



***REPORT ON CORPORATE GOVERNANCE AND OWNERSHIP STRUCTURE
pursuant to art.123-bis TUF***

Report approval date: 15th March 2013
Year to which the Report relates: 2012

Web site: www.irce.it

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ATTACHMENT: Annual report of the Manager responsible for preparing the corporate accounting documents year 2012

1. Company's profile

IRCE is an industrial group of relevance in Europe, with two business areas:

- Winding wires for electric machines, commonly known as enamelled wires; this product is mainly utilized in several applications such as motors, electric generators, transformers, inductances and relays. The main feature of this product is the increasing use linked to continuous automation expansion. The production covers the 70% of the group turnover and the reference market is Europe.
- Insulated energy cables; this product is utilized in the installation of electrical plants in residential and industrial buildings, and for feeding electric current and wiring electric equipment. The production covers the 30% of the group turnover and the reference market is Italy.

2. Informations on Ownership Structure (art.123-bis, part.1, TUF) as of 15th March 2013

a) Structure of share capital (art.123-bis, part.1 a) TUF)

The share capital consists of registered shares whose ownership involves the social statute and to the Shareholders' Meeting resolutions; the share capital comes to € 14.626.560 consisting of n.28.128.000 shares, the shares are fully paid and without rights, privileges and ties on dividends distribution and capital refund.

STRUCTURE OF SHARE CAPITAL				
	No of shares	% of share capital	Listing	Rights and duties
Ordinary shares	28.128.000	100%	MTA	Each share gives right of vote. The shareholders' rights and dutise are indicated on art. 2346 of Code Civil
Share with limited right of vote	0			
Share without right of vote	0			

b) Restrictions on share transfer (art.123-bis, part.1 b) TUF)

There are no restrictions on the transfer of share.

c) Significant interests in share capital (art.123-bis, part.1 c) TUF)

The shareholder majority is Aequafin Spa at present owning 50,004% of the share capital.

SIGNIFICANT INTERESTS IN SHARE CAPITAL			
Declarant	Direct shareholder	% of share ordinary capital	% of votino capital
AEQUAFIN SPA	AEQUAFIN SPA	50,004	50,004
MONGARDI ANNA MARIA	MONGARDI ANNA MARIA	3,899	3,899
DALLAGO ORFEO	DALLAGO ORFEO	2,088	2,088

d) Shares carrying special rights (art.123-bis, part.1 d) TUF)

No shares have been issued that grant special rights of control.

e) Employees share ownership: mechanism for exercising voting rightst (art.123-bis, part.1 f) TUF)

There is no employees share ownership.

f) Restriction on voting rights (art.123-bis, part.1 f) TUF)

There are no restrictions on voting rights.

g) Shareholders agreements (art.123-bis, part.1 g) TUF)

There are no agreements know to the Company under art.122 TUF.

h) Change of control clauses (art.123-bis, part.1 h) TUF)

There are no change of control clauses.

I) Directors' indemnity in case of resignation, dismissal or cessation for public purchase offer (art.123-bis, part.1 i) TUF)

There are not agreement between the Company and the Directors for indemnity in case of resignation, dismissal or cessation for public purchase offer.

I) Authority to increase share capital and authorisations to buy back shares (art.123-bis, part.1 m) TUF)

The Board of Directors has not authority to increase share capital.

On 24th April 2012 the Shareholder's Meeting has deliberated the authorization to buy and to transfer owened shares according to art.2357 Civil Code, the authorization will be effective for 18 months. The number of shares can not exceed the fifth part of total number of shares.

The purchase price can not be lower than 80% and higher than 120% of the price registered by Italian Stock Exchange during the session preceding the purchase.

m) Direction and coordination

The company is not subjected to direction and coordination according to art. 2497 Civil Code.

3. Compliance

IRCE S.p.A has adopted an internal organizational structure and a corporate governance conformed, in substance, to the Code of Conduct for Listed Companies (approved in 2006).

The Code of Conduct is available to the public on the website of the Italian Stock Exchange (www.borsaitaliana.it).

The company governance's structure has constituted by the Shareholder's Meeting, the Board of Directors and the Board of Auditors.

4. The Board of Directors

4.1 Appointment and replacement (art.123-bis, part.1 I) TUF)

The company is managed by a Board of Directors with a minimum of three and a maximum of twelve members appointed, the member appointments should take place based on shareholders lists.

The lists can be issued by the shareholder holders of quota of shares capital according to Consob's Rule. The form of lists assure that at least one candidate is expressed by the list of minority as indicated on art.147-ter of T.U.F.

If during the year, for any reason, one or more Directors failed, the others in charge provide for the substitution with a resolution approved by the Board of Auditors, this appointed Directors will be in charge until the successive shareholders' meeting.

If failed the Director who was expressed by the list of minority the substitution will be done priority with the candidates indicated in the list of the Director failed, still eligible and available to accept the charge

The Board of Directors being in charge for the period fixed by Shareholders' Meeting, not superior to three years, and the members must be re-elected.

The Board is invested with the full powers for ordinary and extraordinary company management, excepted only those ones are assigned by law absolutely to the Shareholders' Meeting.

The Board of Directors can also decide on mergers and acquisitions, according to art.2505 and 2505 *bis* code civil, incorporation and suppression of branch office, statute's adjustment to provision of the law, as well as on the share capital's reduction in case of partner's withdrawal and according to art.2446 code civil.

4.2 Composition (art.123-bis, part.2 d) TUF)

The actual Board of Directors, that will be in charge until the approval of balance-sheet 2012, consists from 5 Directors, whose 2 executives, 1 not executive and 2 independent according to the art. 3 of the Code of Conduct for Listed Companies.

BOARD OF DIRECTORS										
Members	Office held	In office from	In office until	List	Exec.	Non Exec.	Indep. As per Code	Indep. As per TUF	Participation	Other appointments
Casadio Filippo	Chairman	29.04.10	Balance approval 2012	n/a	X				100%	
Gandolfi Colleoni Francesco	Director	29.04.10	Balance approval 2012	n/a	X				100%	
Sepriano Gianfranco	Director	29.04.10	Balance approval 2012	n/a		X			100%	
Senese Fabio	Director	29.04.10	Balance approval 2012	n/a			X	X	100%	1
Dallago Orfeo	Director	29.04.10	Balance approval 2012	n/a			X	X	100%	

The actual Remuneration Committee and Internal Control Committee consist from:

COMMITTEES							
Members	Office held	In office from	In office until	CR	Participation CR	CI.	Participation C.I
Sepriano Gianfranco	Chairman	29.04.10	Balance approval 2012	P	100%	P	100%
Senese Fabio	Member	29.04.10	Balance approval 2012	M	100%	M	100%
Dallago Orfeo	Member	29.04.10	Balance approval 2012	M	100%	M	100%

The presence in the Board of executive, not executive and independent members is a choice in order to guarantee a good company administration and the clashing interest situation prevention.

4.3 The role of Board of Directors (art.123-bis, part.2 d) TUF)

The Board of Directors has got the largest powers for the ordinary and extraordinary management of the company and the responsibility of strategic, organizational and control trends.

In particular, between all the subjects indicated in the Code, the Board of Directors with exclusive competence:

on Statutory arrangement basis:

- determines, after Committees for remunerations proposals examination, the remuneration of the managing directors and of those directors who are appointed to particular position within the company;
- delegates powers to the managing directors and revokes them, it shall specify the limits to such delegated powers and the manner of exercising them.

on consolidated praxis basis:

- reports to the shareholders at Shareholder's Meeting.

foreign part the statutory notion of ordinary and extraordinary management:

- examines and approves the company's strategic, operations and financial plans and the corporate structure of the group it may head;
- checks the adequacy of the general organisational and administrative structure established by the Managing Director.

Are exclusive decisional competence of the Board of Directors the operations with an important economic, patrimonial and financial aspects, with a particular care at the operations with correlatives parts (point e) art.1.2 from the Code), therefore the following powers are not appointed: purchasing of sharing and/or firm or branch firm for an amount, including the financials debts on the sharing and/or firm or branch firm bought-out, higher to € 10.000.000,00 and the selling of sharing and/or firm or branch firm with a value, including the financials debts on the sharing and/or firm or branch firm sold, higher to € 10.000.000,00 and the release of warranties and real rights or similar bonds regarding company properties that are not on company interest and/or connected to the ordinary management for an amount higher to € 10.000.000,00 and the previously approve of the transaction with related parties (Resolution of the Board from 11th February 2011).

The Board of Directors meetings have a regular cadence to get the quarterly, half-yearly situation approval and for the annual financial statement and everytime necessary.

The meetings are convened and presided over by the Chairman that coordinates the activities and leads the development.

The social statute has no minimum meetings number: during the year 2012 the Board of IRCE gathered 5 times and we expect the same for the year 2013.

By such meetings occasions the Directors are informed adequate in advance concerning daily topics treated and they have access to all the available informations.

The Directors are appointed by the shareholders' meeting that establishes with own resolution the reward.

The rules for shareholders' meeting provides that by the occasion of the appointment of new directors their curriculum vitae will be deposited in the social headquarters at least 10 days before the meeting.

The Board of Directors according to the law can establish a reward for the Director with particular appointment.

4.4 Chairman of Board of Directors

In order to obtain a better functionality of company management and corporate governance, the Board has delegated part of his powers to the Chairman (Resolution of the Board from 29th April 2010).

The Chairman has got all the powers of ordinary and extraordinary administration, excluding only the ones specified in the previous point, that are remaining exclusive competence of the Board and the Chairman has got furthermore an operative role in the organizational structure of the Company.

The Chairman, according to art.2381, *3 comma*, code civil, reports to the Board of Directors and to the Board of Auditors about the management's general trend and about the most important business operations carried out by the company or its controlled companies.

The Chairman is the main responsible of Comapy's management (*chief executive officier*).

4.5 Executives Directors

In the actual Board of Director there is, more than Chairman, an other Execute Directors, Ing. Francesco Gandolfi Colleoni, he's the search and development manager.

4.6 Independent Directors

A Director does not appear independent in the following events:

- a) If he/she controls, directly or indirectly, the issuer also through subsidiaries, trustees or through a third party, or is able to exercise over the issuer dominant influence, or participates in a shareholders' agreement through which one or more persons may exercise a control or considerable influence over the issuer;
- b) if he/she is, or has been in the preceding three fiscal years, a relevant representative of the issuer, of a subsidiary having strategic relevance or of a company under common control with the issuer, or of a company or entity controlling the issuer or able to exercise over the same a considerable influence, also jointly with others through a shareholders' agreement;
- c) if he/she has, or had in the preceding fiscal year, directly or indirectly, a significant commercial, financial or professional relationship with the issuer, one of its subsidiaries or any of its significant representatives, with a subject who, jointly with others through a shareholders' agreement, controls the issuer, or with the relevant significant representatives; or is, or has been in the preceding three fiscal years, an employee of the above-mentioned subjects;
- d) if he/she receives, or has received in the preceding three fiscal years, from the issuer or a subsidiary or holding company of the issuer, a significant additional remuneration compared to the fixed remuneration of non-executive director of the issuer, including the participation in incentive plans linked to the company's performance, including stock option plans;
- e) if he/she was a director of the issuer for more than nine years in the last twelve years;
- f) if he/she is vested with the executive director office in another company in which an executive director of the issuer holds the office of director;
- g) if he/she is shareholder or quotaholder or director of a legal entity belonging to the same network as the company appointed for the accounting audit of the issuer;
- h) if he/she is a close relative of a person who is in any of the position listed in the above paragraphs.

In accordance with this statement the Board of Directors has considered that Mr. Fabio Senese and Mr. Orfeo Dallago are qualified like "independents", particularly Mr Orfeo Dallago, who have an interest in share capital of 2,08%, has been considered independent.

The Board of Auditor verified the correct application of principles and procedures adopted by the Board of Directors for value the independence of its members.

5. Price sensitive informations

The Board of Director has arranged a procedure to communicate externally price sensitive documents and informations concerning the company. Such procedure provides that the external communication of the documents and informations is cure of the Investor Relations Office.

The Investor Relations Office informed by the top management of important facts regarding the company or the subsidiaries, compares itself with the Legal Office to verify law duties and in

particular to check if the information should be considered price sensitive. If the information is price sensitive the Investor Relations Office defines the communication contents through a press release and with the help of the Legal Office assures that the press release has got the provide qualifications by the law in force.

Such press release is subjected to the Chairman or Managing Director for the final approval before the external communication.

The press release relevant to price sensitive informations will be sent in advanced to the Italian Stock Exchange and Consob and then admitted in the NIS (Network Information System), according the provided formalities by the law in force.

The press release will be made public also on the internet website www.irce.it.

The Board of Directors of IRCE SPA has approved the Code of Conduct (internal dealing) in accordance with article 2.6.3 of the Italian Stock Exchange Rules.

In particular the company will inform the market of the information it receives from the *Significant Person*:

- a) when, during the quarter, a single declarer carries out transactions for a cumulative amount equal to, or more than € 50.000,00 IRCE SPA shall communicate the transactions by the 10th day, in which the Stock Exchange is opened, after the end of the quarter.
- b) whenever a single declarer carries out transactions for a cumulative amount equal to, or more than, € 250.000,00 IRCE SPA shall communicate the transactions immediately and however within one day from the receipt of the declaration of the "Significant Persons".

6. Internal Committee (art.123-bis, part.2 d) TUF)

6.1 Internal Control Committee

The Board of Directors, with resolution on 29th April 2010, according to art.10 Code of Conduct, has renewed the internal control committee, with the task of giving advice and making proposal.

At the moment the Committee, that being in charge until the approval of balance-sheet 2012, are made up of Mr. Gianfranco Sepriano, non-executive director and expert in accounting and finance, Mr. Fabio Senese and Mr. Orfeo Dallago both independents directors.

The Chairman of the board of auditors and the Chairman may participate in the committee's meetings.

The Committee has the following functions:

- a) assist the board in performing the tasks described in Article. 8.C.1 of the Code of Conduct;
- b) together with the manager in charge of preparing the corporate accounting documents and the auditors, the correct application of accounting principles and, in the case of groups, their uniformity for the purpose of preparing the consolidated financial statements;
- c) at the request of the executive director to express opinions on specific aspects of the identification of the principal risks and the design, implementation and management of the internal control system;
- d) examine the work plan prepared by the internal auditors and the periodic reports prepared by them;
- e) consider the proposals made by independent auditors for the audit engagement, the work plan prepared for the audit and the results presented in the report and any letter of suggestions;
- f) monitor the effectiveness of the audit process;

- g) report to the Board, at least twice a year, when the annual and half-yearly reports on its activity and the adequacy of the internal control system;
- h) perform any other duties assigned by the board of directors.

During 2012 there was a meeting of the Committee within which were last revised procedures in place relating to the situations most relevant in terms of risk and in particular those that relate the processes for defining the budget statement, balance sheet and investment and the adequacy, reliability and application of procedures for managing and monitoring the risk of unsolved and risk linked to the price of copper. The Committee also suggested a more detailed analysis of the internal control system in order to detect any further problems and their remedies.

The committee meetings are regularly reported.

7. Internal Control

According to the Code of Conduct, the Board of Director has got the company internal control responsibility.

The Board of directors is responsible for the internal control system; it shall lay down the guideline for the system, periodically (every years) check that it is adequate and working properly, and verify that the main risks facing the company are identified and managed appropriately.

8. Person in charge of internal control

The Board of Directors as appointed Mr Wilmer Neri as person in charge of internal control with tasks of valuation, constant monitoring and impulse of actual internal control. The person in charge, who has complete autonomy in his work and shall not report hierarchically to any manager of operational divisions, should report periodically on his activity to Internal Control Committee, to Board of Directos and to Board of Auditors.

9. Organization Model adopted pursuant to D.Lgs no. 231/2001

On 28/03/2008 the Board of Directors has adopted an organisation and control model as requested by Legislative Decree no. 231/2001 and created the Committee of inspection, who have to watch the working and the observance of the organisation and control model.

The Committee is composed of three members, chosen for their requirements of autonomy, independence, professionalism and continuity of action:

- Mr Fabio Senese (independant member of Board of Directors) Chairman
- Lawyer Paola Preti (external consultant)
- Mr Piffanelli Gianluca (group financial controller)

During the year 2012 the Committee of inspection has held two times.

In 2012 the government issued new rules which introduced new types of relevant offenses under the Decree. nr. 231/2001. In particular, it was added to the crime of employment of third-country nationals whose stay is illegal and the crime of corruption between private parties.

These changes have required the updating and revision of the Model of organization and management, revisions previously submitted for approval by the Board of Directors.

The activity of the Committee is also focused on the analysis of procedures implemented by the company to ensure health and safety in the workplace, compliance with the regulations to protect the environment and the completion and updating of procedures within the law 262/2005.

10. Auditing of accounts

On 29/04/2011 has been appointed as a statutory audit pursuant to Legislative Decree 39/2010 and Legislative Decree 58/1998, PricewaterhouseCoopers SpA for the years 2011-2019.

11. The manager responsible for preparing the company financial statements

Mrs Elena Casadio has been appointed by the Board of Directors as the manager responsible for preparing the company financial statements.

12. Transactions with related parties

According to art. 4 of Transactions with related parties Rule adopted by Consob with resolution n.17221 of 12 March 2010, the Board of Directors has predisposed (Resolution of the Board of Director 30th November 2010) a new procedure for the management and approval of transaction with related parties; this procedure will be effective, according to the normative, by 1st January 2011, this procedure is available on the company's internet web site.

13. The Board of Auditors

The Shareholders' Meeting elects a Board of Auditors consisting of 3 active Auditors and 2 temporary ones.

The shareholders, who, even put together, hold a total of quota of shares capital according to Consob's Rule, are entitled to present slates of External Auditors to elect. The slates must be delivered directly to the Registered office or sent by registered mail with return receipt or by certified e-mail addressed to ircespa-pec@legalmail.it, along with a currently valid identification document of the shareholder delegating the proxy, at least 25 days prior to the date of the first call for the Meeting. The slates must include information on the identity of the Shareholders presenting them, with the indication of the overall percentage of share capital held; a declaration of the shareholders other than those who hold, even jointly, a controlling or relative-majority equity interest, certifying the absence of relations of connection as defined by article 144-*quinquies* of the Issuer's Regulations with such shareholders; a complete report on the personal and professional characteristics of the candidates; a declaration of such candidates, certifying the possession of the requisites prescribed by the applicable laws; and their acceptance of the nominations.

The Candidates can not covering already appointments as active Auditor in the other five listed company or having no requirements of honourableness and professionalism or covers other tasks of administration and control in the companies indicated on the Book V, Title V, Capi V, VI and VII of code civil more that maximum limit fixes by law cannot be put in the candidates lists.

Nowadays the Board of Auditors being in charge up to annual balance-sheet 2013 is composed by:

BOARD OF AUDITORS								
Members	Office held	In office from	In office to	List	Indep. Code	As per	Participation C.I	Number other appointments
Leonello Venceslai	Chairman	24.04.11	Balance approval 2013	Majority		x	100%	
Stupazzini Franco	Regular Auditor	24.04.11	Balance approval 2013	Majority		x	100%	
Zappi Gianfranco	Regular Auditor	24.04.11	Balance approval 2013	Majority		x	100%	
Garuti Massimo	Alternate Auditor	24.04.11	Balance approval 2013	Majority		x		
Galli Davide	Alternate Auditor	24.04.11	Balance approval 2013	Majority		x		

During the year 2012 the Board gathered 8 times.

14. Relations with Shareholders

Internally to the company has been established a function to provide a constant relation with the investors and the shareholders – *The Investor Relator-Mr. Gianfranco Sepriano tel. 0039 0382 77535 – e-mail Gianfranco.sepriano@irce.it*

In order to guarantee a complete and uninterrupted communication with the shareholders all press release and all the periodic financial statements are available on the internet website www.irce.it

15. The Shareholders' Meeting

Can take part to the shareholders' meeting the Shareholders who present the specific certifications as indicated on art. 33 and art. 34 Deliberation Consob n.11786 of 23.12.98, immediately issued by the intermediaries of Monte Titoli Spa and delivered to the company at least two days before the shareholders' meeting

The Shareholders' Meeting has adopted the "rules for shareholders' meeting" as requested from art.12.4 from the Code of conduct for Listed Companies, available on the company website.

Imola 15th March 2013

IRCE SPA Group

**Annual Report of the Manager responsible for preparing
the corporate accounting documents
Year 2012**

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ANNUAL REPORT OF THE MANAGER RESPONSIBLE FOR PREPARING THE CORPORATE ACCOUNTING DOCUMENTS

INTRODUCTION

Article 154-bis of the Consolidated Financial Act - incorporating the provisions of Italian Law no. 262 of 28 December 2005 (Provisions for the protection of savings and the regulation of financial markets) and its subsequent amendments, as well as Italian Legislative Decree no. 195/2007 on Transparency – has introduced the mandatory role of the “Manager responsible for preparing the corporate accounting documents” with specific responsibilities regarding provision of a true and fair view of the assets, liabilities, financial position and profit or loss of the listed issuers, while also extending the scope of application to companies issuing financial instruments and which are listed on regulated markets.

With regard to the framework of reference, refer to that already reported in the document “Guidelines for the definition of the scope of application and testing”.

The objective of this document is therefore to fully report the activities implemented by IRCE SpA, ranging from the identification of the scope of consolidation under analysis, the outcomes of assessments of the reliability and adequacy of the internal control system and which could affect accounting and financial reporting that is functional to the certifications required by regulations, as listed below:

1. DEFINITION OF THE SCOPE OF APPLICATION
2. FORMALISATION OF PROCESSES AND ANALYSIS OF RISKS AND CONTROLS
3. TEST OF EFFECTIVENESS OF CONTROLS
4. EVALUATION OF EXCEPTIONS

This document is drafted in accordance with the Manual “Guidelines for the definition of the scope of application and testing”.

IRCE SPA has defined a risk management and internal control system in relation to the financial reporting process.

The objectives of the financial reporting process can be identified in terms of the trustworthiness, accuracy, reliability, and timely nature of the disclosures themselves. Risk management activities are an integral part of the internal control system.

IRCE SPA has implemented, and continues to update, a group of administrative and accounting procedures in order to guarantee a high standard of reliability to the internal control system on financial reporting.

The company has adopted the Co.S.O Framework as a reference model.

This Report is presented to the Board of Directors and the Board of Statutory Auditors of IRCE SPA in order to allow for the fulfilment of the activity pursuant to Article 154-bis, paragraph 4, of the Consolidated Financial Act, as well as to issue – on the part of the delegated Administrative Body and the Manager responsible for preparing the corporate accounting documents himself/herself – the certification of adequacy, compliance, suitability, correspondence and effective application of the administrative and accounting procedures for the preparation of the financial statements of the year and of the consolidated financial statements of the year 2012.

1. DEFINITION OF THE SCOPE OF APPLICATION

During the phase of *definition of the scope of application*, the following are identified:

- a) the companies of the Group which are deemed significant on the basis of quantitative and qualitative criteria and in terms of their contribution to the consolidated financial reporting in the year in question;
- b) significant accounts by means of quantitative measurements and additional refinements of qualitative nature ("*significant items*");
- c) company processes ("*significant processes*") which are associated with the accounts that must be subjected to testing activities for the previously defined significant locations.

The objectives of the control – which aim to prevent any errors/fraud which could occur during the activities of initiation, registration, management and reporting of a transaction – have been identified by IRCE by taking into account:

- the significant accounts, i.e. the items of the financial statements which are individually significant in terms of materiality;
- the administrative and accounting processes which generate the significant accounts which are identified as specified above;
- the relevance of the abovementioned processes which are identified at the level of each company that belongs to the scope of consolidation.

IRCE SPA has identified the scope of application on the basis of the materiality of the significant accounts, and their associated administrative-accounting processes for each individual company of the Group, for the consolidated financial statements.

IRCE has implemented a scoping activity for the purposes of:

- identifying the Material Control Units which are relevant for the purposes of the provisions pursuant to Italian Law no. 262;
- Identifying, for each relevant Material Control Unit, the "sensitive" processes for the purposes of the provisions pursuant to Italian Law no. 262;
- Classifying the processes on the basis of expected risk (analysis implemented on the basis of the materiality of the impact of an error/fraud on significant balances).

The selection of significant accounts was implemented by calculating a threshold of Group materiality by using a benchmark which utilises a threshold value between the lower of 1% of Shareholders' Equity, 0.5% of turnover, 5% of profit before tax and 0.5% of total assets.

In order to confirm the company and process scope of application derived from the materiality analysis, the company has also implemented subsequent qualitative analysis.

By applying the model, it has been possible to identify the risk profile inherent in each process and the associated control activities used for monitoring purposes; the procedures and control grids for each process which turned out to be sensitive on the basis of the abovementioned criteria were formalized.

2. FORMALIZATION OF PROCESSES AND RISKS AND CONTROLS ANALYSIS

On an annual basis, the company:

- monitors the processes which significantly contribute to feeding into the items of the consolidated financial statements;
- defines and implements testing plans;
- guarantees the resolution of detected critical factors.

In 2012, tests were carried out on the control procedures of the sales cycle, purchasing cycle, warehousing, consolidation and closing of the financial statements.

It should be noted that, in this year, the high-risk sub-processes were primarily examined and no critical factors emerged in relation to the procedures adopted by the company.

The subsidiaries which are part of the IRCE SPA Group are independently responsible for their own internal control system relative to financial reporting processes, and each company – through its CFO – is called upon to ensure its compliance with the provisions established by Italian Law 262 through a reporting process that is defined by the parent company.

The Manager responsible for preparing the corporate accounting documents is responsible for mapping the processes and identifying the controls.

Testing activities was implemented by the Internal Control Manager.

The results of the testing activities and the improvement plans (the so-called corrective actions) are defined and immediately shared with the Chairman of the Board of Directors.

Imola, 15 March 2013