

DANIELI & C. - OFFICINE MECCANICHE S.P.A.

CORPORATE GOVERNANCE AND OWNERSHIP STRUCTURE **FOR THE 2012/2013 FINANCIAL YEAR**

in accordance with article 123-bis of the Consolidated Law on Finance

approved by the Board of Directors on September 25, 2013

(traditional model of administration and control)

This document is available on the Company's website www.danieli.com, "Investors" section.

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Introduction

In 2010, after an in-depth analysis of its *governance* system, the company's board of directors decided not to adhere to the Self-Regulatory Code for Listed Companies issued by the Italian Stock Exchange "Borsa Italiana S.p.A."

This decision is mainly due to the need to have a basic structure that is better suited to the market in which it operates, strengthening efficiency by assigning the task of Corporate Governance to the executive directors, and monitoring, control and assistance to the non-executive directors and to the board of statutory auditors, while increasing and improving the existing control and verification procedures.

Other considerations also contributed to this decision, i.e.:

- the existence of a majority shareholder represented by a Chairman who is also Chief Executive Officer;
- there is currently only one Independent Director sitting on the Board of Directors (there were two until October 25, 2012), a situation that is not in line with the recommendations of the Code (which requires at least three); hence the decision not to set up a Committee for Related Party Transactions;
- the decision not to set up either a Remuneration Committee or an Appointments Committee, and not to appoint a *Lead Independent Director*.

However, in sharing the spirit of transparency and fairness that characterizes the Self-Regulatory Code, the Board of Directors has drawn up this report on corporate governance, which summarizes the practices that the company actually follows, and which are in accordance with current legislation and regulations.

1. Issuing Company Profile

The Danieli Group, whose parent company is Danieli & C. – Officine Meccaniche S.p.A. (hereinafter referred to as DANIELI), has its main operating companies in Italy, the United States, Russia, The Netherlands, Germany, Sweden, the United Kingdom, France, Spain, India, Thailand, China, Vietnam, Austria and Japan. It designs, manufactures and installs machines and plants for the metallurgical industry – including “turnkey” plants – using technologies and products which cover the entire production cycle, from ore processing to finished steel products in a wide range of types and sizes.

DANIELI is one of the top three manufacturers in the world of machines for the metallurgical industry and applies the concepts of sustainability (“SustSteel”) and “Recycling” of steel in the field of EAF-based minimills; it is world leader in plants for the production of long products, and second manufacturer in the world of plants for the production of flat products.

The Group employs approximately 11,000 people, and 90% of its sales are to foreign markets.

The Danieli Group is also directly involved in steelmaking in the form of long products, through Acciaierie Bertoli Safau S.p.A. (ABS) in Italy and ABS Sisak d.o.o. in Croatia (special steels for the following industries: automotive, heavy equipment, metalworking and mechanical engineering, energy and petroleum).

DANIELI has implemented a *Governance* and Internal Control System that is capable of dealing with complex business situations both domestically and internationally, in the interest of the stakeholders and the communities in which it operates.

The company encourages its organization to comply with standards of quality, efficiency and safety, requiring commitment, responsibility and observance of these principles at all levels and in all departments of its organization.

DANIELI’s staff is obliged to comply with the national and supranational laws and regulations applicable to its conduct in Italy and abroad, in transparency and by observing the ethical values according to which the conviction of acting for the benefit of the company cannot in any way justify behavior that is in conflict with these essential values.

DANIELI has adopted a traditional administration and control system and is therefore governed by a Board of Directors whose Chairman and CEO also represents the majority shareholder (Sind International S.p.A.).

2. Information on Ownership Structure (at June 30, 2013)

a) Share Capital Structure

The subscribed and paid-up share capital is euro 81,304,566, divided as follows:

Fully-paid share capital of euro 81,304,566				
	Number of shares	% of share capital	Listed	Rights and obligations
Ordinary shares	40,879,533	50.28%	Milan	Voting rights
Non-convertible savings shares	40,425,033	49.72%	Milan	Without voting rights, but preferred as regards profit distribution and capital repayment.

b) Major shareholdings in share capital

Major Shareholdings (art. 120 Consolidated Law on Finance)

Declarant	Direct Shareholder	% of Ordinary Capital	% of Voting Capital
Sind International S.p.A., Milan	Sind International S.p.A., Milan	67.175%	67.175%
Danieli & C. – Officine Meccaniche S.p.A. (own shares held – without voting right)	Danieli & C. - Officine Meccaniche S.p.A.	7.24%	7.24%

c) Restrictions on the transfer of securities

There are no restrictions on the transfer of securities (except those provided for by law).

d) Securities that confer special rights

The company has not issued any securities that confer special rights of control.

e) Employee shareholding: Mechanism for the exercise of voting rights

The Corporate by-laws do not provide for any employee shareholding programs.

f) Restrictions on voting rights

There are no restrictions on voting rights (except those provided for by law).

g) Agreements between shareholders

To the company's knowledge, there are no agreements between shareholders pursuant to art. 122 of the Consolidated Law on Finance.

h) Significant agreements entered into by the company or its subsidiaries, or agreements that become effective, are modified or terminated in the event of a change of control in the company, and their effects

There are no significant agreements entered into by the Company or any of its subsidiaries that may become effective, be modified or terminated in case of a change in control of the company.

i) Agreements between the company and the directors

Without prejudice to the provisions of the national collective bargaining system (national collective labor agreement for the metalworking and mechanical engineering industry, and national collective labor agreement for business managers), DANIELI has not entered into any other agreements providing for additional compensation in case of resignation or dismissal without just cause, or if the employment contract is terminated following a public take-over bid or change in control of the company.

j) Rules for appointing and replacing directors and amending the corporate by-laws

There are no additional rules to be applied other than those provided for in legislative provisions and regulations.

k) Authorization to increase share capital and purchase own shares

In accordance with the provisions of art. 2443 of the Civil Code, the Board of Directors has the power to increase the share capital, either all at once or gradually, up to a total maximum amount of euro 100,000,000 through the issue of ordinary and/or savings shares to be allocated free of charge to the assignees and/or to be offered as a payment option, with the right to set aside - within the limits of the law - a part of the issued shares for directors and employees of the company and/or its subsidiaries. In accordance with art. 2420 ter of the Civil Code, the Board of Directors also has the power to issue bonds, including convertible bonds, for a maximum amount of euro 150,000,000.

These powers have a duration of five years from the date of the resolution (Extraordinary Shareholders' Meeting of October 28, 2009).

As far as own shares are concerned, for the year ended June 30, 2013, the company held 2,961,213 ordinary shares equivalent to 7.24% of ordinary share capital, and 3,945,363 savings shares equivalent to 9.76% of savings share capital.

During the shareholders' meeting of October 25, 2012, the Board of Directors was authorized to purchase and sell the company's ordinary and savings shares in compliance with current regulations and according to the following conditions:

a) except in very unusual cases, purchasing and selling of shares are subject to a Board of Directors' resolution and must fall within the limits allowed by the current pro tempore rules; they must take place in regulated markets based on their quotations in these markets, according to the terms agreed with the stock exchange and in compliance with the principle of equal treatment of shareholders as per the provisions of art. 132 of the Consolidated Law on Finance 58, of February 24, 1998;

b) considering the number of ordinary and savings shares currently in the portfolio of the company or its subsidiaries, under no circumstances shall the nominal value of the purchased shares exceed one fifth of the share capital at nominal value, subject to the provisions of art. 2357 paragraph 3 of the Civil Code;

c) the authorization will be valid until the shareholders' meeting to approve the financial statements for the year ended June 30, 2013, and in any case not after November 30, 2013;

d) the minimum and maximum sale and purchase prices for both categories of shares will be set at a unit price within the range of +20% and -20% of the official stock exchange price on the day preceding the one on which the transaction takes place;

e) among the available reserves, the "extraordinary" reserve is to be used for the purchase of own shares.

l) Management and Coordination

Although it is controlled by another company, the Company is not subject to management and coordination pursuant to art. 2497 and subsequent articles of the Civil Code, since the controlling company is not an operating company; DANIELI does, however, manage and coordinate its direct and indirect subsidiaries.

3. Board of Directors

3.1 Appointment and Replacement

During the meeting of October 25, 2012, the shareholders renewed the company boards, taking into account the provisions of Law n. 120 of July 12, 2011, which introduced the concept of gender balance.

Directors are appointed – as per art. 15 of the corporate by-laws - from lists which have to be submitted within a specific period established by law (including by telecommunication), at the headquarters of the

shareholders who alone or together with other shareholders constitute the percentage of ordinary share capital as specified by the provisions of the law.

Each shareholder is allowed to submit a single list.

The list contains the names of the candidates numbered progressively, in a number not exceeding the number of members to be elected, and indicates the directors who possess the independence requirements established by the law and the by-laws. If the names of at least three candidates are submitted, the number of candidates on the list of the gender that is inferior in number must fill the minimum quota established by current legislation on gender balance.

Each candidate can only appear on one list, under penalty of being declared ineligible.

At least one of the members of the Board of Directors, or two if the Board is made up of more than 7 members, must possess the requirements of independence established for Statutory Auditors in art. 148, paragraph 3 of Legislative Decree n.58 of February 24, 1998.

Moreover, subjects performing administrative and management functions, as per art. 147-quinquies of Legislative Decree n.58 of February 24, 1998, must possess the same requirement of good standing as the members of the Board of Statutory Auditors, in compliance with the regulations issued by the Ministry of Justice pursuant to art. 148, paragraph 4 of Legislative Decree n.58 of February 24, 1998, under penalty of forfeiting their position.

Together with each list, which must indicate the identity and the amount of shares held by each shareholder, the following documents must be submitted, or the list will not be accepted:

- a statement from the shareholders other than those who alone or jointly hold a controlling interest or relative majority, declaring that no relationships of affiliation exist between them and the latter, as per art. 144-quinquies of the Consob Issuer's Regulations;

- declarations in which each candidate accepts the candidacy, describes his/her personal and professional characteristics, stating, under his/her own responsibility, that there are no reasons of ineligibility or incompatibility, that he/she possesses the necessary requirement of good standing and – if necessary – the requirement of independence, as provided for in current regulations, as well as providing information on positions of administration and control held in other companies;

One board member is chosen from the minority list that obtained the highest number of votes and that is not in any way affiliated, not even indirectly, with the shareholders that submitted or voted for the list that received the highest number of votes.

Each shareholder has the right to vote for only one list.

Depending on the total number of members decided during the shareholders' meeting and according to the order in which they are listed, the candidates will be chosen from the list which receives the highest number of votes, except one, who is the first person in numerical order chosen from the list which received the second highest number of votes.

If the procedure described above does not result in a gender balance, instead of the last candidate of the gender that is superior in number on the list of the majority shareholder, the next candidate chosen will be of the gender that is inferior in number from the same list.

If only one or no list is submitted, and to appoint the directors required to complete the Board of Directors, the shareholders' will deliberate by relative majority, provided they comply with the laws on gender balance.

The directors will hold office for three years, they can be re-elected and their term in office will expire on the date of the meeting called to approve the financial report for the last year in which they were in office.

In the case of resignation, revocation or dismissal of the majority of directors appointed to office, the entire board will be dismissed.

If during the year one or more directors pass away, the board will temporarily replace them by passing a resolution approved by the board of auditors, provided that the majority continues to be made up of directors appointed by the shareholders as per art. 2386 of the Civil Code, and provided that it is in compliance with the law on gender balance.

If directors from the minority list need to be replaced, the board – if possible - will coopt the candidates listed in numerical order on the same list as the director to be replaced, in compliance with the law on gender balance; these candidates will renew the acceptance of their candidacy in writing, and submit it together with the declarations stating that they possess the requirements to hold office as specified in current regulations and in the corporate by-laws.

The company is not subject to further provisions in this respect.

3.2 Composition

According to the corporate by-laws, the company has to be managed by a board of directors composed of a minimum of 5 and a maximum of 11 members.

At June 30, 2013, there are five (5) incumbent members of the board of directors appointed by the shareholders during the general meeting held on October 25, 2012, namely:

- 1 Gianpietro Benedetti, Chairman and CEO
- 2 Carla de Colle, Vice-Chairman
- 3 Franco Alzetta, Chief Operating Officer
- 4 Giacomo Mareschi Danieli (Non-independent, Non-executive Director)
- 5 Augusto Clerici Bagozzi (Independent, Non-executive Director)

The directors were elected from the only list submitted, by the majority shareholder, during the shareholders' meeting, with 89.759% of those present voting for the list.

Their term in office will expire at the shareholders' meeting called to approve the annual report for the year ending June 30, 2015.

Personal and professional information of each director:

Gianpietro Benedetti

Born in Udine on May 16, 1942

Education: Diploma from the Malignani Technical Institute of Udine (1961)

He began and continues his professional career with DANIELI:

- | | |
|------|--|
| 1968 | Manager of the Rolling Process and Technological Department |
| 1970 | Steel Plant Engineer |
| 1976 | Sales Director |
| 1982 | Manager of Engineering Department, Research Centre and Sales |
| 1985 | Chief Executive Officer, Management of Sales & Research Centre |
| 1990 | Chief Executive Officer and Managing Director |
| 2003 | Chairman and Chief Executive Officer |

And also:

- | | |
|-----------|---|
| 1999-2004 | Member of the Board of Directors of Banca Popolare Friuladria S.p.A. (Banca Intesa) |
| 2000 | Honorary degree in Mechanical Engineering awarded by the Università degli Studi of Trieste |
| 2002 | "Federico Giolitti" prize at the 7 th European Steelmaking Conference |
| 2004 | "Premio del Lavoro e del Progresso Economico" awarded by the Executive Committee of the Chamber of Commerce of Udine at the 51 st prize-giving ceremony |
| 2006 | Honorary degree in Industrial Engineering awarded by the Università degli Studi of Udine |
| 2006 | Awarded the " <i>Cavaliere del Lavoro della Repubblica Italiana</i> " |
| 2009-2009 | Member of the Board of Directors of Cassa di Risparmio del Friuli Venezia Giulia S.p.A. (Intesa Group). |
| 2010 | President of the foundation " <i>ITS – Istituto Tecnico Superiore nuove tecnologie per il made in Italy, indirizzo per l'industria meccanica ed aeronautica</i> " of Udine. |
| 2013 | Member of the Board of Directors of Banca Popolare Friuladria S.p.A. (Crédit Agricole Group). |

Owner of various patents for steelmaking machines and processes.

Carla de Colle

Born in Udine on April 14, 1943

- | | |
|------|---|
| 1963 | Began her professional experience with the Danieli Group where she reached the position of Head of Cost Accounting and Management Control for the Parent Company. |
| 1981 | In charge of setting up and starting up Danieli's Production Planning system. |

- 1982 Appointed company executive.
- 1984 General Manager of Danieli Natisone – a subsidiary operating in the design and sale of cold processing plants.
- 1991 Vice-General Manager of DANIELI responsible for production and associated services, such as purchasing, warehouse and related activities.
- 1999 Appointed Member of DANIELI's Board of Directors with executive powers.
- 2003 Appointed Chairman of Acciaierie Bertoli Safau SpA – Company of the Danieli Group.
- 2003 Appointed Executive Vice-Chairman of DANIELI.

Franco Alzetta

Born in Trieste on September 6, 1958

Education: Degree in Mechanical Engineering (University of Trieste)

- 1985 Began his professional career at Danieli in the field of project management. He then moved on to sales engineering, where he progressively held the positions of Proposal Engineer, Area Manager and Sales Manager of Danieli Morgårdshammar, the product line of the Group dedicated to rolling mills for long products.
- 2001 Appointed Co-General Manager of Danieli Centro Maskin, the Group product line which supplies cold finishing plants for long products and billet/slab grinding plants.
Appointed General Manager of Danieli Centro Met, the Group product line for steel-making plants.
- 2003 Appointed Executive Director of DANIELI and Head of the Long Products Division.
- 2006 Appointed Chairman of Danieli Metallurgical Equipment, a subsidiary with headquarters in Beijing, operating on the Chinese market.
- 2008 Appointed Chairman of the subsidiary Danieli Changshu Metallurgical Equipment & Services Co. Ltd., located in Changshu, China.
- 2008 Appointed Chief Operating Officer of DANIELI.

Giacomo Mareschi Danieli

Born in Latisana (UD) on November 4, 1980.

Education: Degree in Electrical Engineering from the Politecnico di Milano.

- 2005 Practical training at Acciaierie Bertoli Safau S.p.A. on "Development and maintenance of Level 1 automation software for a casting and rolling plant".
- 2006 Project Coordinator on the E.S.I. jobsite in Abu Dhabi (UAE)
- 2008 Site Manager for Danieli Construction International S.p.A. in Ukraine
Appointed member of the Board of Directors of Sind International S.p.A.
- 2009 Appointed non-executive director of the DANIELI Board of Directors.
In charge of macroplanning for Danieli Co. Ltd. (previously Danieli Far East Co. Ltd.) in Thailand.
- 2011 Appointed Member of the Board of Directors of Danieli Co. Ltd.
Appointed Manager of the "Flat Products" Division of Danieli Co. Ltd.
Appointed C.E.O. of Danieli Co. Ltd.

Augusto Clerici Bagozzi

Born in Asola (MN) on July 14, 1940.

Education: Degree in Economics and Business (Bocconi University)

- 1966 Registered as a Certified Public Accountant
- 1971-1981: Active in the field of financial auditing and certification and Chairman of the Board of Statutory Auditors of *Revisori Internazionali Associati S.p.A.* and of *MC Lintock Main Lafrents S.r.L.* as a member of the Tax Committee registered with the *National Association of Accountants* of New York.
- 1972 Entered in the Register of Financial Auditors
- 1981-2010 Main activities include management, tax and corporate consultancy in the industrial, commercial, financial and real estate sectors, in addition to holding numerous positions as member of Boards of Directors and Boards of Statutory Auditors.
He has also held numerous positions as a trustee in bankruptcy, judicial liquidator of administrative receiverships and of arrangements with creditors.

Currently, he is primarily involved in setting up and managing corporate structures and contracts for financial-economic transactions.

1990	Registered with the Court of Milan as a court-appointed expert witness.
1995	Entered in the Register of Accounting Auditors pursuant to Ministerial Decree of April 12, 1995
2002	Appointed member of the Board of Directors of CASSALOMBARDA S.p.A.
2003	Appointed member of DANIELI's Board of Directors with the requirements of independence specified in art. 148, paragraph 3 of the Consolidated Law on Finance.
2010-2011	Appointed Member of the Board of Directors and Member of the Internal Control Committee of the listed company ACTELIOS S.p.A. (subsequently FALCK RENEWABLES S.p.A.)

Positions Held in Other Companies

Although it has not defined the general criteria concerning the maximum number of administration and control positions that a person can hold in other companies, considered to be incompatible with the role of director in this company, the Board of Directors has made the following observations:

Most of the positions held by the executive directors are within the Danieli Group; the Independent Director has in the past performed and continues to perform his duties at Danieli with efficiency and commitment.

At June 30, 2013, the Directors of Danieli & C. Officine Meccaniche S.p.A. hold the following positions as Directors or Statutory Auditors in other companies listed on regulated markets (including foreign markets), in financial, banking and insurance companies or large companies, as well as in companies belonging to the group (marked with an asterisk):

Gianpietro Benedetti	Sind International SpA	Chairman
	*Danieli Co. Ltd.	Chairman
	*Acciaierie Bertoli Safau Spa	Director
	*Danieli Automation SpA	Director
	Banca Popolare FriulAdria SpA	Director
Carla de Colle	*Acciaierie Bertoli Safau SpA	Chairman
	*ABS Sisak d.o.o.	Supervisory Board Member
Franco Alzetta	Danieli Metallurgical Equipment (Beijing) Co. Ltd.	Chairman
	*Danieli Changshu Metallurgical Equipment and Service Co. Ltd.	Chairman
	*Danieli Centro Combustion SpA	Director
	*Stem Srl	Director
	*Morgardshammar AB	Director
	*Sund Birsta AB	Director
Giacomo Mareschi Danieli	Sind International SpA	Director
	Danieli Co. Ltd.	CEO
Augusto Clerici Bagozzi	Cassa Lombarda SpA	Director
	S.I.O.R.A. Srl - Società Italiana Organizzazioni Revisioni Aziendali	Sole Director
	Disano Illuminazione SpA	Chairman of the Board of Statutory Auditors
	Lamplast Finanziaria SpA	Chairman of the Board of Statutory Auditors
	SG Factoring SpA	Chairman of the Board of Statutory Auditors
	O.R.M.I.G. Officine Riunite Macchine Industriali Genova SpA	Chairman of the Board of Statutory Auditors

3.3 Role of the Board of Directors

During the year ended June 30, 2013, the Board of Directors met 6 times.

The average duration of the meetings was about two hours.

Five meetings have been scheduled for the current financial year, one of which was held on September 25, 2013.

The Chairman of the Board of Directors ensures that all the directors and Statutory Auditors receive well in advance of the meeting the necessary documentation and information required for informed decision-making; executives from Group companies may also be invited to attend the meetings for detailed discussions of specific topics.

Rarely are topics discussed during the meetings if the pertinent documentation has not been provided.

According to the corporate by-laws, the Board of Directors must examine and approve the strategic, industrial and financial plans of the company and the Group, and decide on the Corporate Governance system and the Group's structure.

The Board of Directors assesses the suitability of the company's organizational, administrative and general accounting systems set up by the executives, with particular reference to the Internal Control system and the handling of conflicts of interest. Major transactions pointed out by the Internal Control officer are examined by the Board of Statutory Auditors, the Independent Director, the Watchdog Committee, as the case may be.

In performing the control and coordination of the subsidiary companies' operations, the Board of Directors also assesses the suitability of the organizational, administrative and general accounting systems set up by the Executive Directors, with particular reference to the internal control system and the handling of conflicts of interest. This is then verified by the monitoring bodies of the subsidiaries, which have been approved by the Parent Company.

This is particularly the case for those subsidiaries which, because of their turnover, are considered functionally strategic, i.e.:

- Acciaierie Bertoli Safau S.p.A. (Italy)
- Danieli Automation S.p.A. (Italy)
- Danieli Co. Ltd. (Thailand)

The Board examines the general performance of the company by considering, in particular, the information provided by the delegated bodies and by comparing actual and planned results.

According to the Procedure for Related-Party Transactions (approved by the Board of Directors on November 12, 2010, and subsequently modified on November 14, 2012) the Board of Directors is responsible for examining and approving the following transactions before they are made:

- major transactions made by the company and its subsidiaries, if these transactions have considerable strategic, economic, capital and financial significance for the company;
- transactions made by the company and its subsidiaries in which one or more directors has an interest, either for himself or on behalf of third parties.

The Board has established the general criteria to identify related-party transactions, setting a threshold of 0.5 million euro for each minor transaction.

All extraordinary financial transactions are explained by the Chairman and examined and commented on at each meeting of the Board of Directors.

The shareholders have not authorized any exceptions to the non-competition clause pursuant to art. 2390 of the Civil Code.

Self-assessment:

The board of directors has assessed the size, composition and operation of the board and its committees, based on the replies to a questionnaire handed out to all the directors, and examined beforehand by the Independent Director; the Board gave its assessment after hearing the opinion of the board of Statutory Auditors. In the end, the assessment on the suitability, efficiency and operation of the board was positive for fiscal 2012/2013 as well.

Remuneration:

The remuneration of the members of the Board of Directors, as determined during the shareholders' meeting, is a fixed total amount (and therefore not linked to the Company's financial performance or to the achievement of given objectives); its distribution among the directors is decided by the Board of Directors, with each director receiving the same amount regardless of whether he/she is an executive, non-executive or independent director.

The directors' remuneration report (pursuant to art. 123-ter of the Consolidated Law on Finance), prepared as a separate document and published according to the terms and conditions of the law, is put to the vote of the shareholders called to approve the financial statements, as regards the company's remuneration policy for its board of directors, general managers and managers with strategic responsibilities, as well as the procedures applied to adopt and put this policy into effect.

3.4 Delegated Bodies

Of the five directors in office, three have management powers, namely:

- the Chairman and CEO Gianpietro Benedetti
- the Vice-Chairman Carla de Colle, who, according to the corporate by-laws, exercises her powers if the Chairman is absent or unable to act;
- the Chief Operating Officer Franco Alzetta, who is in charge of the day-to-day management of the plant-making sector.

Chairman and CEO

All the powers of the Board of Directors have been conferred on the Chairman and CEO, with the exception of those that cannot be delegated by law, and those concerning safety, environmental protection and administration; the Chairman and CEO is obliged to report to the Board of Directors.

The Chairman is mostly responsible for running the company (Chief Executive Officer) and developing company strategy; he also represents the controlling shareholder.

The by-laws assign corporate signing power and the role of representative for legal and other matters to the Chairman of the Board of Directors, and to the Vice-Chairman if the former is absent or unable to act.

Because of the demands of the international steelmaking plant market, which require rapid decision-making, no power limitations have been set for the Chairman and CEO.

Nonetheless, decisions by company boards are preferred whenever possible.

Executive Committee

The Executive Committee has all the powers of the Board of Directors, with the exception of those that cannot be delegated by law or corporate by-laws, and is obliged to report its decisions to the Board of Directors at the first subsequent meeting.

The Executive Committee meets to deal with operating emergencies that cannot be foreseen; the members of the Board of Statutory Auditors are called to attend these meetings.

No meetings were held during the year.

Other Executive Directors

The executive director Franco Alzetta – who has a thorough knowledge of corporate operations, having gained decades-long experience in the field – holds the position of Chief Operating Officer, with the powers to run the “*Plant Making*” business. He is also a member of the Executive Committee and holds the position of executive chairman in some Group companies.

3.5 Reporting to the Board

At each meeting of the Board of Directors, the executive directors report on the most significant transactions carried out or to be carried out by virtue of the powers conferred on them.

3.6 Independent Directors

Of the five incumbent members of the Board of Directors, Augusto Clerici Bagozzi is a non-executive director who possesses the requirement of independence in terms of property and company management, as specified in art. 148, paragraph 3, of Legislative Decree 58/98 (Consolidated Law on Finance).

Each year, the Board of Directors deliberates on whether or not each non-executive, independent director possesses the independence requirements specified in the civil code.

The Board of Statutory Auditors, which ensures that the rules of corporate governance are properly implemented, has verified that the criteria and procedures used by the Board of Directors to assess the independence of its members were properly applied, and has confirmed that Augusto Clerici Bagozzi possesses the requirement of independence.

4. Handling Corporate Information

Dealing with insider information is the responsibility of the Chairman and CEO; information of a *price-sensitive* nature is divulged by the Chairman and CEO to the head of *Investor Relations* and to the Department of Corporate Affairs, for subsequent release to the market.

All relationships with financial analysts and institutional investors, in turn, are coordinated by the Chairman and CEO through the "*Investor Relations*" department.

Press releases concerning resolutions approving the quarterly, half-yearly and yearly results, as well as any extraordinary transactions, are subject to the approval of the Board of Directors.

Personnel of the Danieli Group who through their work are privy to confidential information, have been warned by the company to prevent this information from being divulged outside the company or used for personal gain.

On April 1, 2006, the company set up a "Register of people with access to insider information", which is periodically updated.

5. Other Board Committees

Given the composition of the Board of Directors and the role of the Chairman, it was not deemed necessary to set up an Appointments and Remuneration Committee.

For structural and organizational reasons, the Internal Control Committee was also eliminated, and its coordination and control functions have been assigned to the Board of Statutory Auditors, in compliance with Legislative Decree 39/2010.

As for the Committee for Related-Party Transactions, the Board feels that the "equivalent internal controls" specified in the Consob Regulation can be performed by the Independent Director (who is in agreement) or, by an external expert who does not sit on any of the company boards, to be appointed for this purpose by the Board of Directors.

6. Internal Control

As of September 27, 2010, following the issuing of Legislative Decree 30/2010, the Board of Statutory Auditors has taken on the role of Internal Control Committee. In this capacity the Board of Statutory Auditors is assisted by the Internal Control Officer, whose primary task is to supervise the system of inspections aimed at verifying Danieli's *compliance* with the legislative and regulatory provisions applicable to listed joint-stock companies.

Together with the officer in charge of preparing the company's accounting documents and the external auditors, the Board of Statutory Auditors determines whether or not the accounting principles are being applied properly and consistently in preparing the consolidated financial statements; it expresses opinions and makes proposals on specific aspects concerning the identification of the company's main risks, as well as the design, execution and management of the Internal Control system; it co-operates in drawing up and approving the *Internal Audit* program to be implemented by the Internal Control Manager; it acknowledges the periodical reports prepared by the latter; it assesses the work plan for the external audit and the results presented in the report and in the letter of suggestions, if any; it monitors the effectiveness of the auditing process.

There were no exclusions from the operating scope of the Board of Statutory Auditors.

In carrying out their duties, the Board of Statutory Auditors and the Internal Control Manager have access to the correspondence and documentation filed at the parent company and at the subsidiaries of the Danieli Group.

7. Internal Control System

The Board of Directors has verified the guidelines of the internal control system, including a system of procedures to ensure proper, efficient management, as well as to prevent and manage (as far as possible) risks of a financial and operational nature, which could be detrimental to either the company or its subsidiaries. This system consists of a series of internal procedures, and aims to:

- identify, prevent, manage and monitor risks of a financial and operational nature, including fraud, which could be detrimental to the Company;
- ascertain, for each operating area, the suitability of the processes and procedures in order to ensure compliance with company directives and guidelines;
- safeguard company assets;
- ensure compliance with current regulations.

We are in the process of implementing an integrated internal control system aimed at ensuring efficient company processes on the one hand, and - based on criteria of transparency and legality - at preventing abuses that are detrimental to the company and its shareholders, on the other.

This system includes:

- checking the procedures to draw up the accounting documents to make sure they are efficient and that they have actually been applied; this will be performed (as per L. 262/2005) by the person appointed by the officer in charge of drawing up the corporate accounting documents;
- *internal audits*, using spot checks to ensure the fairness and legality of a series of company procedures either directly or indirectly related to the drawing up of book entries, by the person (internal control officer) appointed by the board of Statutory Auditors (which acts as the Internal Control Committee within the company);
- checking the level of efficiency of company procedures by the Internal Control Officer – on his own initiative, reporting to the necessary departments and making proposals for improvement;
- checks pursuant to Legislative Decree 231/2001 carried out on the initiative of the Watchdog Committee.

Also analyzed were the main operating areas that could potentially expose the company to risks in the event of inadequate management.

- *Market risk:*

Danieli, as well as the Danieli Group, continues to focus on research and development so as to provide its customers with the best solutions for efficient production; this constitutes a strong point that allows it to maintain a firm leading market position, in the challenge against its competitors.

- *Exchange rate risk*

The Danieli Group has followed a policy of minimizing financial risks associated with foreign exchange rate fluctuations, particularly in reference to movements in US dollar rates.

The Group's *policy* on this matter is that contracts with significant exposure of cash flows and payments to exchange rate fluctuations should be monitored in order to identify the best hedging policy (which could consist in using derivative contracts or in managing purchases of foreign currencies in order to obtain a "natural hedging").

- *Interest rate risk*

Interest rate fluctuation risks within the Danieli Group are mainly associated with long-term borrowing negotiated at variable rates.

- *Receivables and country risk*

This risk refers to the exposure of the Danieli Group to potential losses arising from the failure of the counterparty to meet its obligations; this is monitored continuously by the Group's financial and executive management teams and by operations management, in the normal course of management activities. The risk is minimized by using suitable insurance instruments to cover the solvency of the customer or of the system of the country in which the latter operates.

The ways in which risks were actually faced and areas were monitored are described in detail in the Directors' Report which deals with this subject extensively.

During the financial year, the Board assessed and approved the efficiency and actual operation of the company's Internal Control system.

7.1 Executive Director of the Internal Control System

The Chairman and CEO supervises the operations of the internal control system, identifying the main risks for the company (strategic, operating, financial and *compliance* risks), by taking into account the characteristics of the activities carried out by the company and its subsidiaries, and periodically submitting them to the Board for assessment.

The internal control system was designed, executed and managed according to the guidelines of the Board, after which its overall adequacy, efficacy and efficiency were verified.

The Chairman and CEO is responsible for adapting this system to the operating conditions and to current legislation and regulations; he also proposed the appointment and remuneration of the Internal Control Officer.

7.2 Internal Control Officer

The Board of Directors, based on a proposal by the Chairman and after hearing the opinion of the Board of Statutory Auditors, has appointed Gianluca Buoro – a company employee – as the Internal Control Officer, and his remuneration is consistent with company policy.

This officer has direct access to all the information he requires to do his job; he reports to the Board of Statutory Auditors and to the Chairman of the Board of Directors, who is in charge of supervising the operations of the internal control system.

This officer has at his disposal the necessary financial resources to perform his tasks, as he is also in charge of the *Internal Auditing* office set up by the company.

The Internal Control Officer follows the program of audits agreed with the Board of Statutory Auditors; he also periodically verifies compliance with the provisions of the Consolidated Law on Safety in the Workplace (Legislative Decree 81/08).

7.3 Organization Model According to Legislative Decree 231/2001

The company has adopted an organizational, management and control model in accordance with Legislative Decree n. 231/2001.

The Model contains a series of procedures intended to prevent the offences indicated in the above-mentioned Decree, related to the type of activities carried out by the Company. During the year ended June 30, 2013, we continued to update the model and perform inspections, particularly on procedures concerning safety in the workplace, both at headquarters and on external jobsites. The Watchdog Committee has also begun an in-depth analysis of: environmental crime prevention, management of intermediaries, prevention of crimes connected with the use of illegal foreign manpower and prevention of corruption among private individuals.

The Watchdog Committee is in charge of overseeing the operation and observance of the model itself; as of October 25, 2012, it is composed of Giuseppe Alessio Verni, Chairman, Professor Luigi Cappugi and the Internal Control Officer Gianluca Buoro.

A general outline of the Model, with the e-mail address of the Watchdog Committee, is available on *intranet* and on the company's internet site www.danieli.com.

7.4 External Auditing Company

The external auditing company in charge of financial auditing for the nine years from July 1, 2010 to June 30, 2019 is Reconta Ernst & Young S.p.A., appointed by the shareholders during the meeting held on October 28, 2010.

Auditing is performed according to the criteria of objectivity and independence, the latter backed by the exchange of information between the auditing company and the board of statutory auditors, which on a yearly basis receives information concerning the rendering of services other than auditing, if any, even if they are rendered by a firm belonging to its network, as well as a report on the activities performed and any reprehensible facts encountered (as per art. 153 of the Consolidated Law on Finance).

7.5 Officer in charge of preparing the company's accounting documents

As decided (according to the corporate by-laws) by the Board of Directors on October 25, 2012, Alessandro Brussi was confirmed as the officer in charge of preparing the company's accounting documents; his term will expire together with those of the incumbent directors.

In the company Mr. Brussi holds the position of Administration Manager.

He possesses the required professional qualifications specified in the by-laws, namely:

- he has a university degree in economics;
- he has at least three years' overall experience as a financial and accounting manager;
- he has the requirements of good standing expected of directors.

The Board of Directors has resolved that this officer be granted suitable powers and resources for the performance of his task, which are clearly stated in the document "Operating Guidelines for the Officer in Charge of Preparing the Company's Accounting Documents".

This officer reports to the board of directors and personally attends the board meetings; he also makes sure that information continues to reach the board of statutory auditors and the auditing company.

8. Interests of the Directors and Transactions with Related Parties

Following the renewal of the company boards decided during the shareholders' meeting of October 25, 2012, currently only one director with the requirement of independence sits on the board of directors; consequently the minimum conditions to appoint a Committee for Related-Party Transactions no longer exist. Consequently on November 14, 2012, the board of directors modified the regulations by introducing – as provided for by law - the use of "equivalent internal controls" as specified in articles 7 and 8 of Consob Regulation 17221 of March 12, 2010.

The "Procedure for Related-Party Transactions" - duly modified as indicated above - is published on the company's website www.danieli.com, "Investors" section.

During the 2012/2013 financial year the members of the company boards or representatives of Group companies did not carry out any significant transactions of an "atypical" nature, not even with indirectly related parties.

9. Appointment of Statutory Auditors

The appointment of the board of statutory auditors is governed by art. 22 of the corporate by-laws.

The board of statutory auditors is made up of three standing auditors and three alternate auditors, with the

genders evenly balanced.

The statutory auditors are chosen from candidates who possess the requirements set forth in the applicable regulations, and particularly in Decree 162 of March 30, 2000, issued by the Ministry of Justice.

The statutory auditors must therefore possess the requirements of good standing and professionalism set forth in the applicable regulations, under penalty of being disqualified from holding office, and – in order to evaluate their experience – it is established that they must have experience in the production and marketing of durable goods.

Their obligations, duties and length of term in office are those established by law.

By means of a written notification to the Chairman of the Board at least 40 days prior to the date set for the meeting, the board of statutory auditors – or at least two of the auditors – can call the meeting; they also have the right – following a 10-day advance notice – to call a meeting of the board of directors or the executive committee.

Those who are found to be incompatible according to the law and those who hold office in other administration and control boards, which together exceed the limits allowed for corporate duties as established by the Consob Issuers' Regulations, cannot be appointed as auditors, and if elected will be required to resign.

Once the auditors are appointed the shareholders determine their yearly salary; they are also entitled to be reimbursed for the expenses they incur in the performance of their duties.

The statutory auditors are appointed from lists according to the procedure described below, for the purpose of ensuring that the minority shareholder can appoint one standing auditor and one alternate auditor.

Candidate lists must have two sections - one for the appointment of the standing auditors and the other for the appointment of the alternate auditors – and must contain a number of candidates that does not exceed the number of members to be elected, listed in numerical order.

Each of the two sections on the lists – with the exception of the lists with less than three candidates – must include at least one candidate of another gender.

Each candidate may appear on only one list, under penalty of being declared ineligible.

The shareholders entitled to submit a list are those who alone or together with other shareholders represent at least the percentage of ordinary share capital established by current regulatory provisions and stated in the meeting convocation notice.

The lists must be submitted at the registered offices of the company by the deadline specified in the regulations.

If by the expiry date only one list has been submitted or only lists by shareholders who are affiliated to each other have been submitted, additional lists can be submitted up to the third day following this date, and the minimum shareholding percentage specified in the convocation notice will be reduced to half.

In order to submit a list, the ownership of the shareholding must be proven according to the procedures set forth in current regulations, provided that this is done by the date set for the publication of the lists by the company.

The lists can also be submitted via remote means of communication, according to the procedures made known in the convocation notice for the shareholders' meeting.

Together with each list, which must show the names of the shareholders, the following documents have to be submitted, under penalty of being disqualified:

- a statement by the shareholders - other than those holding (even jointly) a controlling or majority interest – certifying the absence of relationships of affiliation with said shareholders, as specified in art. 144-quinques of the Consob Issuers' Regulations;

- the statements in which each candidate accepts his/her candidacy, listing their personal and professional characteristics, certifying, under their own responsibility, the non-existence of reasons of ineligibility, disqualification and/or incompatibility, and the existence of the requirements of good standing and professionalism prescribed by current regulations, the requirements of independence as required by law (art.148, paragraph 3 of Legislative Decree n.58 dated 24.2.1998) as well as information on administrative and control positions the candidates hold in other companies.

Each shareholder may submit one list; failure to do so will result in none of the lists being accepted.

Each shareholder has the right to vote for one list.

The standing auditors will be the first two candidates from the list which obtains the highest number of votes, plus the first candidate from the list which has the second highest number of votes; the latter shall be the Chairman.

The alternate auditors will be the first two candidates from the list which obtains the highest number of votes, and the first candidate from the list with the second highest number of votes.

If the procedure described above fails to comply with the law on gender balance, instead of the last candidate of the gender that is superior in number from the majority list, the next candidate of the gender that is inferior in number from the same list will be elected.

In case of death, waiver or disqualification of a standing auditor, he/she will be replaced by the first alternate auditor from the same list as the replaced auditor, unless – for the purpose of balancing the genders – another candidate has to be selected from the same list.

If the gender quota is still not filled, a meeting of the shareholders will be called as soon as possible to ensure that the composition of the Board of Statutory Auditors complies with the law on gender balance.

If only one or no list is submitted, and for the purpose of appointing the standing and alternate auditors required to complete the Board of Statutory Auditors, the shareholders will decide by relative majority in observance of the current regulations on gender balance.

If two or more lists submitted by the majority shareholder receive the same number of votes, the candidates from the majority list submitted by the shareholders with the highest shareholding will be elected.

If two or more lists – other than the one which received the highest number of votes - receive the same number of votes, the youngest candidates on the minority list will be elected until all the positions to be assigned have been filled.

If only one list is submitted all the auditors will be elected from this list.

The outgoing auditors can be re-elected.

The board of Statutory Auditors meets at least every 90 days, including in audio or videoconference, provided that all the participants can be identified and are able to follow the discussion, examine, receive and send documents and take part in real time in the discussion of the matters at hand.

The venue for the meeting of the board of Statutory Auditors is considered to be wherever the Chairman of the board of Statutory Auditors is found.

10. Statutory Auditors (pursuant to art. 123-*bis* paragraph 2, letter d), of the Consolidated Law on Finance)

The Board of Statutory Auditors - made up of three standing auditors and three alternate auditors – was appointed by the shareholders on October 25, 2012, taking into account the provisions of Law 120 of July 12, 2011, on gender balance.

The Board of Auditors in office at year end is made up of Renato Venturini, Chairman, Gaetano Terrin and Chiara Mio as standing auditors, and Giuseppe Alessio-Verni, Vincenza Bellettini and Giuliano Ravasio, as alternate auditors, appointed from the single list submitted by the majority shareholder. Their term in office will expire at the shareholders' meeting called to approve the annual report for the year ending June 30, 2015.

The Statutory Auditors possess the requirements of good standing and professionalism set forth in the applicable regulations and particularly in Decree 162 dated March 30, 2000, issued by the Ministry of Justice.

The Board of Statutory Auditors ascertained the independence of its members during the first meeting held following the appointments; during the year it also made sure that these requirements were maintained.

Personal and Professional Characteristics of the Members of the Board of Statutory Auditors

Renato Venturini, Chairman of the Board of Statutory Auditors

Born in Postumia Grotte (TS) on September 25, 1942.

Degree in Economics and Commerce at the Università degli Studi of Trieste in 1969.

Since 1970, registered as a Certified Public Accountant for the Province of Udine.

Official Accounting Auditor since 1978.

Entered in the Register of Accounting Auditors as per Ministerial Decree dated April 12, 1995.

He has a private practice which specializes in corporate and tax matters.

He has held positions as Director and Legal Auditor in financial and insurance companies and banks.

Gaetano Terrin, Standing Auditor

Born in Padua on July 16, 1960.

Degree in Business Economics from Ca' Foscari University in Venice in 1985.

Appointed Official Accounting Auditor as per Ministerial Decree dated April 24, 1992.

Entered in the Register of Accounting Auditors as per Ministerial Decree dated April 12, 1995.

Since 1988, a close collaborator of Giulio Tremonti and head of the firm Tremonti e Associati of Padua until 1998.

Partner in a leading international auditing firm from 1998 to 2003.

His firm provides tax and corporate consulting services.

He has contributed to tax and corporate magazines as a freelance journalist.

He holds the position of Standing Auditor in various insurance, industrial and financial companies.

Prof. Chiara Mio, Standing Auditor

Born in Pordenone on November 19, 1964.

Degree in Business Economics from a Venetian university in July 1987.

Registered as a Certified Public Accountant in Pordenone.

Entered in the Register of Accounting Auditors.

President of the commission on "Environmental Consultancy" of the National Committee of Certified Public Accountants.

Full professor at the Department of Management at the Ca' Foscari University in Venice, where she was already an associate professor - and prior to that – a researcher.

Member of the teaching college for the Master's Degree in "Business Economics and Management"

Vice-dean for Environmental Sustainability and Social Responsibility since 2009.

Director of Master Mega, Level 1 Master's Degree in ethical business management.

Member of Aidea – Italian Academy for Business Economics.

Writes for various publications specialized in business economics and social responsibility.

Member of various international associations and institutes.

Giuseppe Alessio-Vernì, Alternate Auditor

Born in Trieste on October 5, 1964.

Degree in Economics and Commerce at the Università degli Studi of Trieste in 1989.

Registered as a Certified Public Accountant in Trieste since 1992; held the position of Director and Treasurer of the Association for the five-year period 2008-2012.

Consultant and then associate with a professional firm in Trieste since 1990.

Subsequently, associate in a professional firm, where he gained experience in accounting, administrative, financial, tax and taxation matters, dealing in complex corporate transactions.

He has also been a trustee in bankruptcy with the Court of Trieste since 1993.

Entered in the Register of Accounting Auditors as per Ministerial Decree dated April 26, 1995.

Entered in the Register of Court-appointed Assessors and Technical Consultants of the Court of Trieste.

Entered in the Register of Auditors for Cooperatives since 1997.

He holds the position of standing auditor in various insurance, banking and financial companies.

Vincenza Bellettini, Alternate Auditor

Born in Fanano (MO) on March 31, 1954.

Degree in Economics and Commerce from the Università degli Studi di Bologna in 1978.

Registered as a Certified Public Accountant in Bologna since 1979.

Entered in the Register of Accounting Auditors at the Ministry of Justice (1992)

Member of the Managing Board of the Association of Certified Public Accountants of Bologna.

Member of the Committee for Equal Opportunity in Bologna

Works as a Certified Public Accountant at the firm of Bellettini Manzoni e Associati.

Specialized in corporate consulting, corporate and tax matters and auditing.

Has held the positions of standing auditor and Chairman of the Board of Statutory Auditors in large

corporations, some of which are listed on the stock exchange.
Has also held the position of trustee in bankruptcy.
She is currently the standing auditor of a bank.

Giuliano Ravasio, Alternate Auditor

Born in Carrara (MS) on January 31, 1951.

Certified Public Accountant.

Registered as a Certified Public Accountant since 1983.

Entered in the Register of Official Accounting Auditors since 1987, then in the Register of Accounting Auditors since 1995.

Since 1993 has been on the List of Experts for Inspections of trust and auditing companies.

On the list of "Corce" experts (Master's Degree in International Marketing) at the Ministry of Foreign Trade.

Member of the provincial tax commission (1978-1996).

Member of the Board of his professional order (1995-2007).

Owner of a certified public accounting firm specialized in corporate consultancy.

Holds the position of director and standing auditor in various companies.

University professor of marketing and business administration.

Teacher of training courses for the European Social Fund.

The Board of Statutory Auditors meets at least every 90 days, including by audio or video-conference if necessary. During the year the Board met 9 times. The average duration of the meetings was about three hours.

If a statutory auditor is interested in a particular company transaction for himself or on behalf of third parties, he shall promptly provide the other Statutory Auditors and the Chairman of the Board of Directors with exhaustive information as to the type, terms, origin and scope of his interest.

The Board of Statutory Auditors also monitored the independence of the external auditing company, ensuring that it complies with applicable regulations in terms of both type and extent of services other than auditing, provided to the company or its subsidiaries by the external auditing company itself and by firms belonging to its network.

11. Relations with shareholders

On its website www.danieli.com, the company has set up an *INVESTORS* section, containing information that is important to its shareholders, so that they can exercise their rights in an informed manner.

Alessandro Brussi is the officer in charge of relations with the shareholders, and is assisted in this task by the Department of Corporate Affairs. The company ensures that information important to shareholders is promptly made available on its website.

12. Shareholders' Meetings

No additional operating mechanisms have been contemplated for the shareholders' meetings, other than those provided for in the applicable legislative provisions and regulations.

As for the powers of the shareholders, the corporate by-laws state that the Board of Directors has the authority to make decisions - with application of art. 2436 of the Italian Civil Code – on proposals relating to:

- merger in the cases specified in articles 2505 and 2505 bis of the Civil Code,
- setting up or shutting down of secondary offices,
- reduction of capital in the event of withdrawal of a shareholder,
- changes to the corporate by-laws to comply with regulatory provisions,
- transfer of the company's registered offices within Italy,
- bond issue, with the exception of bonds that can be converted into company shares (which remains the responsibility of the shareholders).

The company has adopted a set of regulations for the shareholders' meetings, which govern the running of the meeting and are an integral part of the corporate by-laws; these regulations are available on the company's website www.danieli.com, *Investors* section.

These regulations set out the conditions which during the meetings guarantee the right of each shareholder to take the floor on each of the matters on the agenda, to make observations and come up with proposals.

Those who intend to take the floor must submit a written request to the Chairman indicating the matter they wish to discuss, after the items on the agenda have been read out and until the Chairman declares the discussion of the matter closed.

The Chairman and those he has invited to assist him will reply to the speakers after each one has spoken, or once they have all spoken.

Depending on the subject-matter and importance of each item on the agenda, the Chairman will decide how much time – usually no less than ten minutes and no more than twenty – each speaker has to state his/her case. After this period, the Chairman may grant the speaker another 5 minutes.

Those who have already taken part in the discussion may request the floor a second time to discuss the same subject-matter, usually for five minutes, and to declare how they intend to vote.

During the meeting, the board reports on both performed and scheduled activities, ensuring that the shareholders have the necessary information to make decisions with full knowledge of the facts.

During the year there were no significant changes in the composition of the corporate structure.

13. Additional Corporate Governance Practices

The Board of Directors has adopted a Code of Conduct on *Internal Dealing* in accordance with the provisions of Consob Issuers' Regulation no. 11971/99, which came into force on April 1, 2006. This document contains the new provisions concerning this matter, issued by Consob in resolution n. 18079 of 20.01.2012.

The Code of Conduct is available on the company's web site www.danieli.com, "*Investors*" section.

14. Changes Since the End of the Financial Year

Since the end of the reference year there have been no changes in the *corporate governance* structure.

September 25, 2013

DANIELI & C. OFFICINE MECCANICHE S.P.A.

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

BOARD OF DIRECTORS						Executive Committee		Watchdog Committee	
Position held	Members	Executive	Non-executive	Attendance BoD	Number of other positions	Member	Attendance	Member	Attendance
Chairman and CEO	Gianpietro Benedetti	X		6/6	5	X	0		
Vice-Chairman	de Colle Carla	X		6/6	2	X	0		
Director	Alzetta Franco	X		4/6	6	X	0		
Director	Clerici Bagozzi Augusto (*)		X	6/6	6			X	2/2
Director	Mareschi Danieli Giacomo		X	6/6	2				
Director	Cappugi Luigi (**)		X	1/1				X	2/2

Number of meetings held during the year in question	Board of Directors: 6	Executive Committee: 0	Watchdog Committee: 8
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(*) Independent director; member of the Watchdog Committee until October 25, 2012.

(**) Independent director until October 25, 2012; during the board of directors' meeting of October 25, 2012, he was appointed to the Watchdog Committee.

All the directors were appointed during the Ordinary Shareholders' Meeting held on October 25, 2012, from the sole list submitted by the majority shareholder, and will remain in office until the meeting to approve the annual report for the year ended June 30, 2015.

The company decided to set up an equivalent internal control (as provided for in the applicable regulations) to replace the Committee for Transactions with Related Parties, considering that there is only one independent director, as already mentioned.

TABLE 2: STRUCTURE OF THE BOARD OF STATUTORY AUDITORS

Position held	Members	Independence Requirement	Percentage of attendance at the Board of Statutory Auditors meetings	Number of other positions held as director or legal auditor in other companies listed in regulated Italian stock markets.
Chairman	Renato Venturini		9/9	-
Standing Auditor	Gaetano Terrin		9/9	1
Standing Auditor	Chiara Mio		6/9	2
Alternate Auditor	Giuseppe Alessio-Verni (*)		4/4	3
Alternate auditor	Vincenza Bellettini			
Alternate auditor	Giuliano Ravasio			
	Number of meetings held during the year in question: 9			
	Legal number required to submit the lists during the last appointment: 2.5%.			

All the directors were appointed during the Ordinary Shareholders' Meeting held on October 25, 2012, from the sole list submitted by the majority shareholder, and will remain in office until the meeting to approve the annual report for the year ended June 30, 2015.

This is the first appointment for Chiara Mio and Vincenza Bellettini.

(*) Legal auditor in office until October 25, 2012.



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