



**CORPORATE GOVERNANCE AND OWNERSHIP STRUCTURE  
REPORT**

pursuant to article 123-*bis* of the Consolidated Finance Act

**Issuer: Caltagirone Editore S.p.A.**  
Website: [www.caltagironeeditore.com](http://www.caltagironeeditore.com)

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## GLOSSARY

**2011 Self-Governance Code:** the Self-Governance Code of listed companies approved in December 2011 by the Corporate Governance Committee and promoted by Borsa Italiana S.p.A., ABI, ANIA, Assogestioni, Assonime and Confindustria.

**Civ. Code.:** the civil code.

**Board:** the Board of Directors of Caltagirone Editore S.p.A.

**Issuer:** Caltagirone Editore S.p.A.

**The Year:** 2012

**Consob Issuer Regulations:** the Issuer Regulations issued by Consob resolution No. 11971 of 1999 (as subsequently amended).

**Consob Market Regulations:** the Market Regulations issued by Consob resolution No. 16191 of 2007 (as subsequently amended).

**Consob Related Parties Regulation:** the Issuer Regulations issued by Consob Resolution No. 17721 of March 12, 2010 (as subsequently amended) in relation to related parties.

**Report:** the corporate governance and ownership structure report which the company must prepare as per art. 123-*bis* CFA.

**Consolidated Finance Act/CFA:** Legislative Decree of February 24, 1998, No. 58 (Consolidated Finance Act).

## 1. COMPANY PROFILE

Caltagirone Editore S.p.A. operates as a “holding” company with investments in the publishing (daily newspapers and free press), advertising, telecommunications and internet sectors.

The present report illustrates the corporate governance adopted by the Issuer. This system is based on the needs of a holding company and is based, therefore, on the systems of controls of the activities of the companies in which it is present through the operating subsidiaries of the Issuer.

This system is therefore centred on: (i) the central role of the Board of the Issuer in strategic direction; (ii) the transparency of the operational decisions; (iii) the effectiveness of the internal control which is undertaken through the existing control structure within the individual operating units and the individual subsidiaries and the supervision of the Internal Control Committee appointed by the Board.

## 2. INFORMATION ON THE OWNERSHIP STRUCTURE (as per Article 123 bis, paragraph 1, CFA)

at 31/12/2012

### a) Shareholders (as per article 123-bis, paragraph 1, letter a), CFA)

Subscribed and paid-in share capital of Caltagirone Editore at December 31, 2012: Euro 125,000,000.00.

Categories of shares that make up the share capital: Ordinary Shares with voting rights (See Table 1 of the appendix)

Other financial instruments which attribute the right to subscribe to newly issued shares were not issued.

No share incentive plans have been introduced which resulted in an increase, including free, of the share capital.

### b) Restriction on the transfer of shares (as per article 123-bis, paragraph 1, letter b), CFA)

There are no restrictions on the transfer of securities.

### c) Significant holdings (as per article 123-bis, paragraph 1, letter c), CFA)

The shareholders with holdings above 2% of the share capital, as per the shareholder registry, the communications received in accordance with article 120 of the CFA and the other information available are reported in Table 1 of the appendix.

### d) Shares which confer special rights (as per article 123-bis, paragraph 1, letter d), CFA)

There are no securities which confer special control rights.

No special powers have been attributed to specific roles.

### e) Employee shareholdings: voting mechanism (as per article 123-bis, paragraph 1, letter f), CFA)

No system of share participation has been created for employees, and therefore there is no particular mechanism for the exercise of voting rights by these latter.

### f) Voting restrictions (as per article 123-bis, paragraph 1, letter f), CFA)

There are no restrictions on voting rights.

### g) Shareholder agreements (as per article 123-bis, paragraph 1, letter g), CFA)

There are no shareholding agreements between shareholders pursuant to article 122 of the Consolidated Finance Act relating to the exercise of rights of shares or the transfer thereof.

### h) Change of control clause (as per article 123-bis, paragraph 1, letter h), CFA)

The Issuer and its subsidiaries have not signed significant agreements that are effective, or could be modified or void in the case of a change in control of the contracting company.

The Company By-Laws do not provide for exceptions to the passivity rule pursuant to Article 104, paragraphs 1 and 2 of the CFA, nor the application of the neutralisation rules pursuant to Article 104-bis, paragraphs 2 and 3 of the CFA.

**i) Power to increase the share capital and authorisation to purchase treasury shares (as per article 123-bis, paragraph 1, letter m), CFA)**

The Board does not have the power to increase the Share Capital or to issue financial instruments.

The Shareholders' Meeting of April 26, 2012 authorised the Board of Directors to purchase and sell ordinary Company shares, in accordance with Article 2357 of the Civil Code, with the faculty to create the so-called "Securities Reserve" to be used for operations of interest to the Company, in compliance with that established by the applicable regulation. The authorisation granted by the Shareholders' Meeting establishes that the purchase of ordinary Company shares, taking account of treasury shares already held, is not greater than 3% of the share capital and therefore 3,750,000 shares with a further restriction that the amount of shares to be purchased does not exceed Euro 5,000,000.

The authorisation for purchase operations has a duration of 18 months from the resolution date, while the authorisation to utilise treasury shares acquired is without time limit.

In execution of the Shareholders' Meeting authorisation for the purchase of treasury shares, the Board of Directors of the Company introduced the relative treasury share buy-back programme on the MTA segment of Borsa Italiana S.p.A., acquiring in 2012 301,445 shares, equal to 0.2412% of the share capital. At December 31, 2012, the Company held a total of 433,570 treasury shares in portfolio corresponding to 0.3469% of the share capital.

**l) Direction and co-ordination activities (as per article 2497 and subsequent of the Civil Code)**

The company is not subject to management and co-ordination pursuant to art. 2497 and subsequent of the Civil Code.

**m) Director indemnity in the case of dismissal without just cause (in accordance with Article 123-bis, paragraph 1, letter i) of the CFA)**

The information required by Article 123-bis, paragraph 1, letter i) of the CFA relating to agreements between the Company and Directors which provide indemnity in the case of dismissal without just cause or following a public purchase offer is illustrated in the Remuneration of Directors section (published pursuant to Section 123-ter of the CFA).

**n) Appointment and replacement of Directors (as per article 123-bis, paragraph 1, letter l), CFA)**

The information required by article 123-bis, paragraph 1, letter l) CFA) relating to the applicable regulations concerning the appointment and replacement of directors, in addition to the amendment of the by-laws if differing from applicable law and regulations is illustrated in the Board of Directors section (Section 4.1).

**3. COMPLIANCE (as per article 123-bis, paragraph 2, letter a), CFA)**

The issuer has not formally adopted the Self-Governance Code of Listed Companies drawn up by the Corporate Governance Committee and Borsa Italiana S.p.A..

The Issuer, nor its strategic subsidiaries, are subject to laws in force outside Italy which affect the corporate governance structures of the Issuer.

**4. BOARD OF DIRECTORS**

**4.1. APPOINTMENT AND REPLACEMENT (as per article 123-bis, paragraph 1, letter l), CFA)**

The Directors are appointed by the Shareholders' Meeting on the direct proposal of the Shareholders based on the provisions of the By-Laws and legislation in force. The appointment of the Directors is made through the voting of slates of candidates, which are listed by progressive numbering. The slates indicate the candidates who are independent in accordance with the law and are presented together with the curriculum vitae of the candidates which illustrate their professional and personal characteristics and their acceptance of the candidature. Each slate cannot contain more than fifteen candidates.

The slates of candidates must be filed at the registered office twenty-five days before the date fixed for the shareholders' meeting in first call.

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A 2% holding in the share capital is necessary to present a slate - lower than the threshold established by Consob in accordance with Article 144-*quater* of the Issuers' Regulations.

For the inclusion of the Directors to be elected, consideration is not taken of the slates which have not obtained at least half of the votes for the presentation of the slate.

The first candidate on the minority slate which obtains the largest number of votes and which is not related in any manner, even indirectly, with the slate which has the highest number of votes, is elected Director; the other members of the Board of Directors are taken in a progressive order from the slate which obtained the highest number of votes. In the event of the presentation of only one slate or in the case where only one slate receives votes, all the candidates will be taken from the same slate. For the appointment of Directors other than the renewal of the entire Board of Directors, the shareholders' meeting deliberates with statutory majority and without taking into consideration the procedures outlined above.

Should one or more vacancies occur on the Board, they shall be filled in accordance with article 2386 of the Civil Code.

#### **4.2. COMPOSITION (as per article 123-bis, paragraph 2, letter d), CFA)**

Pursuant to article 14 of the Company By-Laws, the Issuer is governed by a Board composed of between 3 and 15 members, appointed by the ordinary Shareholders' Meeting, which determines the number of board members.

The Company is currently managed by a Board of Directors comprising 10 members, appointed at the Shareholders' Meeting of April 26, 2012, who will remain in office until the Shareholders' Meeting which will be called to approve the 2014 Annual Accounts.

The Shareholders' Meeting of April 26, 2012 received a single slate of 10 candidates presented by the shareholder Parted 1982 S.p.A., holder of 44,454,550 shares, corresponding to 35,564% of the share capital, including Messrs: Francesco Gaetano Caltagirone, Gaetano Caltagirone, Alessandro Caltagirone, Azzurra Caltagirone, Francesco Caltagirone, Massimo Confortini, Mario Delfini, Massimo Garzilli, Albino Majore and Giampietro Nattino.

The slate presented by Parted 1982 S.p.A. obtained 99.90% of votes representing the share capital present and the following were therefore elected: Francesco Gaetano Caltagirone, Gaetano Caltagirone, Alessandro Caltagirone, Azzurra Caltagirone, Francesco Caltagirone, Massimo Confortini, Mario Delfini, Massimo Garzilli, Albino Majore and Giampietro Nattino.

For the composition of the Board at December 31, 2012, reference should be made to Table 2 as no changes have been made since that date.

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

The Board of the Issuer has not defined the general criteria relating to the maximum number of offices of administration and control in other companies that may be considered compatible with the proper carrying out of their duties as directors.

#### **4.3. ROLE OF THE BOARD OF DIRECTORS (as per article 123-bis, paragraph 2, letter h), CFA)**

The Board of Directors normally meet at least four times per year, however the Board is convened whenever necessary and in a timely manner.

In 2012, the Board of Directors held 5 meetings in the year, at which the Directors and the Board of Statutory Auditors attended regularly.

The average duration of the Board meetings in 2012 was one hour.

For the current year at least five meetings are planned. In 2013, the Board of Directors met on January 29, 2013.

It is noted that the by-laws do not specify a minimum number of meetings for the Board of Directors.

Article 19 of the By-Laws confers to the Board of Directors the widest powers of ordinary and extraordinary administration of the Company and it may therefore carry out any and all acts it deems appropriate for attaining the corporate objectives, with the sole exclusion of those attributed by law or the By-Laws to the Shareholders' Meeting. The Board of Directors may also pass resolutions in relation to: the incorporation or spin-off of the company, in cases in accordance with law; the opening and closing of secondary offices; the appointment of directors as company representatives; the reduction of the share

capital in the case of withdrawal of the shareholders; the transfer of the registered office within the national territory, the amendment of the By-Laws in accordance with law.

The Board of Directors are responsible for operational activities and organisational and strategic direction, as well as the verification of the existence of the necessary controls to monitor the performance of the Issuer and the Group. The Board meets on a regular basis and is organised and operates in a manner which guarantees an effective and efficient performance of its functions.

Based on the powers conferred by the By-Laws, the Board:

- a) examines and approves the corporate governance system of the Issuer and the structure of the Group;
- b) evaluates, through the Internal Control Committee, the adequacy of the organisational, administration and general accounting system of the Issuer, with particular reference to the internal control system and to the management of conflicts of interest;
- c) attributes and revokes powers to directors, defining the limits and procedures of exercise;
- d) determines the remuneration of the executive directors and of the other directors holding specific positions;
- e) evaluates the general performance of operations, taking into account, in particular, the information received from executive bodies;
- f) examines and approves the Issuers operations prior to being carried out, when these operations have a significant strategic, economic, or financial importance for the Issuer, paying particular attention to the situations in which one or more Directors have an interest on their own behalf or on behalf of third parties and, in general, in the transactions with related parties.

Any exemptions from anti-competition agreements are authorised by the Shareholders' Meeting as established by Article 2390 of the civil code.

#### **4.4. EXECUTIVE BODIES**

##### **Chairman and Vice Chairmen**

On May 10, 2012 the Board of Directors appointed Francesco Gaetano Caltagirone as Chairman and the Directors Gaetano Caltagirone and Azzurra Caltagirone as Vice Chairmen.

The Chairman of the Board is also, through direct and indirect holdings, the majority shareholder of the Company.

The Chairman of the Board and, in his absence or impediment the Vice Chairman, with single signature, in the same meeting, were conferred the widest powers by the Board and valid until the Shareholders' Meeting that approves the 2014 annual accounts, to be exercised in Italy and Abroad (with the right to delegate) to undertake solely all acts of ordinary and extraordinary administration of the Issuer, with the sole exception of those tacitly reserved by law or by the company By-Laws, to the Shareholders' Meeting and to the Board.

The Chairman of the board or the person substituting him is the legal representative of the Issuer in legal matters against third parties.

##### **Reporting to the Board**

As there are no operational delegated powers, the corporate activities are reported directly by the Chairman on the occasion of each Board meeting.

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

The Executive Directors are:

- The Director, Mario Delfini who was delegated administrative powers in particular relating to fiscal compliance and as Chairman of the company “Leggo S.p.A.” and sole director of “Fincel Srl”;
- The Director Albino Majore as CEO of the company “Il Messaggero S.p.A.”, Chairman of “PIEMME S.p.A.”, Chairman of “Il Mattino S.p.A.” and Vice Chairman “Il Gazzettino S.p.A.”;
- The Director, Massimo Garzilli as Chairman of the company “Corriere Adriatico S.p.A.” and who has been attributed powers of ordinary management of the company “Il Mattino S.p.A.”.

In the Board of Directors' meetings, the Directors are constantly updated on the business activities, also



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in relation to regulatory provisions, so that they may correctly undertake their role.

#### **4.6. INDEPENDENT DIRECTORS**

The Board of Directors of the Company in office has three independent members:

- Massimo Confortini;
- Giampietro Nattino

persons that do not have, or recently had, even indirectly, with the Company or with parties related to the Company, relationships such as to affect their independent judgment.

The existence and the maintenance of the independence requisites are verified annually by the Board of Directors and the Board of Statutory Auditors on the basis of the declarations drawn up and signed by the Directors themselves.

The independent Directors did not hold meetings in the absence of the other directors, as there were no circumstances to warrant such meetings.

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

The Board did not consider it necessary to appoint a lead independent director as all the operational decisions, even if contained in the powers of the Chairman and Vice Chairman, are taken together with the contribution of the independent Directors.

### **5. TREATMENT OF CORPORATE INFORMATION**

The Board of Directors, in compliance with article 114 of the CFA, adopted a new code of conduct to govern the disclosure obligations in relation to internal dealing, in accordance with the provisions of articles 152 and thereafter of Consob Regulation No. 11971 of May 14, 1999 and subsequent amendments.

This Code, in force since April 1, 2006, governs the disclosure obligations and conduct that the “relevant persons” must respect in relation to Consob and the Company; they must therefore communicate to the market, in accordance with the terms and conditions established by the above-mentioned Consob Regulation No. 11971/999, the operations on listed financial instruments or other related financial instruments, issued by the Company or its subsidiaries.

The Company maintains a register of persons having access to confidential information in compliance with article 115-*bis* of the CFA as per articles 152-*bis* and thereafter of the aforementioned Consob Regulation No. 11971/99.

### **6. INTERNAL COMMITTEES TO THE BOARD (as per article 123-*bis*, paragraph 2, letter d) CFA)**

On May 10, 2012 the Board of Directors appointed the Committee for the evaluation of transactions with related parties as required by the Consob Regulation, comprising exclusively of independent directors in accordance with the provisions of the Finance Act. The Committee comprises the directors Mr. M. Confortini and Mr. G. Nattino. Mr. Massimo Confortini was appointed the Chairman of the Committee.

### **7. NOMINATIONS COMMITTEE**

The Directors are appointed pursuant to article 14 of the Company By-Laws based on slates presented by the Shareholders, in accordance with article 147-*ter* of the Consolidated Finance Act.

In view of this, and in consideration of the fact that the “voting by slates guarantees the Shareholders the representation of the minority shareholders on the Board and that shareholders’ meetings have never encountered difficulties in the appointment of Directors, and considering that their creation is optional

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according to the Self-Governance Code of listed companies, the Board did not consider it necessary to create a nominations committee.

## **8. REMUNERATION COMMITTEE**

The information in the present section is contained in the remuneration report of the Directors published in accordance with Article 123-ter of the CFA to which reference should be made.

## **9. REMUNERATION OF DIRECTORS**

The information in the present section is contained in the remuneration report of the Directors published in accordance with Article 123-ter of the CFA to which reference should be made.

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

The Board set up the Control and Risks Committee.

The members of the Committee were re-elected by the Board meeting of May 10, 2012 and remain in office for the same period as the Board. The Directors appointed to the Internal Control Committee were:

- Mr. Massimo Confortini - Chairman
- Mr. Mario Delfini
- Mr. Massimo Garzilli
- Mr. Albino Majore
- Mr. Giampietro Nattino

The Internal Control Committee of the Company is composed of Executive Directors (3) and Non-executive and independent directors (2).

The Board, on the appointment of the members of the Committee, considered the Directors Delfini, Nattino and Confortini to have the appropriate accounting and financial expertise to carry out the role.

During 2012, the Committee met only once.

The Board of Statutory Auditors also attended the Committee meeting.

Functions attributable to the internal control committee

Article 19 of Legislative Decree No. 39 of January 27, 2010 resulted in a redistribution of duties from the Internal Control Committee to the Board of Statutory Auditors. Article 19 establishes the Internal Control and Audit Committee and the functions which this committee is required to fulfil. In particular the Internal Control and Audit Committee supervises:

- a) the financial disclosure process;
- b) the efficacy of the internal control and internal audit systems, and if applicable, the risk management system;
- c) the parent company accounts and consolidated accounts audit process;
- d) the independence of the auditor or the audit firm, in particular relating to the provision of non audit services to the entities subject to annual account auditing.

In consideration of the above-stated regulation and circular No. 16/2010 of Assonime which concerns Legislative Decree No. 39, the following breakdown of powers and responsibility between the Board of Statutory Auditors and the Internal Control Committee was established.

The Board of Statutory Auditors, in addition to the powers and responsibilities already held, is devolved exclusive responsibility to supervise the following processes:

- a) the efficacy of the internal control and audit systems, with particular regard to the process concerning reliable financial disclosure;
- b) efficacy of the risk management systems;
- c) the independence of the auditor or the audit firm, in particular relating to the provision of non audit services to the entities subject to annual account auditing;
- d) efficacy of the auditing processes;

- e) formulation of the proposals of the independent audit firm for the appointment;
- f) work plan and periodic reports prepared by the Internal Control Manager.

The Internal Control Committee carries out the following advisory activities to the Board of Directors:

- a) assists the Board of Directors in defining the guidelines of the internal control system;
- b) expresses its opinions on specific aspects inherent in the identification of the main corporate risks as well as the design, implementation and management of the internal control system;
- c) provides, where required by the relative procedures, an opinion to the Board of Directors in relation to pre-established operations.

The Chairman of the Board of Statutory Auditors or another Statutory Auditor attended the meetings of the Committee, in line with application Criterion 7.C0.3 of the Self-Governance Code.

Minutes of the Committee meetings were maintained. The minutes are maintained in a specific register in the administrative office of the Company.

The Internal Control Committee has access, including through the Internal Control Manager, to all information and departments necessary for the undertaking of their duties. The Board did not define the terms and limits in which the Committee may utilise external consultants, considering that the Committee may from time to time freely request, based on the matters on hand, the necessary information and advice from external consultants.

During the year, the Committee reviewed the report of the Internal Control Manager concerning the procedures adopted by the subsidiary “Il Messaggero S.p.A.” for the “Evaluation and control of risks which may impact the reliability of ‘financial reporting’ and for the “Evaluation and control of personnel travelling and general expenses”.

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

The Internal Control and Risk Management System, as established by the Self-Governance Code for listed companies, is the overall rules, procedures and organisational structures which enable, through an adequate process of identification, measurement, management and monitoring of the principal risks, a safe, correct and coherent management of the enterprise with its set objectives.

In relation to the principal characteristics of the Internal Control and Risk Management System pertaining to financial disclosure, also consolidated, reference should be made to Attachment 2.

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

The Board of Directors, given the Holding structure of the Company and given the internal control structure principally undertaken by the individual operating units or the subsidiary companies, did not consider it necessary to appoint an executive director to overview the functioning of the internal control and risk management system.

### **11.2. INTERNAL CONTROL MANAGER**

The Board of Directors of the Company, on May 10, 2012, confirmed the Internal Control Manager Mr. Fabrizio Caprara.

The Internal Control Manager is an internal member of the organisational structure.

The Internal Control Manager has direct access to all information necessary for the undertaking of his duties and reports to the Internal Control Committee.

The Board of Directors, given the Holding structure of the Company and given the control structure principally undertaken by the individual operating units and subsidiary companies, did not consider it necessary to create an internal auditing function.

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

The Issuer, given its nature as a simple holding company and its organisational structure, considers that the risks deriving from actions of parties which undertake representation, administration and direction functions are extremely reduced and therefore at this point has not adopted the Organisation Model pursuant to Legislative Decree 231/2001.

#### **11.4. INDEPENDENT AUDIT FIRM**

The Shareholders' Meeting of the Company on April 26, 2012, on the reasoned proposal of the Board of Statutory Auditors, awarded the audit of the accounts for the nine-year period 2012-2020 to PriceWaterhouseCoopers S.p.A., who undertook also the role of principal auditor of the Caltagirone Editore Group.

#### **11.5. EXECUTIVE RESPONSIBLE FOR THE PREPARATION OF THE CORPORATE ACCOUNTING DOCUMENTS**

The Board of Directors' meeting of May 10, 2012, appointed for one year the Executive Responsible for the preparation of the corporate accounting documents as Mr. Roberto Di Muzio, administration executive of the subsidiary Il Messaggero S.p.A. and therefore in possession of all the professional requisites required by law and by the company By-Laws.

An engagement letter provides a detailed list of the powers and duties conferred to the Executive Responsible in order for a diligent undertaking of the role.

The executive responsible for the preparation of the corporate accounting documents;

- has a position of an adequate level which guarantees the autonomy and independence necessary to undertake the role;
- has free access to all information, both within the company and within the companies of the Group;
- may participate at any meetings of the Board of Directors concerning matters relating to the activities and responsibilities of the Executive;
- may undertake dialogue with all members of the board of directors;
- may approve the organisational procedures when these have an impact on the statutory and consolidated financial statements and on documents which must be certified;
- may participate at the definition and organisation of the IT system which have an impact on the economic, equity and financial situation;
- may undertake controls on any procedure or process which have an impact on the economic, equity and financial situation;
- may propose structural changes to the components of the internal control system considered inadequate;
- may report to the Board of Directors any procedures and processes considered adequate and suggest any countermeasures to adopt and incur any necessary expenses in the undertaking of the role;
- may implement an adequate structure in the area of activity assigned, utilising the resources available and, where necessary, requesting the implementation of these resources;
- may utilise, in the undertaking of its duties, IT and management control systems;
- may utilise the internal auditing function in order to identify processes within the role.

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

The co-ordination of the various parties involved in the Internal Control and Risk Management System of Caltagirone Editore S.p.A. (the Board of Directors, the Board of Statutory Auditors, the Control and Risks Committee, the Internal Control Manager and the Executive responsible for the preparation of corporate accounting documents) was ensured by the adoption of processes which minimise the risk of duplication of requests from the same bodies, establishing therefore a rational and efficient control system.

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## 12. DIRECTORS INTERESTS AND TRANSACTIONS WITH RELATED PARTIES

The Board of Directors on November 29, 2010 approved - with approval also of the Committee of independent directors - the procedures relating to transactions with Related Parties in accordance with the Consob Regulation adopted with resolution No. 17221 of March 12, 2010.

The procedure, as required by the Consob Regulation, was drawn up attributing a greater or lesser responsibility to the role of the independent directors based on their relevant decision making powers and the significance of the transaction and providing adequate levels of disclosure and documentation in order to ensure the transparency and the material and procedural correctness of transactions with related parties. The procedure was published on the website of the company [www.caltagironeeditore.com](http://www.caltagironeeditore.com) in the section Corporate documents/Corporate Governance.

## 13. APPOINTMENT OF STATUTORY AUDITORS

Article 22 of the By-Laws provides that the Board of Statutory Auditors consists of a Chairman, two standing auditors and two alternate auditors. The Board of Statutory Auditors exercises all the functions required by law and by the company By-Laws. The duration of the appointment is in accordance with law; the statutory auditors may be re-elected.

The statutory auditors qualify as independent and possess the professional and honourable competencies prescribed by law. Persons who already cover the role of statutory auditor in more than five other listed companies, excluding the direct or indirect subsidiaries of the company or controlled by the same parent company that controls the Company, may not be elected nor can persons who do not have the requisites of honourability and professionalism as required by the relevant regulations, as well as incompatibility by law.

The Board of Statutory Auditors are elected by the Shareholders' Meeting on the basis of slates presented by shareholders that hold at least 2% of the share capital or any other threshold in accordance with current regulations.

The slates must be filed at the registered office twenty-five days before the date fixed for the shareholders' meeting in first convocation. The persons presenting the slates must file, together with the slate, the declaration certifying the number of shares necessary for the presentation of the slate.

Each shareholder, as well as shareholders belonging to the same group (meaning holding companies, including individuals, as per article 2359 of the civil code and its subsidiaries), who adhere to a shareholder pact in accordance with article 122 of the Legislative Decree 24.2.1998 No. 58, cannot present, directly, by interposed persons, or through trust companies, more than one slate. Violation of this regulation will result in the application of paragraph 12 of the same article 22 for all of the slates presented independent of the order of the slates presented.

In the event where at the end of the period for the presentation of the slates only one slate has been presented, or only slates presented by shareholders belonging to the same group or belonging to a shareholder agreement, slates may be presented up to the third day after this date, provided that the notices are made in accordance with current regulations. In this case, the percentage threshold established by paragraph 4 of the same article 22 for the presentation of the slate is reduced by half.

The slates must be provided with the information relating to the shareholders presenting the slates, with an indication of the total percentage shareholding held, of the Curriculum Vitae of each person on the slate as well as a declaration by the candidate, under their own responsibility, that they possess the requisites required by law and the acceptance of their candidature.

The written acceptance of the candidature and the declaration of the inexistence of ineligibility must be filed together with the slate.

The slates for the election of the members of the Board of Statutory Auditors must include the names of one or more candidates, not above the number of statutory auditors to be elected, indicated by progressive order; the slates can be divided into two sections, each with a maximum of three candidates (progressive numbering) for the office of standing auditor and alternate auditor.

No shareholder may present or vote, even as proxy, on more than one slate and each candidate shall be presented on only one slate, at the risk of ineligibility.

The first two candidates of the slate which obtains the largest number of votes are elected as standing auditors ("the Majority Slate") and the first candidate of the slate presented and voted by the shareholders

which are not related, even indirectly, to the majority shareholders, which is second in terms of number of votes (the “Minority Slate”), is elected Chairman of the Board of Statutory Auditors.

An Alternate Auditor is also elected among the candidates indicated in the progressive order in the section “Alternate Auditors” of the Majority Slate and an Alternate Auditor among the candidates indicated in the progressive order in the section “Alternate Auditors” of the Minority Slate.

Should two slates receive the same number of votes, a second vote of the entire Shareholders’ Meeting will decide between them.

In the event of the presentation of only one slate or in the case where only one slate receives votes, all the candidates will be taken from the same slate.

Where it is not possible to proceed with the appointment of one or more Statutory Auditor through the voting of lists, the Shareholders’ Meeting will resolve through statutory majority. In the case of the substitution of a Standing Auditor, an Alternate Auditor is taken from the same slate as the auditor leaving office.

As regards the rules for appointing any standing or substitute Auditors needed to make up vacancies on the Board of Statutory Auditors these shall be decided by resolutions of the Shareholders’ Meeting, adopted by statutory majority.

#### **14. COMPOSITION AND OPERATION OF THE BOARD OF STATUTORY AUDITORS (as per Article 123-bis, paragraph 2, letter d) CFA)**

The Board of Statutory Auditors currently in office was appointed by the shareholders’ meeting on April 26, 2012 and remains in office until the approval of financial statements at December 31, 2014.

At the Shareholders’ Meeting a single slate of candidates was presented by the shareholder “Parted 1982 S.p.A.”, holder of 44,454,550 shares, corresponding to 35.564% of the share capital, comprising:

for the office of Standing Auditor:

Mr. Antonio Staffa, Ms. Maria Assunta Coluccia and Mr. Federico Malorni

for the office of Alternate Auditor:

Mr. Vincenzo Sportelli and Mr. Stefano Giannuli.

The slate presented by Parted 1982 S.p.A. obtained 99.9991% of votes representing the share capital present and the following were therefore elected: Mr. Antonio Staffa as Chairman, Ms. Maria Assunta Coluccia as Standing Auditor, Mr. Federico Malorni as Standing Auditor, Mr. Vincenzo Sportelli as Alternate Auditor and Dr. Stefano Giannuli as Alternate Auditor.

For the personal and professional characteristics of each Statutory Auditor, reference should be made to the curriculum vitae available on the Company website [www.caltagironeeditore.com](http://www.caltagironeeditore.com), in the Corporate Documents / Shareholders’ Meeting section.

During the year, the Board of Statutory Auditors met 5 times. The meetings had an average duration of 1 hour. 4 meetings are scheduled for 2013.

The Board of Statutory Auditors evaluated the independence of its members.

There are no specific obligations of the statutory auditors where they have interests on their own behalf or of third parties. Before the approval of each resolution, the Board requests its members to declare whether they hold any interests in the operations being deliberated upon.

In 2012 the Board of Statutory Auditors evaluated the independence of the audit firm and verified compliance with regulations and of the nature and size of any services provided to the Company.

In carrying out its activities, the Board of Statutory Auditors coordinated, through informal contacts, with the administration department and with the Internal Control Committee.

For the composition of the Board at December 31, 2012, reference should be made to Table 3 as no changes have been made since that date.

#### **15. RELATIONS WITH SHAREHOLDERS**

The Company has created a section on its website [www.caltagironeeditore.it](http://www.caltagironeeditore.it) to provide significant information to the shareholders, in order to ensure that these latter can exercise their rights in a knowledgeable manner.

The Company appointed Marco Maria Bianconi as person responsible for relations with investors.

A structure responsible for relations with investors was also created. In addition, a structure for communications is in place.

**16. SHAREHOLDER MEETINGS (as per article 123-bis, paragraph 2, letter c), CFA)**

The By-Laws establish that attendance at the Shareholders' Meeting and the right to vote is governed by the relevant regulation.

Each shareholder with voting rights and who has the right to attend the shareholders' meeting can be represented by written proxy in accordance with current regulations.

The Company, for the present moment, does not consider it necessary to implement regulations for the shareholders' meetings, given the good and correct functioning of these meetings in the past.

The Chairman of the Shareholders' Meeting verifies the right to attend of each shareholder (and also proxies) and ascertains whether the meeting is validly constituted by the presence of the necessary quorum. The Chairman directs and regulates the discussions at Shareholders' Meetings.

The Board reported to the Shareholders' Meetings on the activities undertaken and on the future programmes, in line with the requests made by the shareholders present.

**17. FURTHER CORPORATE GOVERNANCE PRACTICES (as per article 123-bis, paragraph 2, letter a), CFA)**

The Company has not applied further corporate governance practices than those indicated in the previous points.

**18. CHANGES SUBSEQUENT TO THE YEAR-END**

No changes have been made to the corporate governance structure since the year-end.

## Tables

**Table 1: Information on shareholders**

<b>SHARE CAPITAL STRUCTURE</b>				
	No. of shares	% of share capital	Listed	Rights and obligations
Ordinary shares	125.000.000	100%	Italian Stock Exchange	Right to attend the Shareholders' Meeting (also through a proxy); Right to vote at the Shareholders' Meeting; Option rights on newly issued shares in the case of share capital increases.

<b>SIGNIFICANT SHAREHOLDINGS</b>			
Party	Direct holder	% of ordinary share capital	% of voting share capital
Francesco Gaetano Caltagirone	Yes	11.760%	11.801%
Francesco Gaetano Caltagirone	No through FGC Finanziaria S.r.l	6.240%	6.262%
Francesco Gaetano Caltagirone	No through Gamma S.r.l.	7.201%	7.226%
Francesco Gaetano Caltagirone	No through Parted 1982 S.p.A.	35.564%	35.687%
Gaetano Caltagirone	Yes	2.4%	2.408%
Edizione S.r.l.	Yes	2.239%	2.2242%

The recording of the 2011 dividend, paid in May 2012, resulted in the payment of dividends on 3,727,591 shares, representing 2.982% of the share capital through the Credit Suisse Equity Fund.



**Table 2: Structure of the Board of Directors and Committees**

Board of Directors											Control and Risks Committee		Committee for the evaluation of related parties transactions		
Office	Members	In office from	In office until	Slate M/m *	Exec .	Non Exec	Ind. as per Code	Ind. CFA	(%) **	Number of other offices ***	****	(%) **	****	(%) **	
President	Francesco Gaetano Caltagirone	April 26, 12	App. Accounts 2014	M	X				100%	6					
Vice Chairman	Gaetano Caltagirone	April 26, 12	App. Accounts 2014	M	X				100%	4					
Vice Chairman	Azzurra Caltagirone	April 26, 12	App. Accounts 2014	M	X				100%	7					
Director	Alessandro Caltagirone	April 26, 12	App. Accounts 2014	M		X			80%	8					
Director	Francesco Caltagirone	April 26, 12	App. Accounts 2014	M		X			60%	8					
Director	Massimo Confortini	April 26, 12	App. Accounts 2014	M		X		X	100%	-	X	100%	X		
Director	Mario Delfini	April 26, 12	App. Accounts 2014	M	X				100%	10	X	100%			
Director	Massimo Garzilli	April 26, 12	App. Accounts 2014	M	X				100%	-	X	100%			
Director	Albino Majore	April 26, 12	App. Accounts 2014	M	X				80%	8	X	100%			
Director	Giampietro Nattino	April 26, 12	App. Accounts 2014	M		X		X	80%	3	X	100%	X		
<b>DIRECTORS RESIGNING DURING THE YEAR</b>															
<b>Indicate the quorum required for the presentation of slates of latest appointment: 2%</b>															
<b>N. Number of meetings held in the year:</b>					<i>BOD: 5</i>							<i>ICC: 1</i>		<i>CIA: 0</i>	

Notes:

\* In this column M/m is indicated according to whether the director was elected by the majority (M) or minority (m) slate.

\*\* This column indicates the attendance of directors in Board and committee meetings (no. of attendances/no. of meetings held during the individual's effective term of office).

\*\*\* This column indicates the number of directorships or statutory auditor appointments held by the individual in other companies listed on regulated markets, including overseas companies, and in financial, banking or insurance companies and companies of a significant size. The list of the companies with reference to each director, establishing if the company in which the office is held is a member of the group or of the Issuer, is attached to the report

\*\*\* An "X" in one of these columns indicates membership of the relevant Board Committee.

**Table 3: Structure of the Board of Statutory Auditors**

Statutory Auditors							
Office	Members	In office from	In office until	Slate (M/m) *	Independence from Code	** (%)	Number of other offices ***
<b>President</b>	Antonio Staffa	April, 26 12	App. Accounts 2014	M	X	100%	19
<b>Statutory Auditor</b>	Maria Assunta Coluccia	April, 26 12	App. Accounts 2014	M	X	100%	27
<b>Statutory Auditor</b>	Federico Malorni	April, 26 12	App. Accounts 2014	M	X	100%	45
<b>Alternate Auditor</b>	Vincenzo Sportelli	April, 26 12	App. Accounts 2014	M	X		
<b>Alternate Auditor</b>	Stefano Giannuli	April, 26 12	App. Accounts 2014	M	X		
<b>STATUTORY AUDITORS RESIGNING DURING THE YEAR</b>							
<b>Indicate the quorum required for the presentation of slates of latest appointment: 2%</b>							
<b>Number of meetings held in the year: 5</b>							

Notes

\* In this column M/m is indicated according to whether the director was elected by the majority (M) or minority (m) slate.

\*\* In this column the attendance percentage of the statutory auditors at the meetings of the Board is indicated (No. of attendances/No. of meetings carried out during the effective period of office of the statutory auditor).

\*\*\* This column indicates the number of offices of director or statutory auditor in accordance with article 148-bis of the CFA. .

**Attachment 1: Offices held (Offices held by Directors of the Company in other listed companies, in financial, banking and insurance companies or other companies of significant size).**

<b>Name</b>	<b>Office</b>	<b>Company</b>	<b>Companies belonging to the group</b>
<b>Francesco Gaetano Caltagirone</b>	President	Caltagirone S.p.A.	X
	Vice Chairman	Assicurazioni Generali	
	Director	Cimentas A.S.	X
	President	Il Messaggero S.p.A.	X
	President	Il Gazzettino S.p.A.	X
	Director	Aalborg Portland A.S.	X
<b>Gaetano Caltagirone</b>	Vice Chairman	Caltagirone S.p.A.	X
	Vice Chairman	Il Messaggero S.p.A.	X
	Director	Il Mattino S.p.A.	X
	Director	Il Gazzettino S.p.A.	X
<b>Azzurra Caltagirone</b>	Director	Caltagirone S.p.A.	X
	Director	Cementir Holding S.p.A.	X
	Director	Il Messaggero S.p.A.	X
	Director	Il Gazzettino S.p.A.	X
	Director	Il Mattino S.p.A.	X
	Director	Piemme S.p.A.	X
	President	FGC S.p.A.	X
<b>Alessandro Caltagirone</b>	President	Vianini Industria S.p.A.	X
	Director	Caltagirone S.p.A.	X
	Director	Cimentas A.S.	X
	Director	Cementir Holding S.p.A.	X
	Director	Vianini Lavori S.p.A.	X
	Director	Il Messaggero S.p.A.	X
	Director	Il Gazzettino S.p.A.	X
	Director	Unicredit SpA	
<b>Francesco Caltagirone</b>	President	Cementir Holding S.p.A.	X
	Vice Chairman	Cimentas A.S.	X
	Vice Chairman	Aalborg Portland A.S.	X
	Vice Chairman	Cimbeton A.S.	X
	Director	Il Mattino S.p.A.	X
	Director	Caltagirone S.p.A.	X
	Director	Banca Finnat Euramerica S.p.A.	
	Director	Acea S.p.A.	
<b>Mario Delfini</b>	Vice Chairman	Vianini Lavori S.p.A.	X
	Vice Chairman	Cementir Italia S.p.A.	X
	Director	Caltagirone S.p.A.	X
	Director	Cementir Holding S.p.A.	X
	Director	Vianini Industria S.p.A.	X
	Director	Il Messaggero S.p.A.	X
	Director	Il Gazzettino S.p.A.	X
	Director	Piemme S.p.A.	X
	Director	FGC S.p.A.	X
	Vice Chairman	Fabrica Immobiliare SGR S.p.A.	X

<b>Albino Majore</b>	Director	Caltagirone S.p.A.	X
	Director	Vianini Lavori S.p.A.	X
	Director	Cementir Italia S.p.A.	X
	Managing Director	Il Messaggero S.p.A.	X
	President	Piemme S.p.A,	X
	President	Il Mattino S.p.A.	X
	Vice Chairman Director	Il Gazzettino S.p.A. FGC S.p.A.	X X
<b>Giampietro Nattino</b>	President	Banca Finnat Euramerica S.p.A	
	President	New Millennium SICAV	
	Director	London Stock Exchange plc	

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**Attachment 2: “Principal characteristics of the risk management and internal control system in relation to the financial disclosure process” in accordance with article 123-bis, paragraph 2, letter b), of the Consolidated Finance Act**

An effective internal control system contributes to the safeguarding of the company assets, the efficiency in the business operations, the reliability of the financial information and compliance with law and regulations.

In order to ensure the reliability of financial reporting and the correct representation of events, the Board of Directors drew up guidelines which must be fully incorporated into the internal control system. These guidelines are as follows:

- a) the financial reporting must comply with generally acceptable accounting principles which are relevant to the specific circumstances in which the company operates;
- b) financial disclosure must include all events which may impact the use, the understanding and the interpretation of such information;
- c) the accounts must reflect the operations and the underlying events;
- d) the financial reporting must be supported by the following underlying assertions concerning specific events:
  - 1) **existence**: the assets, liabilities and capital exist and the operations reported in the accounts concern events which have been verified;
  - 2) **completeness**: all of the operations and other events and circumstances which are verified in the course of a certain period, or should have been recorded in this period, are properly recorded;
  - 3) **rights and obligations**: the assets represent rights and the liabilities represent obligations of an entity at a certain date;
  - 4) **measurement and recognition**: the assets, liabilities, revenues and expenses are recorded for their exact amount in compliance with correct accounting principles.  
The transactions are mathematically correct and recorded in the accounting records of the company;
  - 5) **presentation and disclosure**: the financial statement accounts are correctly described and classified.

In order to identify the principal risks and to identify the areas and accounts which greatest affect the reliability of the financial reporting, both qualitative and quantitative factors must be considered, including the risk of fraud, through examining the following aspects:

- a) **impact on the financial statements**: each account is valued with reference to the percentage of a specific category, such as for example, the total of assets;
- b) **characteristics of the individual accounts**: the internal factors such as the volumes of underlying transactions to a specific financial statement account, the necessity for estimates and the complexity of the accounting principles adopted are examined;
- c) **characteristics of the operating processes**: the operating processes which generate transactions that constitute the individual financial statement items are identified;
- d) **risk of fraud**: the error risk relating to fraudulent actions is evaluated;
- e) **group level factors**: the factors which affect the group as a whole such as the type of activities carried out by the various companies, the size and quality of the workforce, the changes relating to possible changes in the organisational structure and in the IT systems are considered.

The internal control system adopted by the Issuer consists of:

- a) a “first level control”, comprising a series of controls which the individual operating units or companies of the Group undertake in its processes. These control activities are

undertaken primarily by the operating management and are considered an integral part of each corporate process;

- b) a “second level of controls” is undertaken by the Committee through the Internal Control Manager principally with the purpose to identify and contain all business risks through periodic verification of the processes, both in terms of the adequacy of the controls and in terms of efficiency of the results obtained.