified by the Stock Exchange Regulations (see article 2.7.1 of the Stock Exchange Regulations).

In compliance with what specified under principle no. 7 of the Guide for Information to the Market (see [Attachment 2](#)), and the recommendations formulated on this point by Consob, the Company shall publish, through the Contact person, on its website and preferably in the English language (i) the Statute, (ii) the financial statement and consolidated financial statement of the year, (iii) the half-year and quarterly reports, (iv) the information released to the market and all documentation distributed during meetings with market operators, (v) the Behaviour Code governing internal dealing.

The Code also sets out the institution of the Register of Informed Persons and governs the ways by which it should be filled in and updated, in compliance with that specified by art. 115bis of the Consolidated Finance Law. Data concerning those recorded in the Register of Informed Persons will be kept for a period of 5 years as from the date on which the circumstances arose that meant said person was to be recorded in the Register of Informed Persons, or the updating of his related data.

## 5.2. INTERNAL DEALING

In accordance with the provisions of art. 114, seventh paragraph of the Consolidated Finance Law and arts. 152sexies et seq. of the Issuer Regulations, on 24<sup>th</sup> July 2006 the Board of Directors resolved to adopt a behaviour code with regards to internal dealing (the '**Code for Internal Dealing**'), which identifies the so-called 'Significant Parties', and governs the way by which communication of operations made by such concerning shares issued by the listed company or other related financial instruments, must be communicated to Consob and the public. On 11 September 2006, the Board approved the text of the Code for Internal Dealing ([http://ascopiave.irelations.it/files/10340\\_Codicecomportamento.pdf](http://ascopiave.irelations.it/files/10340_Codicecomportamento.pdf)), which specifies the ways by which the Significant Parties (i.e. those parties obliged to communicate any operations made on Company shares or financial instruments) must make such communications to the Company itself and/or Consob. In compliance with what set out by art. 2.2.3 paragraph 3, letter p), the Code also

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prohibits the significant parties to carry out operations on Company shares and/or financial instruments during the so-called blackout periods, i.e. during the 30 calendar days prior to communication to the public of approval of the draft financial statement and half-year report, and during the 15 calendar days prior to approval of the quarterly reports.

In implementing the provisions of the Code for Internal Dealing and the Code of Confidential Information, and in accordance with art. 2.6.1, chapter 2.6 of the Stock Exchange Regulations, the Board of Directors appointed Ms. Valentina Sandri as Information Contact and Mr. Edo Cecchinell as her replacement, assigning them the task of fulfilling all provisions of law and regulations as expected of the afore-specified Information Contact, with specific reference to the matters of internal dealing and communication of confidential information, as well as the provisions relating to the communications to the market as per Chapter 2.6 of the Stock Exchange Regulations and, more generally, the provisions of the Code for Internal Dealing and the Code for the Treatment of Confidential Information.

## **6. INTERNAL BOARD COMMITTEES**

Within the Board, the Compensation Committee and the In-company Control Committee have been set up.

## **7. APPOINTMENTS COMMITTEE**

Given the size of the Company and the limited number of members of the control and administration bodies, the Company has not deemed it necessary to set up an appointments committee, leaving the task of identifying the most suitable persons to carry out the various tasks within the Company's corporate governance bodies, to the Board of Directors as a whole.

## **8. REMUNERATION COMMITTEE**

In accordance with Principle 7.P.3 of the Code, the Company's Board of Directors has set up an internal Compensation Committee.

### **Composition and functionality of the compensation committee**

In accordance with what specified by the Self-discipline Code, the Compensation Committee is made up of non-executive Directors, most of which are independent, and has the task of formulating proposals for the Board of Directors, in the absence of those directly involved, for the compensation of the Managing Directors and those holding particular offices, as well as, upon request made by the Managing Directors, determining criteria for compensation of Company top management, including any stock option plans or allocation of shares. The Compensation Committee is made up of three members: Alfonso Beninatto, as President, Flavio Trinca and Alessandro Fassina (see Table 1).

During the year, the Committee did not take any resolutions in relation to which the directors needed to abstain. Participation in the meetings of the Compensation Committee by persons who are not



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members, took place upon invitation by the Committee itself. After the end of the financial year, the Committee held a meeting on 28<sup>th</sup> January 2011 aimed at submitting to the Board of Directors the proposal of appointment of a General Director and related remuneration, as well as a proposal to review the remuneration of the BoD President.

### **Functions of the Compensation Committee**

In line with Application Criteria 7.C.3., the Compensation Committee has the task of formulating proposals to the Board of Directors, in the absence of those directly involved, for the compensation and for any stock option plans or allocation of shares, of the Managing Directors and those holding specific offices, as well as, upon request by the Managing Directors, to determine criteria for the compensation of Company top management. In formulating its proposals, the Compensation Committee may specify that: (i) a significant part of the compensation of the executive directors and managers with strategic responsibility be connected to the Company's economic results and/or to the reaching of objectives previously specified by the Board of Directors, and (ii) compensation for non-executive directors be measured to the commitment required by each, taking into account their participation in one or more committees. Non-executive directors are not recipients of share-based incentive plans, unless specifically thus deliberated by the Shareholders' Meeting.

On 23<sup>rd</sup> February 2011, the Company's Board of Directors approved the new Code governing the Compensation Committee. The new Code assigns to the Committee the task of expressing its early opinion on the Company's interest in carrying out Related Parties Transactions which involve the assignment or the increase in compensations and economic benefits, under any form, to a member of an administrative or controlling body or else to a director having strategic responsibilities, as set forth in the Code on Related Parties Transactions adopted by the Company on 24<sup>th</sup> November 2010. The Compensation Committee shall also express its opinion on the substantial convenience and correctness of the conditions.

## **9. REMUNERATION OF DIRECTORS**

In line with Application Criteria 7.C.1, part of the compensation of the executive Directors is linked to the economic results of the Issuer and/or the achievement of objectives that have been previously specified by the Board.

A significant part of the compensation of directors with strategic responsibilities is linked to the economic results obtained by the Issuer and the achievement of individual objectives that have been previously specified by the managing director.

The Issuer operates a remuneration policy of the delegated bodies and top management that includes incentives connected to company profitability, also through the institution of specific company incentive plans.

The ordinary meeting of 25<sup>th</sup> June 2007, on the basis of the report by the Board of Directors, and having heard the favourable opinion of the Board of Auditors, having seen art. 114-bis of Legislative Decree no. 58 dated 24<sup>th</sup> February 1998 as subsequently amended, and the regulations issued by

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Consob and by Borsa Italiana S.p.A., the ordinary Meeting approved the adoption of a compensation plan based on a maximum total number of 4,666,680.00 phantom stock options, in favour of certain directors and employees of Ascopiave S.p.A. and Ascotrade S.p.A. with strategically important functions within, respectively, Ascopiave S.p.A. and Ascotrade S.p.A., named 'Phantom Stock Option 2007', in compliance with the guidelines specified in the report made by the Board of Directors. The Phantom Stock Option Plan 2007 is based: (i) on the trend of the Company stock title, in as much as the so-called phantom stock options assign recipients the right to receive future payment of a differential amount equal to any increase in the market value of Ascopiave's ordinary shares, and (ii) on the achievement of certain performance objectives and/or maintenance of working or administrative relations.

By specific delegation, the Board of Directors has fully and completely implemented the Plan.

The informative document is available on the Issuer's institutional website, under the section 'Investor Relations'

([http://ascopiave.irelations.it/files/10340\\_Documento\\_informativo\\_Piano\\_Stock\\_Option\\_ex\\_Art.\\_84.pdf](http://ascopiave.irelations.it/files/10340_Documento_informativo_Piano_Stock_Option_ex_Art._84.pdf)).

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In line with Application Criteria 7.C.2., remuneration of non-executive Directors is not connected to the Issuer's economic results.

Non-executive Directors are not recipients of share-based incentive plans.

The amount of the remunerations of the BoD components in the financial year is detailed in the balance notes according to art. 78 and of attachment 3C of the Consob Issuers Regulation and subsequent amendments.

### **Management severance pay in case of resignation, dismissal or business termination following a takeover bid**

In accordance with the provisions set forth in the agreement stipulated between the Company and Dott. Gildo Salton, as of 31<sup>st</sup> January 2011 the General Director shall be entitled to an amount equalling 36 (thirty-six) months of the overall compensation being granted at the moment of termination of the employment relationship, in the following cases: (i) dismissal without just cause; (ii) dismissal for just cause; and (iii) resignation within 12 months starting from the date of relocation of the General Director in case of a company relocation or of a change in the ownership structure of the Company. As well as the cases provided for by the current regulations, dismissal for just cause includes a few conventional cases regarding a substantial change of the position held by the General Director.

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## 10. IN-COMPANY CONTROL COMMITTEE

In line with Principle 8.P.4., the Board has constituted an internal, In-company Control Committee.

During the year, 4 (four) meetings of the In-company Control Committee were held on 15<sup>th</sup> March 2010; 13<sup>th</sup> May 2010; 26<sup>th</sup> August 2010; 11<sup>th</sup> November 2010. The average duration of the meetings was equal to 1.5 hours.

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The Issuer's In-company Control Committee is made up of non-executive Directors, most of which are independent. During the year, the Committee was made up of at least three members, in line with Application Criteria 5.C.1. letter a): Alfonso Beninato as President, Flavio Trinca and Alessandro Fassina.

In compliance with Principle 8.P.4. of the Self-discipline Code, the director Mr. Flavio Trinca, chartered accountant, registered with the Roll of Auditors, has significant experience in accounts and finance due to the activities carried out and experience matured as director and auditor of other companies.

Participation in the In-company Control Committee meetings by non-members, took place upon invitation by the Committee itself and with regards to specific matters of the agenda, as set out by Application Criteria 5.C.1. letter f).

### Functions assigned to the In-company Control Committee

The In-company Control Committee provides consultancy and proposals to the Board and specifically carries out the following tasks:

- (i) definition of guidelines for the In-company Control system and verification of suitability and effective functioning of this system;
- (ii) evaluation of the work plan prepared by those responsible for In-company Control and receipt of regular reports from such;
- (iii) evaluation, together with company directors and auditors, of the suitability of the accounting principles used and, for groups, of their homogeneity with regards to the preparation of the consolidated balance sheet;
- (iv) evaluation of the proposals made by the auditing company to obtain the relevant appointment and the work plan proposed for the auditing and the results noted in the report and in the letter of suggestions.

During the year, the In-company Control Committee verified the In-company Control system and progress of the work plan in terms of internal auditing, with specific regards to the start-up of the risk analysis activities and the implementation of all measures necessary to guarantee that the Issuer is compliant with what stated by Law 262/2005.

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During the meetings, the Committee also discussed the most suitable initiatives with regards to 2010 auditing activities, with a view to progressively improving the In-company Control system, in order to guarantee maximum efficiency and security.

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The President of the Board of Auditors participated in the meetings of the In-company Control Committee.

The minutes of the In-company Control Committee meetings were regularly taken. In carrying out its functions, the In-company Control Committee has the right to access all information and company functions necessary to the carrying out of its tasks, and make use of external consultants, within the terms set out by the Board.

No financial resources have been allocated to the In-company Control Committee in that this Committee makes use of the Issuer's company means and structures to carry out its tasks.

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On 23<sup>rd</sup> February 2011, the Board of Directors approved an updated version of the rules governing the In-Company Control Committee. In accordance with the new set of rules, which also includes the innovations provided for in the reference standard, the Committee holds advisory powers as to Related Parties Transactions, applying the methods and within the deadlines set forth in the Code on Related Parties Transactions approved by the Company's Board of Directors on 24<sup>th</sup> November 2010. Moreover, it holds advisory and inquiry powers towards the Board of Auditors as to the auditing reports, in accordance with the provisions set forth in Legislative Decree no. 39 dated 27<sup>th</sup> January 2010.

## **11. IN-COMPANY CONTROL SYSTEM**

The In-company Control system is made up of the group of rules, procedures and organisational structures to permit best business practice to achieve the goals set through the processes of identification, measurement, management and monitoring of the main risks involved and for a company direction honest, correct and coherent with pre-fixed objectives.

The internal audit system of Ascopiave involves different subjects to whom specific roles and responsibilities are attributed:

- Board of Directors;
- Internal Audit Committee;
- Vigilance Organism ex Dlgs 231/01;
- Manager in charge for the redaction of the company accounting documents;
- Manager in charge for the Internal Audit and Internal Audit Function;
- Board of Auditors and Independent Auditor.

The Board of Directors shall lay out the guidelines for the In-company Control system and evaluate, at least once a year, the suitability, efficiency and effective functioning. To this end, the Board of

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Directors shall make use of the In-company Control Committee, the function of Internal Auditing, and the person responsible for In-company Control.

The Board of Directors has appointed Mr. Gildo Salton (President of the Board of Directors), the executive director responsible for supervising the functioning of the In-company Control system. This choice, which is shared by the In-company Control Committee, has been made on the basis of the importance that Mr. Salton holds within Ascopiave's company structure, as principal of many operative delegations and, above all, most responsible for company management.

Furthermore, each business unit manager and company manager is responsible, under the guidelines of the control system set out by the Board of Directors and by the directives received, for implementing these guidelines, defining, managing and monitoring the efficient functioning of the In-company Control system, with reference to their own area of responsibility.

All employees, each according to his role, contribute to ensuring an efficient functioning of Ascopiave's In-company Control system.

Without prejudice to the functions of inspection and control reserved by law to the Board of Auditors, whilst auditing is entrusted to the auditing company Reconta Ernst & Young. In accordance with what specified by arts. 2.2.3, paragraph 3, letter (k) and 2.2.3 bis of the Stock Exchange Regulations, on 27<sup>th</sup> March 2008, Ascopiave set up the organisation, management and control model as per art. 6 of Legislative Decree no. 231 dated 8<sup>th</sup> June 2001. See 18.

### **Management of risk and internal control system in relation to the process of financial information and Manager in charge**

The internal Accounting control system is aimed at supplying the reasonable certainty that the diffused accounting information – also consolidated – supplies to the users a true and correct representation of the management facts, allowing the release of the certifications and declarations requested by law on the correspondence of the document results, to the books and accounting writings of the acts and communications of the company diffused to the market and related to the accounting information also within the year, and also the appropriateness and effective application of the administrative and accounting procedures during the period interested by the accounting documents (half year balance and report) and on the drawing-up of the same according to the international accounting standards.

In relation to this, we must remember that, as specified in the previous Reports, Ascopiave, as an Italian company with shares negotiated in an Italian regulated market, must appoint a Manager in charge for the drawing-up of the company accounting documents (Manager in charge), to whom the law attributes specific competences, responsibilities and certification and declarations obligations.

As a consequence, on 19<sup>th</sup> July 2007 the BoD appointed a Manager in charge, to whom it entrusted the task to prepare proper administrative and accounting procedures for the creation of the accounting informative diffused to the market, and also to supervise the effective respect of these procedures, attributing him proper powers and instruments for the function of the related charges.

The Board entrusted this charge from the beginning to the Administrative Director dott. Cristiano Belliato, to whom the Board attributed proper powers and instruments for the realisation of the tasks according to the dispositions of art. 154-bis of D.Lgs. 24<sup>th</sup> February 1998, no. 58.

The Manager in charge thus started the “262 Project”, with the aim of ascertaining the appropriateness of the Internal Control System to supply a reasonable certainty about the true and correct representation of the economic, equity and financial information.

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The Accounting Internal Control System is based on the following distinctive features:

- a company procedure corpus relevant for the predisposition and diffusion of the accounting information, constituted by balance accounting instruction, reporting and accounting calendar;
- an identification process of the main risks connected to the accounting information and of the main control for the individuated risks (administrative-accounting risk assessment) that brought to the individuation, for each relevant accounting area, of the processes/accounting flows considered critical and the activities of control supervising these processes/accounting flows and also the elaboration of appropriate control matrixes that describe for each process considered critical and/or sensitive for the 262, the control standard activities (key controls) and the concerning *process owners*. The company processes and related matrixes are the subject of a periodical evaluation and if necessary to an update.
- *process owners* to whom the update of the matrixes of the administrative/accounting controls is entrusted; the administrative direction is responsible for the verification and the periodical update of the administrative-accounting procedures of the Group;
- a process of periodical evaluation of the appropriateness and of the effective application of the identified key control. The evaluation is carried out every 6 months with the predisposition of the balance and of the half year report and is carried out by the internal audit direction on the basis of the indication of the Manager in charge. The tests on the half year controls are carried out on the bays on the priorities individuated in the phase of risk assessment; in any case, all the controls concerning the medium and high level risks are the object of a verification during the year; the results of the carried out activities are shared with the Manager in charge;
- a process of certification toward the outward based on the reports and declarations given by the manager in charge according to art. 154-bis of Legislative Decree 58/1998, in the framework of the general process of predisposition for the annual balance or the half year financial report or the intermediate management report, also on the basis of the controls carried out and object of the accounting control model, which content is shared with the Chief Executive Officer, who presents the report or the declaration of the BoD, together with the accounting document, for the relating approval by this last one. For the purposes of internal reporting, the Manager in charge periodically refers to the Internal Control Committee, to the Board of Auditors and to the Supervising Organism about the development modalities of the evaluation process of the control system and also about the results of the evaluations carried out to support the released certifications or declarations.

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During the year, the In-company Control Committee regularly reported to the Board as to the work of the Committee, the results of the verifications carried out and the functioning of the In-company Control system, showing how the latter is basically consistent with the size and organisational and operative structure of the Issuer.

On the basis of the information and evidence collected with the support of the preliminary activity carried out by the committee for the Internal Audit and with the contribution of the Manager in charge of the Internal audit, the Board of Directors evaluated, on the 15<sup>th</sup> March 2010 meeting, the appropriateness, the efficacy and the effective function of the internal audit control, according to the provisions of the Applicative Criteria 8.C.1 c).

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## 11.1. EXECUTIVE DIRECTOR IN CHARGE OF THE IN-COMPANY CONTROL SYSTEM

In accordance with what specified by Application Criteria 8.C.1 letter (b) of the Self-discipline Code, the Board of Directors has appointed Mr. Gildo Salton (President of the Board of Directors) the executive director in charge of supervising the functioning of the in-company control system.

This choice, which is shared by the In-company Control Committee, has been made on the basis of the importance that Mr. Salton holds within Ascopiave's company structure, as principal of many operative delegations and, above all, most responsible for the company management.

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The executive director in charge of supervising the functioning of the in-company control system:

- has identified the main company risks (strategic, operative, financial and compliance-related), taking into account the characteristics of the Issuer's activities and those of its subsidiaries, and has submitted them to a periodical Board's examination;
- has implemented the guidelines defined by the Board, designing, realising and managing the in company control system, constantly checking the overall suitability and efficiency;
- has adapted this system to the dynamics of the operative conditions and legislative and regulatory situation;
- has suggested the appointment of the manager of in-company controls to the Board.

## 11.2. PARTY RESPONSIBLE FOR IN-COMPANY CONTROL

The Board of Directors has appointed Mr. Matteo Testa responsible for in-company control (the **'Party responsible for In-company Control'**), with effect as from the date of his employment in the Company (12<sup>th</sup> March 2007). The appointment of Party responsible for In-company Control took place following note of the favourable opinion of the In-company Control Committee, on the basis of the technical knowledge and suitability of the professional experience to carrying out the task of Mr. Testa. The Party responsible for In-company Control, in accordance with what recommended by Application Criteria 8.C.6 of the Code, is in charge of checking that the in-company control system is constantly updated, fully operative and functional, and refers his work to the In-company Control Committee and to the Board of Auditors, and if required to do so, also to the President, who is in charge of supervising the functioning of the in-company control system. The Party responsible for In-company Control reports on the methods by which risk is managed and on the plans defined in order to contain them, and expresses an opinion as to the suitability of the in-company control system to providing an acceptable profile of overall risk.

The Party responsible for In-company Control is responsible for the function of internal auditing. This function reports hierarchically to the President of Ascopiave, and is not responsible for any operative activities. He has the task of checking that the in-company control system is always suitable, fully operative and functional. As Party responsible for Internal Auditing, Mr. Testa has access to all information necessary to carrying out this task, and reports his work to the In-company Control Committee and to the Board of Auditors.

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The Party responsible for In-company Control:

- has had direct access to all information useful to carrying out his tasks;
- has reported his work to the In-company Control Committee and the Board of Auditors;
- has also reported his work to the executive director in charge of supervising the functioning of the in-company control system.

During the year, the Party responsible for In-company Control, verified the Issuer's in-company control system on the basis of international best practices.

Specifically, such verification concerned the Issuer's corporate governance system, the implementation of the regulations and provisions of law as specified by Legislative Decree 231/2001 and Law 262/2005, supply management procedures, company risk management and the implementation of administrative control procedures.

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The Issuer has set up an internal audit function, and the Party responsible for In-company Control is responsible for it.

### **11.3. ORGANISATION MODEL ex Legislative Decree 231/2001**

On 27<sup>th</sup> March 2008, the Issuer adopted the organisation, management and control model for the prevention of crime with the aims specified by Legislative Decree 231/2001 and subsequent amendments.

The synthesis document of this model is made of a general part that describes the normative system of reference, the definition process of the model and the constitutive elements of the model itself; it will also contain the documentation of different special parts in relation to the present case of crime that the model will prevent, in particular as far as crimes against public administration, company crimes, market abuse and safety at work are concerned.

Contextually to the adoption of the model, the Company appointed the Organism of Supervisory that will have to supervise on the operation and observance of the model itself.

Considering the requested requirements of the normative of reference and the indications deriving from the guidelines of relevant category associations as well as the sector best practices, the Board of Directors appointed as components of the organism of Supervisory : Mr Ferruccio Bresolin, university professor of economic subjects; Mr Matteo Testa, person in charge for the internal control and director of the internal auditing of the company, the lawyer Valentina Sandri, responsible of legal business of the company.

On 28<sup>th</sup> January 2010, the Company's Board of Directors approved an updated version of the synthesis document of the Model, adding the new crimes and offences introduced in Legislative Decree no. 231, approved after the adoption of the Model by Ascopiave.

The text of the Model can be found on the Issuer's website in the section *investor relations/corporate governance/ethics code*.



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#### **11.4. AUDITING COMPANY**

Auditing is entrusted to the company Reconta Ernst & Young S.p.A.. The appointment was made by the Shareholders' Meeting on 5 July 2006, and extended by the Meeting of 5<sup>th</sup> May 2007, following proposal by the Board of Auditors. As such, the appointment will expire upon approval of the financial statement as of 31<sup>st</sup> December 2014.

#### **11.5. MANAGER RESPONSIBLE FOR PREPARING COMPANY ACCOUNTING DOCUMENTS**

Mr. Cristiano Belliato, Issuer Director, is the Manager responsible for preparing the Company accounting documents.

In accordance with art. 25 of the Issuer's Statute, the manager responsible for preparing company accounting documents must be in possession, not only of the honourable requirements described by current legislation for all those carrying out functions of administration and management, but also the professional requirements as follows (i) having graduated in economics, finance or a subject related to company management and organisation, (ii) having matured a total experience of at least three years in administration or control activities, or having carried out managerial tasks with capital companies, or administrative or managerial tasks, or held offices of auditor of consultant as chartered accountant with businesses working in the fields of credit, finance or insurance, or in any case in fields that are closely related or inherent to the activity carried out by the Company, involving the management of economic and financial resources.

Furthermore, any person not in possession of the requirements of honour as under article 147-quinquies of Legislative Decree no. 58 dated 24<sup>th</sup> February 1998, cannot be appointed Manager responsible, and if appointed, shall automatically have such appointment revoked.

Following the obligatory but not binding opinion of the Board of Auditors, the Board of Directors shall appoint the Manager responsible, setting out his compensation.

The Board of Directors will grant the appointed Manager suitable powers and means by which to carry out his tasks, in accordance with the provisions of article 154 bis of Legislative Decree no. 58 dated 24<sup>th</sup> February 1998.

#### **12. INTERESTS OF THE DIRECTORS AND OPERATIONS WITH RELATED PARTIES**

See point 4.3 above.

#### **13. APPOINTMENT OF AUDITORS**

The appointment and replacement of auditors is governed by the laws and regulations of art. 22 of the Issuer's Statute.

In accordance with art. 22 of the Issuer's Statute, the whole Board of Auditors is appointed on the basis of lists presented by Shareholders. Shareholders who alone, or together with other Shareholders,

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at the time of presentation hold a share of at least 2.5% of the share capital, or, where otherwise, the maximum share of the share capital required for the presentation of lists as specified by applicable provisions of law and regulations, may present lists. The interest share will be specified in the summons notice to the Meeting called to deliberate the appointment of the Board of Auditors.

The lists must specify at least one candidate for the office of Statutory auditor, and one for the office of Alternate auditor. No candidate may appear in more than one list, at risk of being deemed incompatible. The lists, signed by the Shareholders presenting them, or by the Shareholder who has been delegated to present them and provided with the documentation specified by this Statute and by current provisions of law and regulations, must be filed at the company headquarters within the terms of the applicable provisions of law and regulations. If, upon expiry of the terms set out by the applicable provisions of law and regulations, only one list of candidates have been presented, or indeed none, the meeting shall deliberate by relative majority of shareholders. In case of a tie between candidates, there will be a second ballot between these, with a further voting by the meeting.

Where two or more lists are presented, election of the Board of Auditors shall take place as follows:

- (i) in the progressive order in which they have been indicated in the various sections of the list, the following will be appointed from the list that has obtained the greatest number of votes: (a) two statutory auditors and (b) one alternate auditor;
- (ii) in the progressive order in which they have been indicated in the various sections of the list, the following will be appointed from the list that has obtained the greatest number of votes, and which is not connected, even indirectly, with the shareholders who presented or voted the list that obtained the greatest number of votes: (a) one statutory auditor, who will also hold the office of President of the Board of Auditors, and (b) one alternate auditor and, where available, further alternate auditors ready to replace the minority member, up to a maximum of three. Where this is not possible, the first candidate of the list having obtained the next greatest number of votes, and which is not connected, even indirectly, with the shareholders who presented or voted the list that obtained the greatest number of votes, will be appointed alternate auditor;
- (iii) should votes for two or more lists be equal, the candidates of the list presented by shareholders holding the greatest share, will be appointed, or, subordinate to this, that presented by the greatest number of shareholders.

Should one or more statutory auditors taken from the list that had obtained the greatest number of votes (the 'Majority Auditors') stand down during the year, where possible, the alternate auditor from the same list will replace him. Where proceeding as above is not possible, the Meeting must be called in order for it to integrate the Board with the ordinary majorities and methods, in accordance with article 2401, paragraph 3 of the Civil Code, as an exception to the list voting system previously specified. Should one or more statutory auditors taken from the list that had obtained the second greatest number of votes (the 'Minority Auditors') stand down during the year, where possible, the alternate auditor from the same list will replace him. Where proceeding as above is not possible, the Meeting must be called in order for it to integrate the Board with the ordinary majorities and methods, in accordance with article 2401, paragraph 3 of the Civil Code, as an exception to the list voting system previously specified, and in order to respect, where possible, the principle of minority representation.

The Meeting held to deliberate on the integration of the Board of Auditors shall proceed in any case with the appointment or replacement of the members of said Board, without prejudice to the need to

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ensure that the structure of the Board of Auditors complies with the provisions of law and current regulations, and with the Issuer's Statute.

Without prejudice to that set out by the previous paragraph, should the Meeting integrate the Board of Auditors, it shall resolve with ordinary majorities and methods, as an exception to the list voting system, which will only apply in the event of replacement of the Board of Auditors as a whole.

## 14. AUDITORS

The Board of Auditors in office as of the date of this Report, appointed by the Ordinary Meeting held on 28<sup>th</sup> April 2008 and in office until approval of the financial statement as of 31<sup>st</sup> December 2010, is structure as follows:

Name	Office
Paolo Nicolai	President of the Board of Auditors
Giuliano Saccardi	Statutory Auditor
Fabio Sforza	Statutory Auditor

The Auditors Giuliano Saccardi and Fabio Sforza have been taken from the list presented by the majority shareholder Asco Holding S.p.A.. the President of the Board of Auditors Paolo Nicolai has been chosen from the only minority list presented by the shareholder Blue Flame S.r.l.. For the detailed composition of the Board of Auditors, we send back to Table 3 attached to the Report.

We send back also to Table 4 for the list of the bank institutions and of the quoted companies different from the Issuer in which the charged Auditors have responsibilities of administration or control.

In accordance with arts. 144-octies and 144-decies of the Consob Issuer Regulations, the Auditors' professional curriculum vitae are available on the Issuer's website under the 'Investor Relations' section.

During the year 11 (eleven) meetings of the Board of Auditors were held on the following dates: 8<sup>th</sup> February 2010; 15<sup>th</sup> March 2010; 12<sup>th</sup> April 2010; 28<sup>th</sup> April 2010; 13<sup>th</sup> May 2010; 10<sup>th</sup> June 2010; 28<sup>th</sup> 29<sup>th</sup> July 2010; 26<sup>th</sup> August 2010; 7<sup>th</sup> September 2010; 5<sup>th</sup> November 2010; 24<sup>th</sup> November 2010. The average duration of the meetings is equal to 2 hours.

During 2011, the Board of Auditors will meet for at least 90 days, according to art. 2404 of the Civil Code. From the beginning of the year, three meetings of the BoA took place on 12<sup>th</sup> January 2011, 8<sup>th</sup> February 2011 and 16<sup>th</sup> March 2011.

There have been no changes in the composition of the Board as of the date of the closure of the financial year.

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The delegated bodies have reported in a suitable and timely manner to the Board of Auditors as to all activities carried out, the general management trends and predictable evolution, as well as on the most important operations in terms of size and characteristics carried out by the Issuer and its subsidiaries, as specified by the Law and the Statute, and therefore at least once a quarter.

On 13<sup>th</sup> May 2010, the Board of Auditors verified the continuation of the requirements of independence held by its members, on the basis of the criteria specified by the Code with reference to the independence of Directors.

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The Issuer specifies that any Auditor who, on his own behalf or that of third parties, holds an interest in a given Issuer operation, must inform the other auditors and the president of the Board as to the nature, terms, origin and extent of such interest, in a timely and full manner.

The Auditors regularly check the independence of the Auditing Company, expressing the result of such judgement once a year in their report to the Shareholders' Meeting.

In carrying out their activities, the Board of Auditors worked regularly with the internal audit function and the in-company control committee, discussing matters with the manager of the internal audit function and the Party responsible for in-company control.

## **15. RELATIONSHIP WITH SHAREHOLDERS**

The Issuer has judged that it be in his interests as well as a duty to the market to set up a continuous dialogue from the time of listing, founded on reciprocal understanding of roles, with the general information of the shareholders. This dialogue will, in any case, take place in compliance with the procedure for the external communication of company documents and information. Art. 2.2.3 of the Stock Exchange Regulations also states, with specific reference to companies intending to obtain listing of own shares with the 'STAR' qualification, the obligation of these to appoint a professionally qualified person from within their organisational structure (investor relator) as in charge of specifically managing relationships with investors.

With regard to the above, and in accordance with the recommendations of Principle 11 of the Self-discipline Code, the Company's Board of Directors appointed Mr. Giacomo Bignucolo Investor Relator during the meeting held on 24<sup>th</sup> July 2006, and responsible for relationships with investors.

Finally, Ascopiave has set up a specific 'investor relations' section within its website ([www.ascopiave.it](http://www.ascopiave.it)), in which information concerning the company and which is important for its shareholders, is available, in accordance with what specified by Criteria 11.C.1 of the Self-discipline Code.

## **16. MEETINGS**

In accordance with art. 11.1 of the Issuer's Statute, the subjects legitimated by the authorised intermediary may participate in the Meetings, in accordance with the current and relevant regulations.

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Any legitimated subject may be represented by another person, not necessarily a shareholder, upon presentation of a written proxy, in accordance with the current and relevant regulations. Moreover, in accordance with the provisions set forth in the summons notice, the electronic notification of the proxy can be sent by accessing the dedicated section of the Company's website, i.e. by sending the document to the certified email address of the Company (art. 11, paragraph 2 of the Company Statute). In order to facilitate Shareholder participation in the Meetings, the Statute also specifies that the Meeting may take place with interventions in different, separate and distant places that are audio/video connected, as long as formal meeting procedures and the principle of good faith and equal treatment of shareholders, are respected (art. 12, paragraph 1 of the Statute).

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With reference to Criteria 11.C.5 of the Self-discipline Code, the Company's Ordinary Meeting held on 5 July 2006 resolved to adopt Meeting Regulations, which came into effect as from the date of the Start of Negotiations ([http://ascopiave.irelations.it/files/10340\\_Regolamento\\_assembleare.pdf](http://ascopiave.irelations.it/files/10340_Regolamento_assembleare.pdf)). These Regulations are specifically aimed at governing the Shareholders' Meetings, guaranteeing a correct and orderly holding of such, and, in particular, the right of each shareholder to intervene on the matters under discussion. It constitutes a valid instrument by which to guarantee protection of all Shareholders' rights and the correct formation of the Meeting's will.

The Regulations include that the President shall lead the discussion, giving the floor to those who may legitimately intervene (i.e. those who have the right to participate in the meeting on the basis of the law and Statute), who may have requested it.

Those with a right to intervene who wish to speak, must request to do so of the President, after his having read the item on the meeting agenda to which the request refers, and after discussion has been opened up, before the President declares discussion of the item over.

Said request must be made by the raising of the hand, should the President not have arranged for a written request procedure. Where procedure involves the raising of the hand, the President will allow the person who has raised his hand first to speak. Should it be impossible to establish who raised his hand first, the President will allow participants to speak in accordance with the order established by himself, in his own judgement. Where a written request procedure is implemented, the President shall allow participants to speak on the basis of the order of inscription.

The President and/or on his invitation, the Directors and Auditors, as far as concerns their specific competence or the President deems useful to the matters to be discussed, shall answer those legitimately able to participate, after each intervention, or rather after having completed all interventions on each item on the agenda, in accordance with what specified by the President.

Those who have the right to intervene, the Directors and Auditors, have the right to speak on each of the items on the agenda, and to formulate proposals to their regard.

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The Board has reported back to the Meeting on the activity carried out and planned, and has acted to ensure that Shareholders are suitably informed as to all elements necessary in order to taking a knowledgeable decision, where such is the task of the Meeting.

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We would state that there have been no significant changes to the capitalisation of the Issuer market or to the structure of its subsidiaries that would require changes to be made by the Shareholders' Meeting to the Statute, in relation to the percentages specified for the year of the prerogatives protecting minorities. To this regard, we would specify that in applying art. 144 quarter of the Consob Issuer Regulations 11971/1999 for the presentation of lists for the appointment of members of the Board of Directors and the Board of Auditors, arts. 15.2 and 22.2 of the Issuer's Statute require a percentage threshold of 2.5% of the share capital with voting rights, or other percentage that may be specified or stated by provisions of law or regulations.

## **17. FURTHER OPERATIONS OF THE CORPORATE GOVERNANCE**

The company has an organization, management and control model compliant with Legislative Decree no. 231/2001. Thus, we send back to section 11.3 of this report.

## **18. CHANGES SINCE THE END OF THE YEAR IN QUESTION**

As of the close of the financial year, any other change occurred in the structure of the corporate governance, except those described under the specific sections.

## **TABLES**

**TABLE 1: STRUCTURE OF THE BOARD OF DIRECTORS AND COMMITTEES**

Board of Directors											In-Company Control Committee		Compensation Committee	
Office	Members	In charge since	In charge until	List (M/m) *	Exec.	Non-exec.	Indep. from Code	Indep. from TUF	(%) **	No. of other offices ***	****	(%) **	****	(%) **
<b>President CEO*****</b>	Gildo Salton	28/04/2008	Fin Stat 2010	M	X				100	5				
<b>Director</b>	Alfonso Beninatto	28/04/2008	Fin Stat 2010	M		X			91	1	X	100	X	-
<b>Director</b>	Gianantonio Bortolin	28/04/2008	Fin Stat 2010	M		X			100	2				
<b>LID</b>	Flavio Trinca	28/04/2008	Fin Stat 2010	M		X	X	X	64	10	X	100	X	-
<b>Director</b>	Alessandro Fassina	28/04/2008	Fin Stat 2010	m		X	X	X	91	8	X	100	X	-
<b>Shareholders' Meeting quorum: 2,5%</b>														
<b>No. of meetings during the financial year:</b>							<i>BoD:11</i>				<i>ICC:4</i>		<i>CC:0</i>	

**NOTES**

\*M= Majority list; m= minority list.

\*\*Percentage of participation of the directors in the meetings of the BoD and committees, respectively (attendance/no. of meetings held during the period the subject has been in charge).

\*\*\*Number of offices held by the subject as director or auditor in other companies quoted in regulated markets, also foreign, or in financial, banking, insurance institutions or large-sized companies. The list of said companies and of the directors holding offices in said companies is attached to the Report, with the indication as to whether the company is part of the Group of the Issuer or not.

\*\*\*\*X= the subject is a member of the BoD or of the Committee.

\*\*\*\*\* Until 30<sup>th</sup> January 2011.

**TABLE 2: OFFICES OF THE DIRECTORS IN OTHER COMPANIES**

<b>Gildo Salton</b>	<b>Office</b>	<b>Company</b>
President of the Board of Directors	President of the Board of Directors	Asco Holding S.p.A. (*)
	Director	Estenergy S.p.A. (*)
	President of the Board of Directors	AscoEnergy S.r.l. (*)
	Director	Sinergie Italiane S.r.l. (*)
	President of the Board of Auditors	Dialogo Vita S.p.A. (**)
<b>Alfonso Beninatto</b>	<b>Office</b>	<b>Company</b>
Director	Director	Asco Holding S.p.A. (*) (***)
<b>Gianantonio Bortolin</b>	<b>Office</b>	<b>Company</b>
Director	President of the Board of Directors	Global Energy S.r.l. - unipersonale (*)
	Director	Etra Energia S.r.l. (*)
<b>Flavio Trinca</b>	<b>Office</b>	<b>Company</b>
Director	Director	Banca Apulia S.p.A.
	Vice-President of the Board of Directors	Banca Intermobiliare di Investimenti e Gestioni S.p.A.
	Director	Cassa di Risparmio di Fabriano e Cupramontana S.p.A.
	Director	Associazione Nazionale fra le Banche Popolari
	President of the Board of Directors	Veneto Banca S.c.r.l.
	President of the Board of Directors	Veneto Banka Sh.A.
	President of the Board of Directors	Veneto Ireland Financial Services
	Director	Istituto Centrale Banche Popolari Italiane
	Director	Associazione Bancaria Italiana
	Member of the Supervisory Board	Uniqa Life S.p.A.
<b>Alessandro Fassina</b>	<b>Office</b>	<b>Company</b>
Director	President of the Board of Directors and CEO	Fassina Partecipazioni S.r.l.
	CEO	Blue Flame S.r.l.
	Sole Administrator	Alfa Finanziaria S.r.l.
	CEO	Fassina Automotive S.r.l.



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CEO  
Director  
Director  
Director

Fassina Rent S.r.l.  
Autosystem S.p.A.  
Treve S.r.l.  
Agricola Trino S.r.l.

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(\*) The Company belongs to the Group of the Issuer.

(\*\*) Until 29<sup>th</sup> December 2010

(\*\*\*) Until 31<sup>st</sup> December 2010

**TABLE 3: STRUCTURE OF THE BOARD OF AUDITORS**

<b>Board of Statutory Auditors</b>							
<i>Office</i>	<b>Members</b>	<b>In charge since</b>	<b>In charge until</b>	<b>List (M/m)*</b>	<b>Independence from Code</b>	<b>** (%)</b>	<b>No. of other offices ***</b>
<b>President</b>	Paolo Nicolai	13/11/2008	Fin Stat 2010	m	X	100	1
<b>Statutory Auditor</b>	Giuliano Saccardi	28/04/2008	Fin Stat 2010	M	X	91	3
<b>Statutory Auditor</b>	Fabio Sforza	28/04/2008	Fin Stat 2010	M	X	64	-
<b>Shareholders' Meeting quorum: 2,5%</b>							
<b>No. of meetings during the financial year: 11</b>							

**NOTES**

\*M= Majority list; m= minority list.

\*\* Percentage of participation of the auditors in the meetings of the Board of Auditors (attendance/no. of meetings held during the period the subject has been in charge).

\*\*\* Number of offices as director or auditor held by the subject, in accordance with art. 148 bis of TUF. The complete list of the offices is attached to the Report on the Advisory activity, in accordance with art. 144-*quinquiesdecies* of the Consob Issuer Regulations. The Report on the Advisory activity was drawn up the Auditors in accordance with art. 153, paragraph 1 of TUF.

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**TABLE 4: OFFICES OF THE AUDITORS IN OTHER COMPANIES**

<b><i>Paolo Nicolai</i></b>	<b>Office</b>	<b>Company</b>
<i>President of the Board of Auditors</i>	<i>President of the Board of Auditors</i>	Zignago Vetro S.p.A.
<b><i>Giuliano Saccardi</i></b>	<b>Office</b>	<b>Company</b>
<i>Statutory Auditor</i>	<i>President of the Board of Auditors</i>	<i>Stefanel S.p.A.</i>
	<i>Statutory Auditor</i>	<i>De Longhi S.p.A.</i>
	<i>President of the Board of Auditors</i>	<i>Nice S.p.A.</i>