

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

Pursuant to TUF article 123-bis

(Traditional governance model)

Issuer: **CAD IT S.p.A.**

Web site: **[www.caditgroup.com](http://www.caditgroup.com)**

Accounting period: **year 2012**

Report approval date: **March 14<sup>th</sup>, 2013**

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## 1. ISSUER INFORMATION

The CAD IT S.p.A. (hereinafter referred to as the "**Company**") corporate governance system consists of the set of rules and procedures on which the management and control structure of the Company and of the Group are based.

In order to constantly guarantee the transparency of its activities, the Company has, in fact, progressively implemented and adapted an articulated set of rules of conduct related to both its internal organisational structure and third party relationships, which complies with the best and latest corporate governance solutions and with the Corporate Governance Code.

In keeping with the comments of the Corporate Governance Committee for listed companies promoted by the Italian Stock Exchange, the Company truly believes that the primary goal of its governance system should be the maximisation of shareholder value, which is to be achieved by implementing an efficient structure on the one hand, while still being receptive to the needs of a changing market on the other. The Company believes that the weighted alignment of the internal corporate governance structures to those suggested by the Corporate Governance Code and to those identified as best practices, represents a valuable opportunity to enhance and guarantee its reliability towards the market.

Therefore, the Company has voluntarily adopted the Corporate Governance Code for listed companies, acknowledging, in its By-laws, the rules suggested within for a correct corporate governance and it has also adopted the Code of Ethics and Organisational Model in accordance with Legislative Decree 231/2001 and subsequent amendments.

In compliance with the By-laws, the Company adopts the traditional governance control model which comprises the following bodies:

- the Shareholders' Meeting;
- the Board of Directors;
- the Board of Auditors;
- the Auditing Firm.

The Shareholders' Meeting is the body whose decisions express the will of the Shareholders.

The Shareholders' Meeting approves financial statements, appoints the Board of Directors, the Board of Auditors, the Auditing Firm, determines Director and Auditor remunerations and amends the By-laws.

The Board of Directors defines the strategic plans of the Company and of the Group and is responsible for governing its management. It therefore has the widest power to perform all acts, including acts of disposal, as deemed necessary for the achievement of Company objectives, with the exception of those which, by law, are the exclusive competence of the Shareholders' Meeting.

The Board of Auditors assesses compliance with the law and the By-laws and possesses management control functions. In particular, the Board of Auditors monitors compliance with the principles of good administration, the adequacy of the Company's organisational structure, the correctness of transactions made with related parties and the appropriateness of the instructions issued to the subsidiaries with respect to the mandatory disclosure of inside information to the market.

The Auditing Firm checks that the accounts are correctly kept and that management events are correctly reported in the accounting records. It also verifies that the financial statements and the consolidated financial statements correspond to the accounting records and to the investigations performed.

The Board of Directors, defining the relative composition and responsibilities, has established the following Committees:

- the Nominating and Remuneration Committee;
- the Internal Control and Risks Committee.

The Company's mission is to support customers in the design and implementation of strategic changes by providing ideas, expertise and advanced technology and by delivering quick, tangible and measurable results. The Company intends to pursue its mission by maintaining and developing a relationship of trust with employees, customers and institutions. Indeed, it is well aware that trust encourages customer loyalty, attracts the most qualified human resources, favours supplier credibility, reliability towards creditors and the development of a sense of confidence in the State and Institutions.

## **2. OWNERSHIP STRUCTURE (Pursuant to TUF article 123-bis)**

**Update at 31/12/2012**

### **a) Share capital structure (pursuant to TUF article 123-bis, § 1, letter a))**

The share capital is divided into 8.980.000 ordinary shares at a nominal value of Euro 0.52 each (see table 1 attached to the Report).

The Company has not issued other securities that would confer the right to apply for new shares.

The Company has not provided for share-based incentive plans.

### **b) Restrictions on security transfer (pursuant to TUF article 123-bis, § 1, letter b))**

The Company has not imposed any restriction on the transfer of securities.

**c) Significant holdings in share capital (pursuant to TUF article 123-bis, § 1, letter c))**

See table 1 attached to the Report.

**d) Securities conferring special rights (pursuant to TUF article 123-bis, § 1, letter d))**

No shares granting special rights of control have been issued.

**e) Employee share scheme: mechanism for exercising voting rights (pursuant to TUF article 123-bis, § 1, letter e))**

There are no mechanisms for exercising the right to vote in the case of employee share ownership if the right to vote is not exercised by them directly.

**f) Restriction of voting rights (pursuant to TUF article 123-bis, § 1, letter f))**

There are no restrictions on voting rights.

**g) Agreements between shareholders (pursuant to TUF article 123-bis, § 1, letter g))**

The Company is not aware of any agreements between shareholders.

**h) Change of control clauses (pursuant to TUF article 123-bis, § 1, letter h)) and By-law provisions regarding Takeover Bids (pursuant to TUF articles 104, § 1-ter and 104-bis, § 1)**

The Company and its subsidiaries have not signed any significant agreements that would come into effect, be modified or terminated in the event of any changes in the contractor's controlling bodies.

The Company By-laws:

- do not derogate from the “passivity rule” provisions provided for by TUF article 104, paragraphs 1 and 2;
- do not enforce the rules of neutralisation provided for by TUF article 104-bis, paragraphs 2 and 3.

**i) Delegated powers regarding share capital increases and authorisations for the purchase of own shares (pursuant to TUF article 123-bis, § 1, letter m))**

The Company Board of Directors, pursuant to Civil Code article 2443, is not authorised to increase the share capital or to issue participative financial instruments.

The Company Shareholders' Meeting has not granted any authorisation to acquire own shares pursuant to Civil Code Article 2357 and subsequent articles.

### **I) Management and coordination activities (pursuant to Civil Code article 2497 and subsequent articles,)**

The Company is not under the management and coordination of other entities pursuant to Civil Code article 2497 and subsequent articles.

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The following should also be noted:

- the information required by TUF article 123-bis, first paragraph, letter i) ("*agreements between companies and directors, members of the control body or supervisory council which envisage indemnities in the event of resignation or dismissal without just cause, or if their employment contract should terminate as the result of a takeover bid*") is illustrated in the section of this Report on Director remunerations and in the Remuneration Report issued under TUF article 123-ter (Section 9);

- the information required by TUF article 123-bis, first paragraph, letter l) ("*rules applying to the appointment and replacement of directors and members of the control body or supervisory council, and to amendments to the articles of association if different from those applied as a supplementary measure*") is illustrated in the section of this Report dedicated to the Board of Directors (Section 4.1).

## **3. COMPLIANCE**

The Company has adopted the Corporate Governance Code proposed by the Italian Stock Exchange, available on the latter's website at [www.borsaitaliana.it](http://www.borsaitaliana.it).

In December 2011, the Italian Stock Exchange's Committee for Corporate Governance published a new edition of their Corporate Governance Code, after having made some significant innovations to the previous edition of 2006, without, however, making any changes to the remuneration regulations, which had already been updated in 2010.

The changes made to the Code were approved in December 2011 and Issuers are encouraged to apply them by the end of the financial year beginning in 2012, notifying the market of their application in their corporate governance report to be published during the following financial year.

During financial year 2012, the Company finished adjusting its procedures and behaviour in order to apply the principles and recommendations contained in the new version of the Corporate Governance Code, as outlined later in the Report.

Companies with shares listed on regulated markets are now required to submit a remuneration report, which includes the content provided for by the CONSOB Issuers Regulation, at the Shareholders' Meeting summoned for the approval of the financial statements. In order to avoid any unnecessary duplication of information, please refer to the Remuneration Report pursuant to TUF article 123-ter, which is available to the

public on the Company's website (<http://www.caditgroup.com>) within the terms prescribed by the applicable laws.

The Company and its subsidiaries are not subject to the provisions of non-Italian laws that might affect its corporate governance system.

## 4. BOARD OF DIRECTORS

### 4.1. APPOINTMENT AND REPLACEMENT (pursuant to TUF article 123-bis, § 1, letter l))

Article 17 of the Company By-laws foresees that: *"Directors are appointed by the ordinary Shareholders' Meeting on the submission of candidate lists by the shareholders themselves, in which the candidates are listed in a sequential order. Only the shareholders who, either alone or together with other shareholders, represent at least one fortieth of the share capital, or any such other maximum percentage required by law, have the right to submit lists. Each shareholder may submit, or contribute to the submission of, only one list and each candidate may appear on one list only, otherwise he/she will be considered ineligible. Candidates who (in the absence of any other grounds for ineligibility or disqualification) do not satisfy the legal requirements established by law or by-laws, cannot be included in lists.*

*The number of candidates on each list shall not exceed the maximum number of directors stated above; a minimum number of these candidates, in accordance with the minimum as may be provided for by law, must be in possession of the independence requirements provided for therein.*

*The lists of candidates must be deposited at the registered office within the twenty-fifth day preceding the date of the Shareholders' Meeting which will decide on the appointment of the members of the Board of Directors. The Company must make the lists available to the public at the registered office, on the website and in any other way prescribed by the laws in force, without delay and at least twenty-one days before the date of the Shareholders' Meeting. On being deposited, the lists must be accompanied by:*

*A) comprehensive information on the personal and professional qualifications of the candidates, with details of their eligibility as independent;*

*B) a statement in which each candidate accepts the nomination and attests, under his own responsibility, that there are no grounds for ineligibility or incompatibility as provided for by law and that he/she is in possession of all other legal requirements;*

*C) a copy of the certificates issued by authorised brokers stating the ownership -at the time of depositing the list at the company - of the number of shares required to file the lists. Broker certification proving the ownership of the number of shares required to submit lists can also be produced subsequent to list deposit within the deadline at which the Company is obliged to publish all the lists.*

*Any lists or individual nominations presented without observing all of the above provisions, except those to be done by the company, will be disregarded. Moreover, any lists which do not show the minimum number of votes required by law will not be considered. All persons entitled to vote may vote for one list only.*



*Directorship election shall proceed as follows:*

*A) the established number of directors, except for the minimum reserved in accordance with minority laws, shall be elected from the list that obtained the most votes on the basis of the sequential order in which they appear on such list;*

*B) all the other directors shall be elected from the list that obtained the second highest number of votes on the basis of the sequential order in which they appear on such list, which is not connected in any way, either directly or indirectly, with the list referred to in point A).*

*If, after voting as indicated above, the required number of independent directors has not been elected, the last non-independent candidate/s in progressive order on the list that obtained the most votes shall be excluded and replaced by the next independent candidate/s, on the basis of the progressive order, who was/were not elected from the list or the lists that has/have obtained the highest number of votes.*

*In the event of a repeated tie between several lists, an equal number of directors will be drawn from each, again on the basis of the progressive order. Where a single list is submitted or voted, all directors will be taken from that list.*

*The candidate whose name appears first on the list that obtained the highest number of votes will be the Chairman of the Board."*

Furthermore, article 16 of the Company By-laws also states that *"an appropriate number of directors, not less than that prescribed by law, must meet the independence requirements established by the law or by codes of behaviour issued by the market regulatory societies that manage the markets where the financial instruments issued by the Company are traded."*

### **Succession plans**

On April 26<sup>th</sup> 2012, the Board of Directors decided, in compliance with the opinion previously expressed in this regard by the Nominating and Remuneration Committee, not to adopt succession plans for Executive Directors in accordance with criterion 5.C.2 of the Corporate Governance Code, seeing no immediate need to do so, taking into account that four Executive Directors, within the Board of Directors, already oversee the main corporate functions, thus giving this structure in itself the right guarantees to ensure continuity and certainty in corporate management.

Moreover, Article 18 of the Company By-laws foresees that, if one or more directors can no longer, for whatever reason, continue to fulfil their role during the financial year, they will be replaced in accordance with Civil Code Article 2386.

### **4.2 COMPOSITION (pursuant to TUF article 123-bis, § 2, letter d))**

Pursuant to article 15 of the By-laws, the Company is managed by a Board of Directors composed of a minimum of five to a maximum of fourteen members, including non-shareholders, appointed by the Shareholders' Meeting, which also decides the number of directors (see table 2 attached to the Report).



The current Board of Directors of the Company will remain in office until the Shareholders' Meeting summoned to approve the 2014 financial statements.

On April 26<sup>th</sup> 2012, the Company Shareholders' Meeting determined that the Board of Directors would be composed of eight members, four of which would be Executive Directors, two non-executive directors and two Independent. The Board of Directors was appointed as a result of voting on two lists submitted by Company Shareholders. The list submitted by Giampietro Magnani included Giuseppe Dal Cortivo, Giampietro Magnani, Luigi Zanella, Paolo Dal Cortivo, Jörg Karsten Brand and Lamberto Lambertini (Independent) as candidates for the office of directors. The list submitted by Maurizio Rizzoli/Marina Righi included Maurizio Rizzoli and Francesco Rossi (Independent) as candidates for the office of directors.

Those elected were Giuseppe Dal Cortivo, as Chairman, Giampietro Magnani, Luigi Zanella, Paolo Dal Cortivo, Jörg Karsten Brand, Maurizio Rizzoli, Lamberto Lambertini and Francesco Rossi. The first list obtained 73.45% of the votes compared to the voting capital and the second list received the remaining 26.52%.

The status and role of each Director within the Board of Directors is indicated in Table 2 attached to the Report.

Each Director's main professional skills are reported in the CVs attached to this Report. With regard to seniority, below is a list with the first date of appointment of each Director:

- Giuseppe Dal Cortivo: 27/02/1991
- Giampietro Magnani: 27/02/1991
- Luigi Zanella: 27 /02/1991
- Paolo Dal Cortivo: 29/04/2009
- Jörg Karsten Brand: 27/04/2011
- Maurizio Rizzoli: 27/02/1991
- Lamberto Lambertini: 30/04/2003
- Francesco Rossi: 30/04/ 2003.

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

The Board of Directors has not defined any general criteria on the maximum number of offices held as directors and auditors in other companies that might be considered compatible with the effective performance of their Directorship, also taking into account the Directors' roles in Committees set up within the Board of Directors, in the belief that this evaluation rests, first of all, with the shareholders when appointing the Directors and, subsequently, with the individual Director, upon acceptance of the office.

Currently, the four executive members (Giuseppe Dal Cortivo, Paolo Dal Cortivo, Giampietro Magnani and Luigi Zanella), the two non-executive Directors (Maurizio Rizzoli and Jörg Karsten Brand) and the Independent Directors (Lamberto Lambertini and Francesco Rossi) do not hold positions as directors or auditors in other companies listed on regulated markets or of any significant interest.

## **Induction Programme**

In order that the Directors are maximally aware of the duties and responsibilities of their office, the Chairman of the Board of Directors expects them to participate, after their appointment and during their term, in initiatives aimed at providing them with adequate knowledge of the field of activity in which the Company operates, of the corporate dynamics and their evolution, as well as of the regulatory framework.

To be more precise, this Director know-how is guaranteed by their participation at the Board of Directors and Committees meetings, by their constantly updating each other about the activities and their probable development and through the collaboration of the Company's Legal Department.

### **4.3. ROLE OF THE BOARD OF DIRECTORS (pursuant to TUF article 123-bis, § 2, letter d))**

#### **Board of Director functions**

During the 2012 financial year, the Board of Directors met five times. The average duration of each Board of Director meeting was approximately two hours.

Four meetings have been scheduled for the current financial year. For details on scheduled meetings, please consult the 2013 Calendar of Events as published on the Company website at: <http://www.caditgroup.com>.

The Directors receive all the documentation on the topics to be discussed at the Board of Directors in good time except in cases of emergency or when particular confidentiality is required. In these circumstances, an exhaustive discussion of the topics is ensured.

The period of notice deemed sufficient to send the documentation is about a week.

Such term is usually respected.

The Board of Directors' meetings are coordinated by the Chairman in such a way as to ensure that the topics on the agenda are given enough time for a constructive debate, and that all the Directors can make their contribution.

The Board of Director meetings were attended, upon invitation from the Chairman, by Maria Rosa Mazzi as the Manager charged with preparing the Company's financial reports, Daniele Mozzo as the Administration and Finance Manager, Giulia Dal Cortivo as head of the Legal Department, in order to provide the necessary details regarding the items on the agenda of the various meetings. When necessary, an interpreter for one of the Directors participated at the meetings and he/she was bound to compliance with the Company's procedures relating to internal dealing and the handling of confidential information.

## **Board of Director powers**

Article 19 of the Company By-laws foresees that the Board of Directors is invested with full powers for the ordinary and extraordinary administration of the Company, without limitation, with the only exception of those powers reserved by law to the Shareholders' Meeting.

The above-mentioned article 19 also foresees that, in addition to matters that cannot be delegated according to the law, the following powers fall within the exclusive jurisdiction of the Board of Directors:

- a) the review and approval of the strategic, operational and financial plans of the Company and of the Group of which the Company is the parent, as well as the Company's corporate governance system and Group structure;*
- b) the purchase, sale, exchange and transfer of real estate and real estate rights and the creation of security interests on real estate;*
- c) the setting up of new subsidiaries; the hiring, purchase or sale of holdings in companies; the purchase, sale, exchange and transfer of the entire Company business or Company branches;*
- d) the purchase, sale, exchange and transfer, and any other acquisition or disposition of assets, rights and services, as well as obligations, commitments and responsibilities of any kind, whose amount is, individually or jointly with other connected operations, in excess of Euro 4,000,000/00, including amendments to such agreements, contracts, operations, commitments or assumptions of liability resulting in economic effects of an amount greater than the above-mentioned value;*
- e) the appointment of general managers, authorisations for the transfer of their general power of attorney and determination of their remuneration;*
- f) the issuing of guarantees and bonds of any kind to amounts exceeding Euro 2,000,000/00 for each individual act and to any amount, if in the interest of parties other than the Company and its subsidiaries;*
- g) the review and prior approval of Company and subsidiary transactions, where such transactions have a significant strategic, economic, or financial relevance for the Company, paying attention to situations in which one or more Directors have a personal interest or third party interest and to those transactions with related parties, establishing the general criteria for identifying significant transactions;*
- h) the verification of the adequacy of the organisational, administrative and accounting structure of the Company and its strategic subsidiaries established by the Executive Directors, with particular reference to the internal control system and to the management of conflicts of interest.*

## **Adequacy of the Company's and the Group's organizational, administrative and accounting structure**

During financial year 2012, the Board of Directors evaluated the adequacy of the organisational, administrative and accounting structure of the Company and of the Group, with particular reference to the internal control and risk management system.

After consulting the Internal Control and Risks Committee and the Internal Audit function, the Board decided that the series of organisational structures and procedures, implemented by the Company itself, results in an appropriate process for identifying and monitoring risks and is tailored to the Company's specific characteristics.

The Internal Audit function, as planned in the annual audit plan approved by the Board of Directors, performed specific actions on the processes and activities considered most at risk on the basis of a risk assessment activity. These efforts resulted in positive evaluations on the adequacy of the internal control system and also highlighted useful recommendations and corrective actions for its improvement.

Considering the "size" of the business, the Board of Directors believes that there are no subsidiaries of such strategic importance that would require the Company to assess their organisational, administrative and accounting structure.

In any case, the Internal Audit function systematically performs activities aimed at verifying the adequacy of the subsidiaries' internal control systems.

### **Management performance**

Upon approval of the annual financial statements of the half-yearly report and of the interim management reports, the Board of Directors rated the overall operating performance, based on the information and the documents submitted by the delegated bodies and by comparing planned and achieved results.

### **Transactions with significant strategic, economic and financial relevance of the Company or the Group**

Pursuant to Article 19 of the Company By-laws, transactions with significant strategic, economic and financial relevance shall be the responsibility of the Board of Directors.

### **Assessment on the size, composition and function of the Board of Directors and its Committees**

During the 2012 financial year, the Board of Directors assessed its own size, composition and function and that of its committees by mean of specific criteria developed by the Board of Directors itself and by its independent components, who take into account elements such as the professional characteristics and the of its components as well as the seniority.

The main analysis profiles were: the adequacy of the number of components and of the composition, the role of Independent Directors, the organisation of meetings; decision making and the relative reporting, the responsibilities and matters reserved to the Board of Directors; the regulation of related party transactions; the management of confidential and privileged information; the process for defining, approving and the subsequent monitoring of the budget and of the multi-annual plan; the role, duty and function of Board of Director Committees; information flows between the Board of Directors and the Management.

The analysis highlighted the importance of the work carried out by the various Committees, which makes Board of Director decision-making easier and leads to more efficient information flows between the Board of Directors and the Executive Directors.

Prior to the appointment of new Directors, the Board of Directors will have informed its Shareholders of the professional qualities of the candidates to be elected for their consideration:

- an adequate number of Independent Directors (at least two) is required. This is, in fact, not only an essential element in the interests of all Shareholders, both majority and minority alike, but also enables the appropriate structuring of Committees within the Board of Directors itself;
- the number, the competence, the authority and the time availability of the non-executive Directors shall be such as to ensure that their judgment can have a significant weight in Board of Directors decisions;
- at least one Director (member of the "Nominating and Remuneration Committee") must have sufficient knowledge and experience in financial matters or compensation policies;
- one of the Directors (member of the "Internal Control and Risks Committee") must have adequate experience in accounting and finance or risk management.

### **Exceptions to the non-competition provision**

The Shareholders' Meeting has not authorised, in a general and preventive way, exceptions to the non-competition provision set forth by Civil Code Article 2390.

## **4.4. DELEGATED BODIES**

### **Executive Directors**

On April 26<sup>th</sup> 2012, the Board of Directors appointed Giampietro Magnani, Luigi Zanella and Paolo Dal Cortivo as Executive Directors, giving each of them all the powers of ordinary administration, including the right of disposal on bank accounts, to the extent of credit granted, to a maximum amount of Euro 2,000,000/00 for each transaction with the authority to act alone, and up to a maximum amount of Euro 4,000,000/00 with the joint signature of another Executive Director. The Directors Giampietro Magnani and Luigi Zanella were also conferred the powers and the right to purchase and/or dispose of registered tangible assets, with the exception of boats and aircrafts of any kind, on sole signing authority.

Paolo Dal Cortivo was also given the power to represent the Company in its dealings with institutional investors and shareholders and with the Italian Stock Exchange and CONSOB, providing them with all communications and information that are compulsory under the applicable laws and/or under the rules of international best practice, in compliance with such rules and with the Company's internal procedures.

The top person in charge of the management of the Company is the Chairman, whose details are outlined in the following paragraph.

In relation to this circumstance the situation of “interlocking directorate”, as provided for by the Corporate Governance, does not exist.

### **Chairman**

On April 26<sup>th</sup> 2012, the Company Board of Directors appointed, for the same duration as the position of Director, Giuseppe Dal Cortivo as Chairman of the Board of Directors, granting him all the powers of ordinary and extraordinary administration, except those reserved by law to the Shareholders’ Meeting or to the Board of Directors and those reserved to the exclusive jurisdiction of the Board of Directors, as listed in article 19 of the By-laws.

Pursuant to article 22 of the By-laws, the Chairman is the Company’s Legal Representative and as such, has the power of signature both in front of third parties and in court and the authority to promote judicial and administrative actions at all levels of jurisdiction, including judgments for judicial review and revision.

Since he plays a key role in the development of business strategies, the Chairman also received managerial powers.

The Chairman of the Company Board of Directors is the top person in charge of management. He is not the controlling shareholder of the Company.

### **Executive Committee**

The Board of Directors has not established any Executive Committee.

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### **Reporting to the Board of Directors**

As set forth by the Company By-laws, the delegated bodies report to the Board of Directors on the activities performed while exercising their powers every three months at least.

### **4.5. OTHER EXECUTIVE DIRECTORS**

In addition to those identified in the preceding paragraph, no other Director within the Board is to be considered as executive under the criteria specified in the Corporate Governance Code.

### **4.6. INDEPENDENT DIRECTORS**

There are two independent components in the Company’s Board of Directors. The Board of Directors assessed the existence of the independence requirements provided for by the Corporate Governance Code for each independent Director at the first opportunity following their appointment and the persistence of such requirements



be means of the signing of an annual declaration of independence by each independent director.

The outcome of its evaluations has been made public by the Board of Directors through a press release to the market.

The criteria adopted for the independence assessment of the non-executive Directors are those indicated by the Corporate Governance Code.

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The Board of Auditors positively verified the correct application during the 2012 financial year of the criteria and procedures adopted by the Board of Directors to assess the independence of its members.

The Board of Auditors annually communicates the outcome of their monitoring in its report to the Shareholders' Meeting.

Below is an excerpt from the Board of Auditors' report to the 2012 Shareholders' Meeting: *"the Company's subscription to the Corporate Governance Code prepared by the Committee for Corporate Governance and promoted by the Italian Stock Exchange and the methods for the implementation of corporate governance rules, are discussed in the Board of Directors' annual report. We acknowledge that the Company has taken steps to ensure the effective independence of the Independent Directors (...)"*

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During 2011, no specific meeting between independent Directors was necessary, as they met regularly during Committee meetings (Internal Control Committee and Nominating and Remuneration Committee) formed by two independent Directors and by the non-executive Director Maurizio Rizzoli.

#### **4.7. LEAD INDEPENDENT DIRECTOR**

On April 26<sup>th</sup> 2012, the Board of Directors appointed the Independent Director, Professor Francesco Rossi, as "Lead Independent Director" in order to give further prominence to the role of the Independent Directors in terms of contributing with their skills and expertise to Board of Directors activities.

During the 2012 financial year, the Lead Independent Director acted as the reference and coordination point for the needs and contributions of non-executive and Independent Directors, as well as for the identification of topics to be submitted to the Board of Directors.



## **5. PROCESSING OF CORPORATE INFORMATION**

On May 12<sup>th</sup> 2006, the Board of Directors approved the Procedure for the management and processing of confidential information, subsequently revised by the Board of Directors on November 13<sup>th</sup> 2007, on May 14<sup>th</sup> 2010 and again on March 13<sup>th</sup> 2011.

This Procedure was prepared with the aim of regulating the management and handling of confidential information and its communication to the public, in accordance with Legislative Decree no. 58 of 24/02/1998 and later modifications and integrations adopted by CONSOB, and with the Rules of the Markets organised and managed by Borsa Italiana.

The Procedure applies to the management and handling of Company and Company subsidiaries confidential information.

The Procedure is available in the "Investor Relations" section of the Company website at: <http://www.caditgroup.com>.

With reference to the requirement for issuers of listed securities, subjects in a control relationship with them and any person acting in their name or on their behalf, to establish and maintain a register of people who have access to the confidential information referred to in Legislative Decree no. 58 of 24/02/1998 and later modifications and integrations and adopted by the CONSOB Issuers Regulation, the Board of Directors voted to set up such a register and, on August 11<sup>th</sup> 2006, approved the procedure for establishing and updating the register of persons with access to privileged information.

Such procedure was subsequently revised by the Board of Directors on November 13<sup>th</sup> 2007 and again on March 26<sup>th</sup> 2008.

## **6. BOARD OF DIRECTOR COMMITTEES (pursuant to TUF article 123-bis, § 2, letter d))**

On April 26<sup>th</sup> 2012, the Board of Directors set up, within the Board itself, the following Committees, in accordance with Corporate Governance Code recommendations:

- Nominating and Remuneration Committee (the functions conferred by the Corporate Governance Code to the Remuneration Committee and to the Nominating Committee have, in fact, been delegated to a single Committee. This choice was carried out in compliance with the rules of composition outlined in the Corporate Governance Code and in such a way to ensure the achievement of the underlying objectives);
- Internal Control and Risks Committee.

The Committees are composed as follows:

- the Nominating and Remuneration Committee is made up of two independent Directors, Francesco Rossi and Lamberto Lambertini and one non-executive Director, Maurizio Rizzoli;

- the Internal Control and Risks Committee is made up of two independent Directors, Francesco Rossi and Lamberto Lambertini and one non-executive Director, Maurizio Rizzoli.

The Committees have an advisory and consultative function and assist the Board of Directors in activities regarding matters of respective competence, acting in accordance with Corporate Governance Code indications.

The Company has not established other committees with advisory and consultative functions other than those covered by the Corporate Governance Code.

## **7. REMUNERATION COMMITTEE**

## **8. NOMINATING COMMITTEE**

In the 2012 financial year, the Nominating and Remuneration Committee was composed of three members, all non-executive Directors, the majority of whom are Independent. Committee members had the consistent knowledge and experience in accounting and finance deemed appropriate by the Board of Directors at the time of appointment.

No persons other than members of the Committee took part in its meetings.

For anything not listed in this section, please refer to the Remuneration Report, which constitutes an integral and essential part of the Report, as specified in section 9.

### **Functions of the Nominating and Remuneration Committee**

In the 2012 financial year, the Nominating and Remuneration Committee had the following functions to:

- a) propose candidates to the Board of Directors for the position of Director in case of co-optation, should it become necessary to replace an independent Director;
- b) advise the Board of Directors on its dimension and composition and, if necessary, on the professional figures whose presence within the Board of Directors is deemed to be appropriate, as well as on the topics covered in articles 1.C.3 and 1.C.4 of the Corporate Governance Report;
- c) submit proposals to the Board of Directors for defining the general remuneration policy of the Executive Directors, Directors with special responsibilities and key managers;
- d) periodically assess the adequacy, the overall consistency and practical application of the general remuneration policy of the Executive Directors and the other Directors with special responsibilities, also considering, with regard to the latter, the information provided by the Executive Directors;
- e) submit proposals or express opinions to the Board of Directors on the remuneration of Executive Directors and Directors with special responsibilities, as well as on the establishment of performance targets related to the variable component of the remuneration;

- f) monitor the implementation of Board of Directors decisions, particularly verifying that said targets are achieved;

No Director attended Nominating and Remuneration Committee meetings concerning proposals about his own remuneration to the Board of Directors.

The Board of Directors has not assigned additional functions to the Nominating and Remuneration Committee other than those provided for by the Corporate Governance Code.

### **Nominating and Remuneration Committee Meetings**

Information regarding the number of meetings held during the financial year and the effective participation of each component at the meetings held are shown in table 2 of the Report.

At least one meeting is planned for the current financial year.

In the 2012 financial year, the Nominating and Remuneration Committee met three times: once on April 26<sup>th</sup> 2012 to evaluate the possibility of the Company's adopting a succession plan for the Executive Directors pursuant to Criteria 5.C.2 of the Corporate Governance Code as well as to set the fixed and variable compensation due to the Company's Executive Directors pursuant to article 23 of the By-laws and in accordance with the deliberation of the Shareholders' Meeting; a second time on May 15<sup>th</sup> 2012 to express its proposal regarding the appointment of the Manager charged with preparing the Company's financial reports, whose term expired on June 30<sup>th</sup> 2012, as well as with regard to his remuneration and expense budget; and finally on November 13<sup>th</sup> 2012 to determine the targets, the fulfilment of which would lead to awarding the Executive Directors with the gross annual variable compensation agreed at the Shareholders' Meeting.

In performing its functions, the Nominating and Remuneration Committee was able to access all the necessary information and business functions required to perform its tasks as well as to use external consultants, under the terms set by the Board of Directors. The Chairman of the Board of Auditors or another Auditor could also take part in the meetings.

The meetings of the Nominating and Remuneration Committee meetings have been coordinated by the Chairman and duly recorded.

### **Nominating and Remuneration Committee budget**

On April 26<sup>th</sup> 2012, the Board of Directors set the Committee's budget for external consultancies at Euro 5,000/00 per semester.

## **9. DIRECTOR REMUNERATION**

The information contained in this section is also referred to in the Remuneration Report deliberated by the Board of Directors pursuant to article 123-ter of the TUF that will be submitted to the advisory vote of the Shareholders' Meeting scheduled for April 29<sup>th</sup> 2013. The Remuneration Report will be made available on the Company website at: <http://www.caditgroup.com> within the timeframe provided for by the law.

### **Executive Director remuneration**

The remuneration of the Company's Executive Directors includes a fixed component, a variable component, subject to the achievement of pre-determined objectives in the short and long-term and an attendance token for each meeting they attend.

The Company has not provided for any stock-based incentive plan in favour of Executive Directors.

The Nominating and Remuneration Committee has set the criteria for the allocation of the above-mentioned variable component for the 2012 financial year.

### **Non-executive Director remuneration**

The remuneration of non-executive Directors is not significantly connected to the economic results achieved by the Company.

Non-executive Directors are not subject to share-based incentive plans.

No stock-based incentive plans have been set for the non-executive Directors.

The remuneration of non-executive Directors includes a fixed component and an attendance token for each Board meeting they attend.

In accordance with CONSOB Communication no. DEM/11012984 dated 24/02/2011, please also note that:

- no agreements providing compensation in the event of resignation or dismissal/revocation without just cause or if employment relations should cease as a result of a takeover bid have been concluded between the Issuer and the Directors in accordance with TUF article 123-bis, paragraph 1 letter. i).

The remuneration received by the Directors for the 2012 financial year is outlined in detail in the 2013 Remuneration Report.

## **10. INTERNAL CONTROL AND RISKS COMMITTEE**

On April 26<sup>th</sup> 2012, the Board of Directors set up an Internal Control and Risks Committee.

The Internal Control and Risks Committee is composed of three members, the majority of which are Independent Directors.

Each member of the Committee had the experience in accounting and financial matters or risk management deemed appropriate by the Board of Directors at the time of his appointment.

### **Internal Control and Risks Committee functions**

The Internal Control and Risks Committee assists the Board of Directors in carrying out its tasks relating to internal control, as prescribed by the Corporate Governance Code.

During the 2012 financial year, the Committee functions were as follows:

- a) to provide the Board of Directors with a prior opinion on the carrying out of the tasks entrusted to it by the Corporate Governance Code relating to internal control and risk management. This opinion is binding in the case of decisions relating to the appointment, the removal, the remuneration and the allocation of resources to the Internal Audit function;
- b) to assess, together with the Manager charged with preparing the Company's financial reports and the external Auditors, the correct application of the accounting principles and, in the case of groups, their consistency in the preparation of consolidated financial statements;
- c) to give advice on specific aspects regarding the identification of corporate risks ;
- d) to examine the periodical reports on the evaluation of the internal control and risk management system and those with particular relevance prepared by the Internal Audit function;
- e) to monitor the autonomy, the adequacy and the efficiency of the Internal Audit function;
- f) to ask the Internal Audit function, if deemed necessary, to audit specific operational areas, informing the Chairman of the Board of Auditors;
- g) to report to the Board of Directors at least once each semester, at the time of financial statement and half-yearly report approvals, on the activities performed and the adequacy of the internal control and risk management system.

The Internal Control and Risks Committee can also cover the functions of the Committee provided for by article 7 of CONSOB Resolution 17221/2010, as amended by CONSOB Resolution 17389/2010, regarding the approval of transactions with related parties.

The Internal Control and Risks Committee carries out consultative and advisory activities aimed at adopting the Company's corporate governance rules.

In performing its functions, the Internal Control Committee has the right to access all the necessary information and business functions required for carrying out its tasks as well as to use external consultants, under the terms set by the Board of Directors.

## **Internal Control Committee and Risks Meetings**

Information regarding the number of meetings held during the financial year and the effective participation of each component at these meetings is shown in table 2 attached to the Report.

Four meetings have been scheduled for the current financial year.

In the 2012 financial year, the Internal Control and Risks Committee met four times with an average meeting duration of about one hour.

Depending on the items on the agenda, persons who were not members of the Committee, on invitation from the Committee itself, also took part in the meetings.

In the 2012 financial year, the Internal Control and Risks Committee did not receive assistance from external consultants and the Chairman of the Board of Auditors was always present at the meetings.

In the 2012 financial year, the Internal Control and Risks Committee also examined changes made to the Organisation Model and the auditing reports prepared by the Internal Audit function.

The Committee was informed about the most relevant issues regarding the Company and its Group, for instance: the supply of performances and services to public bodies; the granting of fringe benefits to employees; information on the safety at work system .

The Committee assessed the reports prepared by the Internal Audit function.

The Committee monitored the efficiency of the account auditing process and the related work plan, as suggested by the Corporate Governance Code, through the exchange of information with the auditor and the Board of Auditors.

The Internal Control and Risks Committee also met with the Board of Auditors about the results presented by the auditor with regard to the report on key matters arising from the statutory audit.

The Committee reported its activities as a Supervisory Board to the Board of Directors and to the Board of Auditors every six months at the same time as the annual and half-yearly financial report approvals.

The minutes of the Internal Control and Risks Committee meetings have been duly recorded.

## **Internal Control and Risks Committee budget**

On April 26th 2012, the Board of Directors set the Committee's budget for external consultancies at Euro 5,000/00 per semester.

## **11. INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM**

In the drafting of the strategic, industrial and financial plans, the Board of Directors, has defined the nature and the level of risk that is compatible with the Company's strategic targets as well as the guidelines for the internal control and risk management system, . i.e. the set of rules, procedures and organisational structures aimed at identifying,



measuring, managing and monitoring the main risks that could threaten the achievement of corporate targets and a healthy and correct Company management.

This system concerns the entire company, involving the following parties:

- the Board of Directors;
- the Executive Director responsible for Internal Control and Risk Management;
- the Internal Control and Risks Committee;
- the Internal Audit function manager;
- the Board of Auditors.

The existing control systems relating to the financial reporting process is a constitutive element of a broader internal control system. This sub-system is also aimed at ensuring the reliability, accuracy, consistency and timeliness of the Company's and its Group's financial reporting.

In the planning, implementation, monitoring and updating of the system outlined so far, the Company has taken the "COSO Report", internationally regarded as best practice, as a reference model.

In order to ensure the effective implementation of the system and a high level of reliability of the information, several corporate procedures are formalised, including administrative and accounting procedures, periodically updated subsequent to organizational and legal changes.

With particular reference to the articulation and to the operating procedures that characterise the functioning of the internal control and risk management system relating to financial reporting process, it is hereby clarified that:

- risk identification on financial reporting was carried out during the wider risk assessment process for the identification of risks that may affect the achievement of the targets set by the corporate processes; risk assessment is updated annually upon approval of the Internal Audit plan;
- inherent risk assessment is performed with quality criteria designed to estimate the probability of event occurrence and their impact on the pursuit of corporate targets;
- first and second level risk management controls are performed. The first level controls are included in the operating processes themselves and can therefore also be performed for each single subsidiary. The second level controls, however, satisfy the criteria of segregation of duties. For instance, the latter include those checks executed by the Manager charged with preparing the Company's financial reports;
- the assessment of controls against identified risks is performed by means of Internal Audit activities and, where appropriate, may result in the identification of compensatory controls, corrective actions or improvement plans.

The results of monitoring activities are periodically submitted to the Company's top management, to the Executive Director responsible for the functioning of the Internal Control System and to the Internal Control and Risks Committee, which, in turn, reports to the Board of Directors and to the Board of Auditors.

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In the 2012 financial year, the Board of Directors assessed the adequacy, efficiency and effectiveness of the Internal Control System and of risk management with respect to the characteristics of the Company and its risk profile based on the information and evidence collected with the support of the investigative work carried out by the Internal Control and Risks Committee and the contribution of the Person responsible for Internal Control itself.

Based on the analysis performed, the Board of Directors believes that the current internal control system generally allows for the achievement of the corporate targets.

### **11.1. EXECUTIVE DIRECTOR RESPONSIBLE FOR INTERNAL CONTROL AND RISK MANAGEMENT**

On 26<sup>th</sup> April 2013, the Board of Directors appointed the Executive Director Giampietro Magnani to supervise the functioning of the internal control system.

He has identified the main corporate risks (strategic, operational, financial and compliance), taking into account the characteristics of the Company's and its subsidiaries' activities, and he has periodically submitted them for Board of Director assessment.

In particular:

- he has implemented the guidelines established by the Board of Directors, by planning, creating and managing the internal control and risk management system and by constantly checking its adequacy, effectiveness and efficiency;
- he has adapted this system to any changes in operating conditions and to the legislative and regulatory landscape;
- he has been given the power to ask the Internal Audit function to perform audits on specific areas of work and on compliance with the internal rules and procedures in the execution of corporate operations, informing the Chairman of the Board of Directors, the Chairman of the Internal Control and Risks Committee and the Chairman of the Board of Auditors;
- he has promptly reported to the Internal Control and Risks Committee on issues and problems that arose in the course of its or other functions' activities so that the Committee itself could take appropriate action.

### **11.2. PERSON IN CHARGE OF THE INTERNAL AUDIT FUNCTION**

On April 26<sup>th</sup> 2012, the Board of Directors, on the proposal of Giampietro Magnani (Executive Director Responsible for Internal Control and Risk Management) and the prior opinion of the Internal Control Committee, appointed Michele Miazzi, a person external to the Company, as Internal Auditor and defined his remuneration, on approval of the Board of Auditors

The Company has decided to entrust this role to Michele Miazzi for the sake of continuity, since he has already been performing this function for the past three years, and due to the highly professional requirements, independence and organizational qualities required for the role.

The Responsible for the Internal Audit function is not in charge of any operational department and is not under the supervision of any operational department manager, including the administration and finance department.

The Responsible for the Internal Audit function is under the authority of the Board of Directors and reports the performance of his actions to the Internal Control and Risks Committee and to the Executive Director Responsible for Internal Control and Risk Management..

In the 2012 financial year, the Person in Charge of the Internal Audit function:

- verified, both continuously and in relation to specific needs and in compliance with the international standards, the operations and suitability of the internal control and risk management system, through an audit plan, approved by the Board of Directors on March 13<sup>th</sup> 2012, based on a structured analysis and prioritization of key risks;
- had direct access to all useful information for the performance of his office;
- prepared regular reports containing an adequate summary of his work, on the procedures for conducting risk management as well as on the respect of the plans established for their containment and an evaluation of the suitability of the internal control and risk management system;
- punctually prepared reports on events of major importance (and forwarded them to the Chairman of the Board of Auditors, of the Internal Control and Risks Committee, of the Board of Directors and to the Executive Director Responsible for Internal Control and Risk Management);
- verified, as part of the audit plan, the reliability of information and accounting systems.

The Company has not set aside a budget for the Person responsible for internal control, but, if necessary, he may make a request to the Board of Directors for prior authorisation for expenditures (e.g. for the use of external specialist advice).

In the 2011 financial year, the Person responsible for internal control did not request any authorisation for expenditures.

The Company has also set up an the Internal Audit function, which is carried out by the Person responsible for internal control.

### **11.3. ORGANISATION MODEL pursuant to Legislative Decree 231/2001**

On November 10<sup>th</sup> 2006, the Board of Directors approved the Organisation and Management Model (including specific procedures for financial resource management) pursuant to Legislative Decree n. 231/2001, aimed at the prevention of the crimes outlined by the same Decree. The last update of the Model was carried out on November 13<sup>th</sup> 2011 in compliance with changes in legislation and case law. The variations introduced over the course of the years have led to:

- the implementation of a Health and Safety at Work Management System (together with its manual and procedures) in accordance with the UNI / INAIL

guidelines, which represents a best practice standard for compliance with the provisions of Legislative Decree n. 81/2008;

- the implementation of new procedures introduced with the aim to constantly improve corporate organisation and to prevent the crimes outlined in Legislative Decree 231/2001 from being committed;
- a more detailed formulation of the tasks and activities of the Supervisory Board;
- the introduction, within the section on the identification of areas at risk of crime, of specific provisions for:
  - protection of copyright;
  - protection in relation to crimes of instrument or trademark forgery as well as in relation to offences against industry and commerce;
  - concessional and public financing;
  - protection in relation to organised crime.

The Company is currently in the process of adapting the Model subsequent to the introduction of new offences of “Employment of illegally resident third-country nationals”, “Unlawful induction to give or promise utility” and “Corruption between private individuals” that have been added to the list of criminal offences that could give rise to liability for the Company pursuant to Leg. Decree 231/2001.

The Model, adopted after a detailed analysis of the corporate activities and aimed at identifying potential risk areas, is a set of general principles, rules of conduct, monitoring tools, administrative procedures, training and information programmes and a disciplinary system, designed to prevent, as far as possible, any crimes from being committed.

On November 10<sup>th</sup> 2006, the Board of Directors, pursuant to the provisions of the Decree, established, within the same deliberation, the Supervisory Board, declaring it to be the Internal Control and Risks Committee, deeming it as the most suitable body for carrying out the required activities and in consideration of the requirements of autonomy, independence, professionalism and continuity of the actions necessary to perform such a function. Therefore, the Company has not considered it appropriate to assign Supervisory Board functions to the Board of Auditors.

The Supervisory Board is, therefore, a collegial body composed of three members, including two Independent Directors and one non-executive Director.

The Board of Directors is responsible for the appointing and possible revocation (for good cause) of the Supervisory Board as well as for determining its annual compensation.

Its term of office is the same as that of the Internal Control and Risks Committee.

The Model is published on the Company website.

#### **11.4. AUDITING FIRM**

On April 29<sup>th</sup> 2006, the Company Shareholders’ Meeting appointed the auditing firm BDO S.p.A. for the initial period of six financial years, as originally prescribed by law.

On April 30<sup>th</sup> 2007, the Shareholders’ Meeting extended the assignment to nine

financial years. The office will therefore terminate on the date that the Shareholders' Meeting approves the financial year to be closed on December 31<sup>st</sup> 2014.

#### **11.5. MANAGER CHARGED WITH PREPARING THE COMPANY'S FINANCIAL REPORTS AND OTHER CORPORATE ROLES OR FUNCTIONS**

The Manager charged with preparing the Company's financial reports, Maria Rosa Mazzi, was appointed on April 26th 2012 and is the Manager responsible for the Group Financial Statements and Control department.

Article 25 of the By-laws foresees that the Company Board of Directors, on prior mandatory opinion of the Board of Auditors, shall appoint the Manager charged with preparing the Company's financial reports from among those employees or partners with a minimum of two years' experience in a suitable position at the administrative and/or finance department of the Company, or of other companies, determining his/her remuneration and granting him/her with adequate powers and resources to perform the duties assigned by law.

This Manager can be revoked by the Board of Directors, on prior mandatory opinion of the Board of Auditors.

This Manager has access to a budget of Euro 5,000/00 per semester and he/she is invested with all the appropriate powers to exercise his/her functions.

The Company has not identified additional roles and functions with specific tasks in relation to internal control and risk management, taking into account the size, complexity and risk profile of the Company.

#### **11.6 COORDINATION BETWEEN THE PARTIES INVOLVED IN THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM**

The Company has laid down specific procedures for coordination between the various players involved in the internal control and risk management system.

The components of the Company's internal control and risk management system are, in fact, coordinated and interdependent and the system itself, as a whole, is integrated into the general organizational, administrative and accounting structure of the Company.

### **12. DIRECTOR INTERESTS AND RELATED-PARTY TRANSACTIONS**

Following the provisions issued by CONSOB with resolution no. 17221 dated 12/03/2010 and with resolution no. 17389 dated 23/06/2010, on November 12<sup>th</sup> 2010, the Board of Directors adopted a new procedure regarding transactions with related parties which substituted the previous version adopted by Board of Director deliberation on September 25<sup>th</sup> 2007.

The Procedure for carrying out transactions with related parties was drafted with the aim of regulating the way in which Company transactions with related parties is executed, whether directly or through subsidiaries, in order to ensure the substantial or procedural transparency and accuracy of such transactions, in compliance with the Corporate Governance Code and the law.

The procedure requires that, whatever their relevance, transactions with related parties are to be approved by the Board of Directors or by the Executive Director, who, depending on the case, has the competence to do so on the basis of the powers conferred to him/her by the Board of Directors.

It is understood that the Executive Director, if deemed necessary, can, in any case, submit the transactions of his competence for Board of Directors approval.

Prior to the approval of a transaction, the Board of Directors or the Executive Director are required to ask a committee (hereinafter, "Committee"), which may even be set up for the purpose, for a reasoned and non-binding opinion. The Committee shall be composed exclusively of non-related and non-executive Directors with a majority of independent Directors.

The functions conferred to such Committee may be carried out by the Company's Internal Control and Risks Committee, provided that the latter is formed in accordance with the requirements set forth in applicable laws and regulations.

The Procedure is available in the Investor Relations section of the Company website at: <http://www.caditgroup.com>.

With regard to related party transactions, it is hereby specified that on April 27<sup>th</sup> 2011, the Company Shareholders' Meeting introduced a new article in its By-laws entitled "Article 31 - Related party transactions", in order to enable the Company to adopt internal procedures that may provide for the exclusion, to this regard, of urgent transactions, within the limit of the law, even if said transactions are the competence of the Shareholders' Meeting.

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In the event that a Director has a personal interest, even potential or indirect, in the object of a deliberation, he/she is required to inform the Board of Directors of the existence and the circumstances of such interest so that, if necessary, he/she does not take part in its deliberation.

There have been no such situations to date.

### **13. APPOINTMENT OF THE BOARD OF AUDITORS**

Article 24 of the Company's By-laws foresees that the Board of Auditors is composed of three standing members and two alternative members to be appointed by the Shareholders' Meeting *"by using lists of candidates submitted by the Shareholders, in which the candidates are listed in a sequential order"*.

*Lists are made up of two sections: one for candidates to the office of Standing Auditor and the other for candidates to the office of Alternative Auditor.*

*Only the shareholders who, either alone or together with other Shareholders, are in possession of at least 2.5 % of shares with voting rights in the ordinary Shareholders' Meeting or any other maximum percentage required by law or regulation, have the right to submit lists.*

*Any one Shareholder, as well as the Shareholders belonging to the same group, cannot submit, even through a third party or a trust company, more than one list or vote for different lists. Each candidate may appear on one list only, otherwise he/she will be considered as ineligible.*

*Candidates who hold Auditor positions in five other listed companies (the Company, its parent company and the subsidiaries excluded) or who do not meet the requirements of integrity and professionalism established by law, cannot be included on any list.*

*The limits that the law may provide for on the number of offices will, if necessary, be applied in their minimum dimension.*

*Auditors can be re-elected. The lists must be deposited at the registered office within the twenty-fifth day preceding the date of the Shareholders' Meeting that has been summoned to appoint them, either in a first or single session, and this will be reported in the notice of summons. The Company will make the lists available to the public at the registered office, on the website and in any other way prescribed by the laws in force, without delay and at least twenty one days before the date of the Shareholders' Meeting. At the moment of depositing, the lists must be accompanied by:*

- *comprehensive information on the candidate's personal and professional qualifications, skills and experience, together with evidence of any management and control positions held in other companies;*
- *a statement in which each candidate accepts the nomination and attests, under his/her own responsibility, that there are no grounds for ineligibility or incompatibility and that he/she is in possession of the requirements set forth by the law or the By-laws with regard to the respective offices;*
- *a copy of certificates, issued by authorised brokers, stating the ownership - at the time of depositing the list at the Company - of the number of shares required to do so. Such broker certification testifying the ownership of the number of shares required to submit lists, can also be produced subsequent to filing provided that it is within the Company's deadline for list publication.*

*Any lists presented without observing all of the above provisions will be disregarded.*

*The lists, together with the information on the candidates, are promptly published on the Company website.*

*Auditor election shall proceed as follows:*

- *two standing members and one alternative member shall be elected from the list that obtained the most votes on the basis of the sequential order in which they appear on the sections of such list;*
- *the remaining standing member, who will be the chairman of the Board of Auditors, and the other alternative member, shall be elected from any second list that obtained the highest number of votes at the Shareholders' Meeting, in the order in which they appear in sections of the list.*



*The Chairman of the Board of Auditors, if not reserved by law for Auditors elected by minority, will be appointed by the Shareholders' Meeting from among the standing members.*

*If an Auditor does not possess the requirements outlined by the law and in the By-laws, he or she shall forfeit office.*

*If the need to substitute an Auditor arises, he or she will be replaced by the alternate Auditor from the same list.*

*The appointment of Auditors to be integrated into the Board of Auditors, pursuant to Civil Code article 2401, is a Shareholders' Meeting decision to be made in accordance with the majorities prescribed by law. The additional Auditor will be elected from the persons indicated by the same Shareholders who submitted the list that included the retiring Auditor. If this is not possible, the Shareholders' Meeting shall proceed to the substitution in accordance with the majority required by law".*

## **14. COMPOSITION AND FUNCTIONING OF THE BOARD OF AUDITORS**

**(pursuant to TUF article 123-bis, § 2, letter d))**

The Company Board of Auditors is composed as indicated in table 3 attached to the Report.

The current Board of Auditors will remain in office until the date of the Shareholders' Meeting summoned to approve the 2014 financial statements.

On April 26<sup>th</sup> 2012, the Company Shareholders' Meeting appointed the Board of Auditors as a result of the vote of two lists submitted by the Company shareholders, Giampietro Magnani and Maurizio Rizzoli/Marina Righi. The list submitted by Giampietro Magnani nominated Renato Tengattini and Gian Paolo Ranocchi for the office of Standing Auditor and Luca Signorini for the office of Alternative Auditor. The list submitted by Maurizio Rizzoli/Marina Righi nominated Riccardo Ferrari for the office of Standing Auditor and Giannicola Cusumano for the office of Alternative Auditor. Those elected were Riccardo Ferrari, as Chairman of the Board of Auditors and Standing Auditor, Renato Tengattini and Gian Paolo Ranocchi as Standing Auditors and Luca Signorini and Giannicola Cusumano as Alternative Auditors. The first list has obtained 73.45% of the votes compared to the voting capital while the second list received the remaining 26.27%.

The Board of Auditors met seven times during financial year 2012 and there were no changes in the its composition at the end of that financial year. The average duration of Board of Auditor meetings was about three hours. The Board Auditors plans its meeting periodically throughout the year. The Board has already met twice in the 2013 financial period.

The Board of Auditors assessed the independence of its members at the first opportunity after their appointment and, during the financial year, it also assessed the persistence of



such independence requirements by applying the criteria set by the Corporate Governance Code to this regard.

The Chairman of the Board of Directors has made sure that the Auditors can participate, after the appointment and during their term, to initiatives aimed at providing them with adequate knowledge of the sector in which the Company operates, of the corporate dynamics and their evolution and of the regulatory framework

Should an Auditor demonstrate to have a personal interest, even potential or indirect, in a Company transaction, he/she is required to immediately and exhaustively inform the other Auditors and the Chairman of the Board of Director of the nature, terms, origin and extent of his/her interest.

The Board of Auditors is constantly in close contact with both the Internal Audit function, given that the Person in charge is involved in the Board's meetings, and the Internal Control and Risks Committee, whose meetings are attended by the Chairman of the Board of Auditors.

As a result of Legislative Decree no. 39 of 27/01/2010, which implements EU Directive 2006/43/EC on statutory audits of annual and corporate accounts, the Board of Auditors was also granted the role of "Internal Control and Auditing Committee".

## **15. INVESTOR RELATIONS**

The Company endeavours to provide all relevant information and documentation to Shareholders in good time. The documentation relating to corporate governance, institutional information and periodical and extraordinary economic and financial information are all available on the Company website ([www.caditgroup.com](http://www.caditgroup.com)).

In fact, the Company promptly informs Shareholders and potential Shareholders of any action or decision that may have a relevant impact on their investment and it publishes every press release and pay notice related to the exercise of any right connected to issued securities, as well as any documents relating to Shareholders' Meetings or made available to the public on its website.

The aim of such is to inform Shareholders and investors of every issue on which they are invited to comment.

The Company also arranges conference calls with Financial Analysts and Institutional Investors, allowing the press to attend such events.

On April 26<sup>th</sup> 2012, the Board of Directors appointed the executive Director Paolo Dal Cortivo as the Company's representative for Shareholder relations.

The Company has also established the Investor Relations function for managing relationships with Shareholders.

## **16. SHAREHOLDERS' MEETINGS** **(pursuant to TUF article 123-bis, § 2, letter c))**

The articles in the Company By-laws that govern Shareholders' Meetings are reported below.

*Art. 6) The Shareholders' Meeting, regularly established according to law, represents all the shareholders, and its resolutions, taken in accordance with the law and these By-laws, are binding for all Shareholders even if absent or dissenting.*

*Art. 7) The Shareholders' Meeting is called by the Board of Directors, or by the Board of Auditors, if prescribed by law, within the terms established by current regulations. The Board of Directors summonses the Shareholders' Meeting at the request of Shareholders in accordance with the laws in force. The Meeting can also be summoned by the Board at the request of Shareholders representing at least one twentieth of the share capital, subject to the provisions of Civil Code article 2367, last paragraph, or by the Board of Auditors or by at least 2 (two) members of the latter.*

*The Shareholders' Meeting may be also summoned to meet anywhere in the Nation outside the registered office.*

*The ordinary Shareholders' Meeting must be called at least once a year within 120 days after the closing of the financial year or within 180 days after the aforementioned closure, whenever the Company is required to prepare the consolidated financial statements or whenever particular necessities concerning the structure and purpose of the company arise.*

*The Shareholders' Meeting is also summoned, in both ordinary and extraordinary sessions, whenever the Board of Directors deems it necessary and in all cases prescribed by law.*

*The summons notice may indicate a single call or it can include a first, second and, with regard to Extraordinary meetings, even a third call.*

*The meeting is called by means of a summons notice, stating the day, place and time of the meeting, the list of topics to be discussed and any other information required by the laws in force. The notice is to be published on the Company website as well as in all other ways provided for by the laws in force. The same summons notice will specify the date, place and time of any further call following the first one. The notice may specify a maximum of one further date for Extraordinary Meetings to be held after the second summons date.*

*Art. 8) Shareholders who, also jointly with other shareholders, represent at least one fortieth of the share capital, may request, in accordance with the regulations in force, the integration of an additional item on the agenda.*

*Requests to amend the agenda shall be described in a report to be deposited in accordance with the terms and modalities provided for by the laws in force.*

*Additions to the agenda are notified in the same manner prescribed for the publication of the summons notice and within the terms set forth by laws in force.*

Art. 9) *Every Shareholder is entitled to one vote per each share held.*

Article 10 of the By-laws foresees that only persons in possession of the right to vote who submit the appropriate certification issued by an authorised broker in accordance with the terms and modalities established by the laws in force, will be able to attend the Shareholders' Meeting.

To date, the Company has not provided for any specific measure to reduce the restrictions and requirements relating to Shareholders' Meeting participation and for Shareholders' rights to exercise their vote.

There have been no proposals by Shareholders who are able to exercise significant influence on matters, which were not accompanied by a specific prior proposal by the Board of Directors.

\*\*\*

On June 29<sup>th</sup> 2000, the Company Shareholders' Meeting approved the Rules for Shareholders' Meetings which were updated on April 27<sup>th</sup> 2011 and published in the Investor Relations section of the Company website at <http://www.caditgroup.com>.

Article 16 of the Company Rules for Shareholders' Meetings foresees that: *“persons entitled to attend the meeting, the Directors and the Auditors have the right to speak on each of the topics under discussion and to make suggestions to their regard.*

*Those persons entitled to attend the Meeting and who intend to speak, must ask the Chairman after the related item on the agenda has been read and before the discussion on such item has been closed.*

*The request must be made by a show of hands, unless the Chairman has decided to proceed through written requests. In the case of a show of hands, the Chairman will give the floor to those who raised their hand first. Should this prove impossible to determine, the Chairman will give the floor in the order he himself unquestionably establishes. If the procedure is by written requests, the Chairman will give the floor following the alphabetical order of the applicants.”*

In the 2012 financial year, the Shareholders' Meeting took place on April 26<sup>th</sup> 2012.

The Meeting was attended by seven Directors.

The Chairman of the Nominating and Remuneration Committee has not informed the Shareholders about the operating mode of the Committee itself.

The items on the Agenda were as follows:

- proposed approval of the 2011 financial statements and the distribution of the profits;
- Remuneration Report pursuant to article 123-ter of Legislative Decree 58/1998;
- appointment of the Board of Directors prior to determining the number of members and their remuneration;

- appointment of the Board of Auditors, its Chairman and determination of the relative remunerations.

\*\*\*

During the Meeting, the Board of Directors reported on planned and undertaken activities and did its best to ensure that the Shareholders received adequate information to allow them to take informed decisions at the Shareholders' Meeting.

In the 2012 financial year, the market capitalisation of Company shares increased by about 28%.

The Company By-laws adopt the minimum percentages required by the laws in force to exercise rights and prerogatives set to protect minorities.

## **17. FURTHER CORPORATE GOVERNANCE PRACTICES (pursuant to TUF article 123-bis, § 2, letter a))**

As explained in section 11.3 of the Report, on November 10<sup>th</sup> 2006, the Company adopted the Organisation and Management Model pursuant to Legislative Decree 231/2001, which has since been updated. The last update was on November 13<sup>th</sup> 2012.

## **18. CHANGES SINCE THE CLOSURE OF THE 2011 FINANCIAL PERIOD**

No changes to the corporate governance structure have occurred since the closure of the 2012 financial period.

**TABLE 1: OWNERSHIP STRUCTURE**

<i>SHARE CAPITAL STRUCTURE</i>				
	No. of shares	% of the share cap.	Listed (which segment) / not listed	Rights and obligations
Ordinary shares	8,980,000	100	STAR	Shares are freely transferable and each share gives the right to one vote. The shareholders may exercise their social property rights assigned to them by law, respecting the legal limits set.
Shares with limited voting rights	///	///	///	///
Shares without voting rights	///	///	///	///

<i>OTHER FINANCIAL INSTRUMENTS (attributing the right to subscribe newly issued shares)</i>				
	Listed (which segment) / not listed	No. of issued instruments	Category of shares servicing the conversion /financial year	No. of shares servicing the conversion /financial year
Convertible bonds	///	///	///	///
Warrant	///	///	///	///

<b>RELEVANT SHAREHOLDINGS*</b>			
Shareholder	Direct shareholder	% of the ordinary share capital	% of the voting share capital
RIGHI MARINA	Yes	15.943	15.943
DAL CORTIVO GIUSEPPE	Yes	10.672	10.672
MORBI CARMEN	Yes	4.242	4.242
LANZA LILIANA	Yes	4.130	4.130
MAGNANI GIAMPIETRO	Yes	10.633	10.633
BELLONI LAURA	Yes	4.130	4.130
ZANELLA LUIGI	Yes	10.548	10.548
XCHANGING BV LLC	Yes	10.000	10.000
SOFYL S.r.l.	Yes	2.366	2.366
LAZARD FRERES GESTION	Yes	2.004	2.004

\* Updated on December 31<sup>st</sup>, 2011

**TABLE 2: STRUCTURE OF BOARD OF DIRECTORS AND ITS COMMITTEES**

Board of Directors											Internal Control and Risks Committee		Nominating and Remuneration Committee		Executive Committee (if any)		Other Committees (if any)	
Office	Members	In office since	In office until	List (M/m)	Exec.	Non exec.	Indep. For Code	Ind. For TU F	(%) **	Number of other offices ***	****	**	****	**	****	**	****	**
<b>Chairman</b>	Giuseppe Dal Cortivo	26-04-12	Close of 2014	M	X				100									
<b>Executive Director</b>	Giampietro Magnani	26-04-12	Close of 2014	M	X				100									
<b>Executive Director</b>	Luigi Zanella	26-04-12	Close of 2014	M	X				100									
<b>Executive Director</b>	Paolo Dal Cortivo	26-04-12	Close of 2014	M	X				80									
<b>Non-executive Director</b>	Maurizio Rizzoli	26-04-12	Close of 2014	m		X			100		X	100	X	100				
<b>Non-executive Director</b>	Jörg Karsten Brand	26-04-12	Close of 2014	M		X			60									
<b>Non-executive Director</b>	Lamberto Lambertini	26-04-12	Close of 2014	M			X	X	100		X	100	X	100				
<b>Lead Independent Director</b>	Francesco Rossi	26-04-12	Close of 2014	m			X	X	100	3	X	100	X	100				



-----DIRECTORS LEAVING OFFICE DURING REFERENCE PERIOD-----

<b>Non-executive Director</b>	///								///											
<b>Quorum for presenting lists for last appointment: 1/40 of the share capital</b>																				
<b>No. of meetings held in reference period</b>					<i>BoD: 5</i>				<i>ICC: 4</i>				<i>NRC: 3</i>							

**NOTE**

- \*Elected from Majority (M) or minority (m) list.
- \*\* Attendance (%) at BoD and committee meetings (# of meetings actually attended out of total meetings held during period in office).
- \*\*\*Number of directorships or auditorships held in other companies listed in regulated markets, included foreign markets, financial companies, banks or insurance companies or companies of relevant size.
- \*\*\*\*"X" = Committee Membership

**NB: PLEASE SEE CVs ATTACHED TO THE DIRECTORS' REPORT WITH THE LIST OF OFFICES HELD IN OTHER COMPANIES. ATTACHED ARE ALSO THE INDEPENDENCE STATEMENTS OF BOTH INDEPENDENT DIRECTORS. NONE OF THE OTHER DIRECTORS CURRENTLY HOLD OFFICES IN OTHER COMPANIES**

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

<b>Board of Auditors</b>							
<b>Office</b>	<b>Members</b>	<b>In office since</b>	<b>In office until</b>	<b>List (M/m)*</b>	<b>Independence as per Code</b>	<b>** (%)</b>	<b>Number of other offices ***</b>
<b>Chairman</b>	Riccardo Ferrari	26-04-2012	Close of 2014	m	X	100	
<b>Standing Auditor</b>	Gian Paolo Ranocchi	26-04-2012	Close of 2014	M	X	100	
<b>Standing Auditor</b>	Renato Tengattini	26-04-2012	Close of 2014	M	X	100	
<b>Alternative Auditor</b>	Luca Signorini	26-04-2012	Close of 2014	M	X	///	
<b>Alternative Auditor</b>	Giannicola Cusumano	26-04-2012	Close of 2014	m	X	///	
-----AUDITORS LEAVING OFFICE DURING REFERENCE PERIOD -----							
<b>Quorum for presenting lists for last appointment: 2.5% of the share capital</b>							
<b>No. of meetings held in reference period: 7</b>							

**NOTE**

\* Elected from majority list (M) or minority list (m).

\*\* Attendance (%) at Board of Auditor meetings (# of meetings actually attended out of total meetings held during period in office).

\*\*\* Number of directorships or auditorships relevant pursuant to TUF article 148 bis. Pursuant to CONSOB Issuers Regulations article 144-quinquiesdecies, the complete list of such offices is published by CONSOB on its website.

## **ATTACHMENT**

### **CURRICULUM VITAE: CAD IT S.p.A. DIRECTORS**

#### **GIUSEPPE DAL CORTIVO**

##### ***Personal data***

Born in Verona on 25/07/1945, he graduated in economics and business studies in 1972 at Verona University.

##### ***Professional position***

Since 1980 he has been part of Cad S.r.l. and, in 1987, he founded CAD IT S.p.A. (former Proga S.r.l.) together with Luigi Zanella, Giampietro Magnani and Maurizio Rizzoli, as well as some of their relatives, with the aim of extending the software activities traditionally addressed to company businesses into the credit sector.

He currently holds the Chairmanship of the Board of Directors of CAD IT S.p.A., besides being a member of the Board of Directors of some subsidiaries.

Together with the other members of the Board of Directors, he defines the corporate strategy.

He is in charge of the “software for financial instrument back office” department and, in particular, he is the department’s Production Manager. He is also in charge of the Organisation Office, of the Sales Office and responsible for managing in Banking Division customers in relation to financial instruments.

Together with another Executive Director, he also manages the internal research and development team.

##### ***Previously held positions/offices***

1967 – 1980: he worked for Cassa di Risparmio di Verona, where he specialised in information technology and finance.

##### **Other current positions/offices**

Executive Director of DQS S.r.l.

Executive Director of CESBE S.r.l.

Legal Representative, with all the powers of ordinary and extraordinary management, with the exception of those reserved to the BoD, of CAD S.r.l.

Director of Sicom Informatica S.r.l.

#### **GIAMPIETRO MAGNANI**

##### ***Personal Data***

Born in Caprino Veronese (VR) on 10/11/1944.

##### ***Professional position***

In 1987 he founded CAD IT S.p.A. (former Proga S.r.l.) together with Luigi Zanella, Giuseppe Dal Cortivo and Maurizio Rizzoli, as well as some of their relatives, with the aim of extending the software activities traditionally addressed to company businesses into the credit sector.

Due to his technical and computing skills, gained through several years of working in the banking business (1970 - 1981 Cassa di Risparmio di Verona), he is now in charge of the technological evolution of CAD IT Group software products.

He is currently in charge of the “Software for Services” department and of the “Integrated IT Systems for Banks” department. He manages the production, organisation, marketing and customer management functions of these departments and, together with another Executive Director, he also manages the internal research and development team.

Lastly, he also covers the role of Person in charge of the entire Industry Division.

He is an Executive Director of CAD IT S.p.A. and he is a Member of the Board of Directors of some subsidiaries.

##### ***Previously held positions/offices***

1967 – 1970: analyst programmer at Associazione Nazionale Allevatori di Razza Bruna.

##### **Other current positions/offices**

Chairman and Executive Director of Smart Line S.r.l.

Chairman and Executive Director of CAD S.r.l.

#### **LUIGI ZANELLA**

##### ***Personal data***

Born in Legnago (VR) on 19/01/1947.

##### ***Professional position***

After specialising in the design of information systems for banks and industry, in 1982, he acquired a relevant shareholding in CAD S.r.l. becoming one of its key persons.

In 1987 he founded CAD IT S.p.A. (former Proga S.r.l.) together with Giampietro Magnani, Giuseppe Dal Cortivo and Maurizio Rizzoli, as well as some of their relatives, with the aim of extending the software activities traditionally addressed to company businesses into the credit sector.

Currently, besides being an Executive Director of CAD IT S.p.A. and of some subsidiaries, he manages the Group's internal organisation activities. In particular, he is in charge of the management and control function, the human resources management, the administration and finance department, the logistics department, the purchasing department and internal security.

***Previously held positions/offices***

1966 – 1969: analyst programmer at Milan and Bologna divisions of Consorzio Nazionale Esattori.

1969 – 1982: analyst programmer for the Centro Elettronico of the Cassa di Risparmio di Verona.

***Other current positions/offices***

Executive Director of DQS S.r.l.

Executive Director of CESBE S.r.l.

Legal Representative, with all the powers of ordinary and extraordinary management, with the exception of those reserved to the

BoD. of CAD S.r.l.

Director of Sicom Informatica S.r.l.

Director of Sofyl S.r.l.

**PAOLO DAL CORTIVO**

***Personal data***

Born in Verona on 06/12/1972, he graduated in economics and business in 1997 at the Trento University.

***Professional position***

Currently, besides being an Executive Director of CAD IT S.p.A., he also manages the Group's business development activities.

After the Company's listing on the Italian Stock Exchange on 26/10/2000, he is also the Company's "Investor Relations" Manager, due to the skills gained before and during the listing process, with particular attention to institutional and non-institutional relationships, financial analysts and the press.

***Previously held positions/offices***

1997 – 1999: collaboration with CAD IT S.p.A. for the development and design of a computer procedure for the management of SICAV "corresponding bank" and "dealing bank" problems, with reference to Italian banks.

In 1999 he was nominated as Chairman of 4 Emme Informatica S.r.l. in Lodi, a company that provides software development services and banking advice.

January 1999 – March 2000: collaboration with CAD IT S.p.A. for the design of the "complete IT system for banks (SIBAC)" with particular reference to the securities area.

During 2000 he oversaw, together with other members of the Board of Directors, CAD IT S.p.A.'s listing in the Italian Stock Exchange, following every phase of the process.

In January 2001 he was nominated Chairman of the Board of Directors of SGM S.r.l. in Padua, a software house specialised in the production of management systems for enterprises and software solutions integrating wireless technology to the network, currently merged into CAD S.r.l..

**MAURIZIO RIZZOLI**

***Personal data***

Born in Verona on 19/06/1946, he graduated in engineering at Padua University.

***Professional position***

Since 1987 he has been a shareholder in CAD IT S.p.A. (former Proga S.r.l.) and he is currently a Member of the Board of Directors.

Since the origins of the Group, he has overseen the industry sector becoming a specialist in the design of solutions for the administrative and production management areas, with particular reference to engineering firms.

He has recently specialised in the creation of information systems for Public Administration.

***Previously held positions/offices***

Before establishing CAD S.r.l., he operated in the banking sector as an analyst programmer, gaining vast experience with large-scale systems.

**JOERG KARSTEN BRAND**

***Personal data***

Born in Saarbruecken (Germany) on 23/05/1969, he graduated in 1990 as "Bankkaufmann" at Berufsschule Weidenstieg, Hamburg, Germany and in 1994 as "Bankfachwirt", majoring in Finance & Accounting, Economics and Law at Bankakademie, Hamburg, Germany and in 2001 obtained a Master of Science Degree in Finance at the London Business School, London, United Kingdom.

***Professional position***

January 2011 XCHANGING Continental Europe, Frankfurt

to present

BaFin-approved Managing Director ('Geschäftsführer') of Xchanging Transaction Bank GmbH  
BaFin-approved Managing Director ('Geschäftsführer') of Fondsdepot Bank GmbH

Managing Director of Xchanging ETB GmbH

Managing Director of Xchanging GmbH

Managing Director of Xchanging Italy S.r.l.

Member of the Shareholder Committee of Xchanging etb GmbH

Member of the Shareholder Committee of Fondsdepot Bank GmbH

Member of the Shareholder Committee of Kedrios S.p.A.

- Director (CEO and CFO) for Xchanging Continental Europe
  - Responsible for all operations including balance sheet preparation and management of the external year-end audit for all operations of Xchanging Central Europe

**Previously held positions/offices**

August 2009 -  
December 2010

XCHANGING PLC, London  
Group Corporate Development Director

- Lead Investor Relations for Xchanging PLC group
  - Manage relationships with and presented to research analysts and existing and potential investors
  - Responsible for consensus modelling and forecasts
  - Conducted 'beauty parade' to appoint stock brokers
  - Managed the RfP process to retain Investor Relations consultancy
- Shape and validate potential Enterprise Partnerships and major outsourcing deals
  - Responsible for the commercial viability of the business case
  - Work with Legal to develop the commercial terms and negotiate the agreements forming the contract
  - Enforce the rigorous business development process
- Support the Group CFO in all commercial activities at group level
  - Evaluate the performance of existing Enterprise Partnerships over their lifecycle to document value delivered to partners and to Xchanging
  - Manage and re-negotiate existing contracts (where necessary)
- Own and managed the acquisition and commercial processes for the Xchanging group
  - Developed defence strategy including the identification of 'white knights'
  - Provide input into M&A strategy and direction
  - Prepare acquisition pipeline to support Xchanging group strategy
  - Evaluate all major business development opportunities
- Provide strategic support to the Xchanging PLC Board regarding value drivers and ensure these are captured in the company strategy
- Advise on capital structure
  - Manage relationships at all levels with potential equity capital providers, providing input into financing strategy and optimal balance sheet structure
  - Model company performance and determine valuation parameters
  - Liaise with external bodies concerning equity pricing
  - Support Treasury in the development of cash flow and funding models

September 2004 -  
July 2009

XCHANGING Continental Europe, Frankfurt  
BaFin-approved Managing Director ('Geschäftsführer') of Xchanging Transaction Bank GmbH responsible for Finance, Quality, Audit, HR and Service (since 11/07)

- Finance and Commercial Director for Xchanging Continental Europe (01/09 – 08/09)
  - Responsible for balance sheet preparation and management of the external year-end audit (PWC)
  - Prepared extensive financial reporting to Group CFO
  - Owned and managed the acquisition and commercial processes at sector level
- Negotiated the acquisition of Fonds Service Bank (approx. 450,000 retail investment accounts) from DAB for approximately € 20 million
- Negotiated and implemented the acquisition of Fondsdepot Bank GmbH from Allianz Global Investors (8-year BPO partnership with a total contract value of approximately € 400 million)
- Head of Service for Xchanging Continental Europe (01/05 – 12/08)

- Strategic development of existing customer relationships at senior management level
  - Created substantial growth in selling services to existing customers
- August 2002 - August 2004      Xchanging Limited, London  
Business Development Manager
- Co-Founder of Xchanging, Germany
  - Developed 'go-to-market strategy' for the German market
  - Negotiated take-over of "European transaction bank" from Deutsche Bank AG (12-year BPO partnership with a total contract value of approx. € 2 billion)
- July 2001 - July 2002      DEUTSCHE BANK, London  
Corporate Finance / Mergers and Acquisitions
- FSA-approved "Securities and Financial Derivatives Representative"
  - Advised corporations on mergers & acquisitions and capital structure
  - Prepared financial models for merger effects and company valuation including LBO analyses
  - Deal experience: Acquisition of Innogy Plc by RWE AG for approx. Euro 8.5 billion (Joint defence & sell-side advisor), Acquisition of National Car Parks by Cinven and Royal Bank Private Equity for approx. Euro 1.3 billion (Sole buy-side advisor), Acquisition of Youngs Bluecrest Seafood by CapVest for approx. Euro 200 million (Sole sell-side advisor)
- June 1999 - July 2000      DRESDNER KLEINWORT BENSON, Buenos Aires, Argentina  
Regional Manager Global Finance
- Originated, structured and distributed debt and bond products (incl. credit analyses) for corporations and banks in Argentina, Chile, Peru, Bolivia and Uruguay.
  - Advised companies on the arrangement of financing packages in the areas of acquisition finance & project finance including different tax optimisation structures
  - Transactions executed included: Advisor for ENAP (Chile) on the targeted acquisition of Petrolera San Jorge (Argentina), Perez Companc (Argentina) US\$ 300m Syndicated Loan, Telefónica de Argentina US\$ 400m FRN, Telefónica del Peru US\$ 200m FRN
- December 1998 - June 1999      DRESDNER KLEINWORT BENSON NORTH AMERICA LLC, New York, USA  
Manager Global Finance
- Placed various funds - related to Latin America - among German institutional investors
  - Analysed the credit of privately placed debt of U.S. corporations
- October 1997 - December 1998      DRESDNER BANK LUXEMBOURG S.A., Luxembourg, Luxembourg  
Assistant Vice President
- Structured, distributed and executed syndicated loans for corporations / banks in Latin America
- June 1994 - September 1997      DRESDNER BANK LATEINAMERIKA AG, Buenos Aires, Argentina  
Assistant Representative
- Acted as Sales and Relationship Manager for financial institutions and corporations
  - Negotiated and re-structured troubled and non-performing loans
- October 1991 - May 1994      DRESDNER BANK LATEINAMERIKA AG, Hamburg, Germany
- Rotative trainee program concentrated on the Corporate & Correspondent Banking area. Subjects comprised: credit analysis & administration & relationship management
- September 1990 - September 1991      Military Service (1. Panzerartilleriebattalion 177), Hamburg, Germany
- August 1988 -      DRESDNER BANK LATEINAMERIKA AG, Hamburg, Germany

July 1990                      □ □      Apprenticeship program, graduated as "Bankkaufmann"

**FRANCESCO ROSSI (Independent)**

***Personal data***

Born in Giovo (TN) on 26/06/1947, he graduated in Economics and Business in 1971 at Padua University.

***Professional position***

Principal of the Faculty of Economics at Verona University in 1997-2000, 2000-2003 and since 2006.  
Full Professor in the Faculty of Economics at Verona University, scientific and disciplinary field SECS-S/06 "Mathematical methods of economy and actuarial and financial sciences", and professor of "Mathematics for Economic-Financial Decisions", "The management of share portfolios" on Faculty of Economics degree courses. He also teaches on Master and research doctorate courses.

***Other current positions/offices***

Member of the Board of Directors of: Duomo UniOne Assicurazioni S.p.A., Aletti Gestielle SGR S.p.A. (independent), CAD IT S.p.A. (independent) and Fondazione CUOA.

***Previously held positions/offices***

Member of the Board of Directors of Aletti Gestielle Alternative SGR S.p.A. (2010)  
Member of the Board of Directors of Aletti Private Equity SGR S.p.A. (2003-2009)  
Principal of the "Mathematics Institute" of the Faculty of Economics at Verona University (1993-1999);  
Principal of the "IT and Automatic Calculation Centre" at Verona University (1990-1999);  
Professor of "Mathematics for Economic and Financial Applications" at Luigi Bocconi Business University in Milan (1994-1999);  
Professor of "The Mathematical Theory of Financial Portfolios" at Trieste University (1996);  
Professor of "General Mathematics" at "Cà Foscari" University in Venice (1990-1993);  
Associate Professor of "Operative Research" at Verona University (1985-1990);  
Statistics assistant at Padua and Verona Universities (1973-1984, period in which he was also professor for the teaching of "Statistics and Operative Research");  
Consultant and employee at Montefibre in Milan (1971-1972)

**LAMBERTO LAMBERTINI (Independent)**

***Personal data***

Born in Bologna, on 03/06/1949.

***Professional position***

Lawyer with experience in corporate and commercial law;  
Enrolled in the "Lawyer's Bar" since 1977;  
Enrolled in the "Albo dei patrocinanti in Cassazione ed abilitati al patrocinio dinanzi alle giurisdizioni superiori" since 1991;  
Member of the Board of Directors of CAD IT S.p.A.

***Previously held positions/offices***

Head editor of the "Rivista degli Avvocati Italiani" journal (1991-1996);  
National Vice secretary of "Federavvocati" (1991-1992);  
Chairman of the "Consiglio dell'Ordine degli Avvocati di Verona" (1996-1998 and 1998-2000);  
Member of the Board of Directors of the "Fondazione Arena di Verona" (1999-2006);  
Guarantor for Verona Municipality (2001-2005);  
He collaborated in the teaching of business law at the Faculty of Law at Verona University;  
Coordinator of civil law teaching and professor of business law at the legal professions specialization school set by Trento and Verona Universities (2001- 2007);  
Chairman of the Supervisory Board of Aluminium Trevisan Cometal S.p.A. (2008-2009)  
Chairman of the "District Commission" at the "Venice Court of Appeal" for the lawyer state exam (2009-2010);  
Member of the editorial committee of the "Rivista di Giurisprudenza ed economia d'azienda" journal;  
Chairman of the shareholders' meeting of the "Società Letteraria di Verona".

## **CURRICULUM VITAE: CAD IT S.p.A. AUDITORS**

**RICCARDO FERRARI**

***Personal data***

Born in Rome on 30/12/1954

***Professional position:***

Head of "CFC PROFESSIONISTI ASSOCIATI - studio professionale associato" in Verona



***Chairman of Board of Auditors offices***

CAD IT S.p.A.  
Eurofin S.r.l.

***Standing Auditor offices***

Compar S.p.A.  
Elle Immobiliare S.p.A.  
Ferro S.p.A.  
Gruppo Centro Nord S.p.A.  
Idromec S.p.A.  
Immobiliare Caselle S.p.A.  
Immobiliare Cinquerre S.p.A.  
Impresa Edile Lonardi S.p.A.  
Muraro S.p.A.  
Officina Meccanica F.lli Tabarelli S.p.A.  
Pakelo Motor Oil S.r.l.  
Panfin S.r.l.

***Non-corporate organizations offices***

Head of the “Accademia Filarmonica di Verona”  
Counsellor for “Amici di Castelvecchio e dei civici musei di Verona”

**GIAN PAOLO RANOCCHI**

***Personal data***

Born in Verona on 07/04/1961

***Professional position***

Member of the Order of Accountants and E.C. of Verona  
Director of the Order of Accountants and E.C. of Verona  
Partner at “Studio Fermi Commercialisti Associati” in Verona.

***Chairman of Board of Auditors offices***

Gemma S.P.A.  
Sat S.p.a  
CAD S.r.l.  
E.B.I Group S.R.L.  
Cisalpina Finanziaria S.r.l.  
Centro San Floriano S.r.l.

***Standing Auditor offices***

CAD IT S.p.A.  
Banca della Valpolicella Credito Cooperativo di Marano – soc. cooperativa  
Gamma Ufficio S.p.A.  
Corte Giara S.r.l.  
Rotomec S.p.A.  
Stocchero Attilio E.C. S.r.l.  
Premium wine Selection P.W.S. S.r.l.  
Industrialtechnics S.r.l.  
Società Agricola Luna Sicana S.r.l.  
Bignami S.p.A.

***Chairman of Board of Directors offices***

Fario S.r.l.

***Director offices***

C.M.R. Service S.r.l.  
Asp Holding S.r.l.  
Van Paoluk S.r.l.

**RENATO TENGATTINI**

***Personal data***

Born in Paratico (BS) on 06/01/1956

***Professional position***

Member of “Studio Associato Campedelli” in Verona.



***Standing Auditor offices***

CAD IT S.p.A.  
Konus Italia Group S.p.A.  
Zucchelli Forni S.p.A.  
Ingessil S.r.l.  
Corte Giara S.r.l.  
Zanetti S.r.l.  
I.Var. Industry S.r.l.  
Gierrebi S.r.l.  
Car Due S.p.A.  
Mondial Forni S.p.A.  
Antica Bottega del Vino S.r.l.

***Chairman of Board of Director offices***

Paluani S.p.A.

***Director offices***

Immobiliare Berardi S.p.A.

***External auditor offices:***

Accademia C.B. Cignaroli