



2012 CORPORATE GOVERNANCE AND SHAREHOLDERS REPORT

in accordance with art. 123- bis of the CFA
(administration and traditional control model)
Approved by the BOD on March 15, 2013

LA DORIA S.P.A.
www.gruppoloria.it

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GLOSSARY

2012 Self-Governance Code: the Self-Governance Code of listed companies approved in December 2012 by the Corporate Governance Committee and promoted by Borsa Italiana S.p.A., ABI, Ania, Assogestioni, Assonime and Confindustria.

Civ. Code.: the civil code.

Board/BOD: the Board of Directors of La Doria

CRC Control and Risk Committee

RC: Remuneration Committee

Company: La Doria S.p.A.

Year: 2012

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

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

Consob Related Parties Regulation: the Issuer Regulations following Consob Resolution No. 17221 of March 12, 2010 (as subsequently amended) in relation to related parties.

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

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

Introduction

The Corporate Governance structure adopted by La Doria S.p.A. is based on a system of regulations, conduct and processes formulated to guarantee efficient and transparent corporate governance and effective functioning of the corporate boards and control systems.

The Company complies with the principles and applicable criteria contained in the Self-Governance Code for listed companies, issued by Borsa Italiana, in the manner outlined in the present report.

The Governance adopted by La Doria ensures correct and transparent management of information and the protection of all shareholders, in line with best national and international practice.

For further information in relation to the Corporate Governance system of the Company reference is made to, in addition to the present Report, the By-Laws in force at December 31, 2012, available on the website www.gruppoloria.it, in the Investor Relations section.

1. COMPANY PROFILE

The Company is leader in the production of tomato-based products, fruit juices and beverages and canned vegetables, principally private labels. The Company also produces own brand products in addition to branded products for large Italian and foreign companies.

The Company, with a global presence, is particularly strong abroad, with a consolidated presence in Northern Europe, Japan and Australia.

The Company is the leading Italian producer of canned vegetables, chopped and peeled tomatoes and the second largest Italian producer for fruit juices and beverages (first in the commercial labels segment).

The Company's mission is to be leader in the Major Distribution and Supermarket Chain Markets, ensuring the provision of a superior quality product at competitive prices.

For further information on the activities of the Group and on the market, reference is made to the Financial Statements at December 31, 2012 and the information available on the internet site of the Company at www.gruppoloria.it.

2. DISCLOSURES ON SHAREHOLDERS (ARTICLE 123 bis OF THE CONSOLIDATED FINANCE ACT)

a) Share Capital structure

The share capital, amounting to Euro42.780.000, is fully paid-in and consists of 31,000,000 ordinary shares with a nominal value of Euro 1.38. All shares are attributed equal rights and obligations. For the shares held by the company, the limitations set out by article 2357 and subsequent of the Civil Code are applied.

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

No share based incentive plans are in place.

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

There are no restrictions on the transfer of shares.

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

The significant shareholdings, based on the declarations as per article 120 of the Consolidated Finance Act and the information available to the company, are as follows:

Shareholder	No. of shares	% of ordinary voting share capital
Ferraioli Antonio	3,631,368	11.7141%
Ferraioli Andrea	3,269,062	10.5454%
Ferraioli Rosa	2,994,491	9.6596%
Ferraioli Iolanda	2,994,088	9.6583%
Ferraioli Giovanna	2,993,686	9.6571%
Ferraioli Raffaella	2,993,686	9.6571%
Ferraioli Teresa Maria Rosaria	2,993,686	9.6571%
Cassa Nazionale Previdenza e Assistenza Ragionieri e Periti Commerciali	1,546,491	4.989%

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

There are no shares which confer special control rights.

e) Employee holdings: voting rights exercise mechanism (as per article 123, paragraph 1, letter e) CFA).

There is no share participation programme for employees.

f) Restriction on voting rights (as per article 123-bis, paragraph 1, letter f), CFA)

There are no restrictions on voting rights.

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

The company is aware of the following significant shareholder pact as per article 122 of Legislative Decree No. 58/1998 (CFA):

-Shareholder Pact signed on 25.09.1995 between seven shareholders holding a total of 21,700,000 shares, representing 70% of the Share Capital.

The agreement governs the restriction on the transfer of shares held by the parties to the agreement in addition to the exercise of voting rights.

The aim of the agreement is to ensure cohesion within the shareholder structure and the operational continuity of the business.

This is ensured through the provision of a pre-emptive right on the shares of each of the parties in favour of the other shareholders and through the exercising of voting rights in line with the resolutions assumed at the meetings of those belonging to the Shareholder Pact.

The parties subject to the pact are:

	<i>No of shares conferred</i>	% of the total of the Share Capital of La Doria
Ferraioli Antonio	3,461,302	11.1655%
Ferraioli Andrea	3,269,062	10.5454%
Ferraioli Rosa	2,994,491	9.6596%
Ferraioli Iolanda	2,994,088	9.6583%
Ferraioli Giovanna	2,993,686	9.6571%
Ferraioli Raffaella	2,993,686	9.6571%
Ferraioli Teresa Maria Rosaria	2,993,686	9.6571%
TOTAL	21,700,000	70.0%

None of the parties are able to exercise, through the agreement, control of the Company.

For the duration of the blocking pact, the parties cannot sell or cede to third parties, under any form, the restricted shares and those which may be assigned free or from a paid-in share capital increase.

The restricted shares in the Pact are transferable to spouses or descendants in a direct line.

The restricted shares are also transferable between the Participants through direct agreement between the relevant Participants. In this case, the other Participants have the pre-emptive right to purchase a quota equal to the percentage of the shares restricted by the Pact on the total of the shares minus the quota of the seller. In the case of revocation of the purchase by any of the Participants, the relative pre-emptive right is attributed pro-quota to the other Participants.

In the case of a free increase of the share capital, the Participants are obligated to restrict share movement to within the Shareholder Pact. In the case of a paid-in share capital increase, the Participants are obligated to assign within the Pact the new shares subscribed.

In the case in which any of the Participants, in relation to a share capital increase, intends to cede, in part or totally, the option right, they must make a timely pre-emptive pro-quota offer to the other Participants.

In the case of non-exercise of the pre-emptive right by the Participants, the interested parties can cede the option rights to third parties.

The duration of the Pact is until 30.06.2012 with a possibility of renewal for a further two years each time if no Participants have communicated the wish to rescind the agreement at least one year before expiry.

In the case of the withdrawal of one or more parties, the Pact will remain in place between the remaining Parties at the same conditions, although the residual shares must represent at least 40% of the share capital of the Company.

h) Change of control clauses (as per article 123-bis, paragraph 1, letter h), CFA) and By-Law provisions concerning Public Purchase Offers (as per artt. 104, paragraph 1-ter, e 104-bis, paragraph 1)

No agreements were signed by the Company or by its subsidiaries with change of control clauses

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

The Board does not have powers to increase the share capital pursuant to article 2443 of the civil code or issue equity financial instruments.

On May 16, 2012, the Shareholders' Meeting authorised the Board to purchase and sell treasury shares in accordance with articles 2357 and 2357 ter of the Civil Code and article 132 of the CFA.

Specifically, the BOD was authorised to purchase, on one or more occasions, within 12 months from the Shareholders' Meeting, ordinary shares at a unitary price not lower or higher than 10% of the share price quoted on the stock exchange on the day prior to each single purchase operation, as well as to sell treasury shares acquired at a unitary price not lower than 10% of the average cost.

For further information on the authorisation to purchase treasury shares, reference is made to the Directors' Report prepared in accordance with article 73 of the Issuers' Regulations, available on the internet site www.gruppoloria.it, in the Investor Relations section.

At December 31, 2012 the company held 2,345,125 shares in portfolio (7.5694% of the share capital).

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

La Doria is not subject to management and co-ordination pursuant to art. 2497 bis of the Civil Code.

m) Other information.

The following is noted:

a) the information required by article 123-bis, first paragraph, letter i) of the CFA (*"agreement between the company and the directors which provides indemnity in the case of resignation or dismissal without just cause or if the working relationship ceases following a public purchase offer"*) was not included in the present Report due to the fact that the Corporate Governance system of the Company does not deal with any of the matters covered.

b) the information required by article 123, paragraph 1, letter l) of the CFA (*"the regulations relating to the appointment and replacement of directors (...) and amendments of the by-laws, if different from the legislation or applicable regulations in a supplementary manner"*) were not illustrated in the present report due to the fact that the Corporate Governance system of the Company, for the appointment and replacement of the directors, does not apply differing regulations from applicable law.

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

La Doria adopted the Conduct Code in relation to corporate governance promoted by Borsa Italiana since the first edition of 2002 and subsequently amended following publication of further versions.

The Code is available on the website of Borsa Italiana: www.borsaitaliana.it

4. BOARD OF DIRECTORS

4.1 Appointment and replacement of the directors and changes to the company by-laws (*as per art. 123-bis, paragraph 1, letter l), CFA*)

The Directors are elected based on slates of candidates presented by shareholders who hold, separately or together with other shareholders, at least 2.5% of the share capital, in accordance with article 144.4 of the Issuers' Regulation.

At least one member of the Board of Directors will be taken from the minority slate that obtains the highest number of votes.

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

The slates presented by shareholders, together with the professional and personal information, must be filed at the registered office of the company at least 25 days before the date fixed for the Shareholders' Meeting in first call.

Declarations in which the candidates individually accept their candidacy and attest, on their own responsibility, that there are no grounds for ineligibility, and that they meet the requirements prescribed by law and the by-laws must be filed together with the slates within the time limit specified above.

Those with voting rights may vote on only one slate.

The procedure for electing the directors shall be as follows:

- a) from the slate that obtained the majority of votes from shareholders, the number of directors equal to the number of members of the entire Board less one, in the order in which they are listed, are elected;
- b) from the minority slate that obtains the highest number of votes, one director is elected;
- c) where, for whatever reason, for the appointment of the entire Board, it is not possible to adopt the procedure at letters a) and b) and therefore also in the case of the presentation of a single slate or in the absence of slates, the Directors are elected by statutory majority;
- d) in the case of parity between two slates, the Directors are appointed based on seniority of age.

If the Board of Directors is composed of more than seven members, at least two of them must be independent in accordance with article 148, paragraph 3 of Legislative Decree No.58 of February 24, 1998. The holding of the office of independent director is based on the requirements for independence contained in the conduct code prepared by the Management Company of the regulated markets.

The directors elected as independent relinquish the office whenever the independence requirements are no longer fulfilled. All the members of the Board of Directors must hold the honour requisites established by Justice Ministry Regulation in accordance with article 148, paragraph 4 of Legs. Decree No. 58 of Feb. 24, 1998.

The Board of Directors has not, at the current date, considered the adoption of an Executive Director succession plan (applicative criteria 5.C.2). An evaluation will most likely be carried out in 2013.

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

According to the by-laws, the Board of Directors must consist of a minimum of three and a maximum of nine members.

The directors remain in office for three years and may be re-elected. The Board is composed of 7 members, of which 3 executive directors (voted on by the majority shareholders), 1 non-executive and non-independent (the Chairman with over 9 years on the BOD, considered independent based on the CFA), 3 non-executive independent directors (of which one represented by the largest minority shareholder according to the Savings Law).

The independent directors, as recommended by article 3 of the Code, do not undertake with the Company, with its subsidiaries, with the executive directors or with shareholders that control the Company, significant economic relations that would impair their independent judgment. Also, they must not hold, directly or indirectly, or on behalf of third parties, shareholdings that would permit them to exercise any form of control over the company, or participate in agreements with other shareholders for the control of the company.

All the member of the Board of Directors were appointed by the Shareholders' Meeting of May 11, and will remain in office until the approval of the financial statements for the year ended December 31, 2013.

In 2012, the acting Director Mr. Sergio Foti passed away.
No other changes occurred since the end of 2012.

For further information on the curriculum vitae of the Directors, reference is made to the slates presented (shareholders belonging to the Shareholder Pact and the Cassa Nazionale Previdenza e Assistenza Ragionieri e Periti Commerciali) on nomination of May 2011, available on the website www.gruppoloria.it., *Investor Relations* section.

For the composition and other information relating to the current Board of Directors, reference is made to Table No.2 attached to the present Report.

Maximum number of offices held in other companies

In relation to the applicative criteria 1C3 of the Code, in accordance with which the Board expresses its opinion on the maximum number of offices of director or statutory auditor in listed companies on regulated markets, in financial, banking, insurance or large companies, which may be considered compatible with the effective fulfilment of the office of director of the Company (criteria 1.C.2. of the Code), the Board of Directors adopted on February 5, 2009 a specific Procedure which identified the general criteria differentiated based on the commitment for each role (executive director, non executive or independent), also in relation to the nature and size of the companies in which the offices are held, taking into consideration any holding in such companies.

The procedure provides that:

a) the Executive Directors, with or without specific duties, may not hold other executive roles or offices of control in other listed companies.

Other executive offices in other significant public interest companies or of significant size and/or in Public or Private Entities must not be held. Non executive or roles not involving control may be held maximum in four other public interest and/or significant size companies however.

b) the non-executive directors whether independent or not, may not assume roles of administration or control in companies and/or Bodies of significant size in more than 6 such entities.

4.3 ROLE OF THE BOARD OF DIRECTORS (as per art. 123-bis, paragraph 2, letter d), CFA)

In accordance with the recommendations contained in article 1 of the Code, the Board of Directors have a central role in the governance and management of the Company, through undertaking strategic direction, organisational coordination and verification of the controls necessary to monitor the performance of the Company.

The activities exclusively undertaken by the Board of Directors are determined in accordance with the by-laws and the board resolutions.

Specifically, it shall have the widest powers of ordinary and extraordinary administration of the Company and in particular may carry out any and all acts it deems appropriate for attaining the corporate scope, with the sole exclusion of those attributed exclusively to the shareholders' meeting.

Irrespective of the provisions set forth under article 2380 of the Civil Code, the Board of Directors has the following exclusive powers by resolution:

- a) acquisition and disposal of equity investments;
- b) exercise of voting rights during the Shareholders' Meetings of investee companies, with proxy ad personam granted as the occasion arises;
- c) granting of loans and guarantees to third parties;
- d) granting of financing to non-employee third parties;
- e) stipulation of loans receivable and payable;
- f) purchase and sale of fixed assets;
- g) purchase and sale, also by license, of trademarks, patents, etc.;
- h) approval of economic, financial and capital expenditure budgets.

With reference to the roles and duties indicated by the Self-Governance Code, the following functions have been reserved exclusively to the Board of Directors:

- a) examination and approval of the strategic, industrial and financial plans of the Company and periodic monitoring of their implementation, drawing up of the corporate governance system and the corporate structure of the Group;
- b) establishment of the nature and level of risk compatible with the strategic objectives of the Company;

- c) evaluation of the adequacy of the organisational, administration and general accounting system and of its subsidiaries having strategic importance, with particular reference to the internal control and risk management system;
- d) establishment of the timing, however not greater than quarterly, with which the Corporate Boards report to the Board of Directors concerning activities carried out in related to their delegated duties;
- e) establishment of the remuneration policy of Directors and Executives with strategic responsibilities;
- f) establishment, on the proposal of the Remuneration Committee, having consulted the Board of Statutory Auditors, of the remuneration of Executive Directors and other Directors fulfilling particular roles, and establishment of the performance objectives related to the variable component of such remuneration;
- g) evaluation of the general operational performance, taking into account, in particular, the information received from executives, as well as periodically comparing the results with the budgets;
- h) examination and approval of transactions that have a significant strategic, economic, equity and financial impact;
- i) establishment of the guidelines to ensure the efficacy of the Control and Risk Management activities;
- j) evaluation on the size, the composition and the functioning of the Board and of the committees, and where necessary, expressing opinions to shareholders on the appointment of professional persons to the Board.

In 2012, the Board of Directors evaluated the adequacy of the organisational, administration and general accounting system of the Company, with particular reference to the internal control system and to the management of risks (Applicative criteria 1.C.1. letter c).

The Board, after examining the proposals from the Remuneration Committee and the Board of Statutory Auditors, set the remuneration of the Chief Executive Officer (Applicative criteria 6.C.5).

The Board also monitors the general performance of operations, taking into account in particular, the information received from the Chief Executive Officer and periodically compares the results with the budgets (Applicative criteria 1.C.1. letter e).

The Board has not resolved on any specific document which identifies the operations of strategic, economic, equity and/or financial significance for the Company, considering that such are included in the powers exclusively reserved to the Board of Directors.

On February 28, 2012, the Board established that the size and the composition of the Board of Directors, as well as its Committees, ensure correct and effective fulfilment of the duties required by the Civil Code, by the By-Laws and by the Self-Governance Code (Applicative Criteria 1.C.1. letter g).

The professional skills within the Board were deemed to be sufficiently broad.

The executive directors possess significant and diversified professional experience within the Company and have many decades of combined experience.

The Chief Executive Officer has extensive experience in the management of corporate activities and oversees the financial-administrative, commercial, legal, internal auditing, corporate affairs/ investor relations areas.

The Director, who is afforded the General Direction of the Company, supervises and manages, with specific areas of competence, all of the technical-productive, logistical, planning, quality, R&D and environment, human resources and information technologies areas.

The Director, afforded the role of Operating and Control Management, is specialised in this area.

The non-executive Directors ensure sufficient support to the Corporate Governance having extensive and diversified experience in various sectors. In particular, the Chairman and one independent director have consolidated experience in the administrative, tax and finance area, one independent director in general management and in the human resources, legal and external relations area.

The Shareholders' Meeting did not authorise any general or specific competitor agreements as per article 2390 of the civil code (Applicative criteria 1.C.4)

In 2012, nine meetings of the Board of Directors were held with an average duration of 5 hours. The meetings scheduled for 2013 number 6, of which three have already been held.

Financial data and documents are circulated in sufficient time to allow a full understanding of the matters on the Agenda.

Senior Management of the Company from time to time participate at the BOD meetings, particularly the Finance and Administration Director and the Investor Relations/Corporate Affairs Manager.

4.4 DELEGATED BODIES

Chief Executive Officers

In the Board of Directors' meeting of May 13, 2011, Antonio Ferraioli was conferred the office of Chief Executive Officer.

The Chief Executive Officer can carry out all duties of ordinary administration, excluding those expressly reserved for the Board of Directors through Law, by-laws, or through Board resolutions.

In particular, for example purposes and non exhaustive, the Chief Executive Officer can:

- 1) appoint proxies for single acts or categories of acts within the limits of the power attributed;
- 2) open bank current accounts, agree and define credit lines with financial and credit institutions;
- 3) act in the protection of the interests of the company, before the institutional bodies for the management and control of the property market and before expert boards;

- 4) cede receivables, also as guarantees, to banks and private parties;
- 5) collect receivables for the company for any amount;
- 6) make payments, issue and endorse cheques, issue credit notes, withdraw from current accounts and credit lines available, pay credit instruments, receive bank advances and from factoring companies, on contracts, bank orders, with limits on the amount;
- 7) carry out any derivative financial operation, such as swaps and options, although directly for the hedging of exchange and financial risks related to commercial or financial operations carried out by the Company;
- 8) purchase, sell or exchange plant and machinery and accessory parts, equipment, fittings, calculation machines, auto vehicles, carrying out where necessary operations with the public registries and other competent offices, within the limits of the investment budget, annual or long-term, approved by the Board of Directors;
- 9) rent from third parties premises for offices, warehouses, storage, agencies and for other needs connected with the corporate objectives, without amount limits;
- 10) purchase goods, raw materials, semi-finished and finished products within the corporate objectives, committing the company to all the rights and obligations deriving thereof, without limitations of amount;
- 11) sell on the national market and for export, also through ongoing contracts, the company's products, fixing prices, terms, conditions, allowing reductions and discounts; sign the relative deeds without limits of amount;
- 12) participate in tenders, auctions, solicitations of private companies, public entities and the government and every other public administration;
- 13) sign contracts with insurance companies, sign the relative policies with the faculty to carry out any act relating or settlement of damage or indemnity;
- 14) sign deposit and forwarding contracts, also maritime, agreeing terms and conditions;
- 15) sign employment contracts or trade union agreements;
- 16) hire, promote, suspend, dismiss managers, blue collar and white collar employees and amend the conditions of employment;
- 17) represent legally the Company before ordinary and administrative magistrates of every type and grade.

Within the powers conferred, it was not considered necessary to fix the quantitative limits in consideration of the operational needs of the Company as well as the limits contained within the company's operational procedures and in the Internal Control System.

The Chief Executive Officer is considered of principal responsibility for the management of the company. He does not hold any other appointments in other issuers. (Applicative criteria 2.C.5.).

Chairman of the Board of Directors

The Chairman of the Board of Directors has not received management duties (principle 2.P.5) and does not hold a specific role with regard to corporate strategies (Applicative criteria 2.C.1). He is not a shareholder of the Company.

Executive Committee (as per article 123, paragraph 2, letter d), CFA)

An Executive Committee was not constituted.

Reporting to the Board

The Executive Bodies report to the Board concerning the activities carried out during the year at least bimestrale.

4.5 Other Executive Directors

There are no other executive directors in accordance with Applicative Criteria 2.C.1, apart from those indicated in table No.2, at point 4.2. (Antonio Ferraioli, Andrea Ferraioli and Iolanda Ferraioli). Antonio Ferraioli and Andrea Ferraioli hold the office of Chief Executive Officer in a subsidiary company.

4.6 Independent directors.

The Shareholders' Meeting of 11.05.2011 appointed a Board of Directors composed of three directors considered independent in accordance with article 148, paragraph 3 of the CFA and considered independent also based on the criteria indicated by the Code (3.C.1.): Giorgio Sampietro, Sergio Foti, prematurely passing away in 2012, and Giuseppe Diretto.

They represent a majority of non-executive directors and are independent, as they do not have, or have not recently had, even indirectly, with the Company or parties related to the Company, relations that would affect their independent judgment.

The Board considered, in the first occasion after its appointment, on May 13,2011, the independence in accordance with the Code for each of the non-executive independent directors (as per art. 144-novies, paragraph 1, Consob Issuers' Regulations, Applicative criteria 3.C.4) and in the carrying out of the independence evaluations, applied all of the criteria of the Code (Applicative criteria 3.C.1 and 3.C.2).

The Board also evaluated on May 15,2012 the above stated requirements of the non-executive independent directors.

The Board of Statutory Auditors verified the correct application of the assessment criteria and procedures adopted by the Board to evaluate the independence of its members (Applicative criteria 3.C.5).

The independent directors meet formally at least once a year and minutes are taken.

Two of the Independent Directors are also members of the ICC and one of which also of the Supervisory Board and have therefore access to further information and documentation than that ordinarily available at the Board of Directors' meetings.

This allows a continuous synergy of the control activities.

In the meetings of the Independent Directors, general management considerations are undertaken and particular matters to be brought to the attention of the CEO and the BOD identified. . The Independent Directors met on 14.03.2012.

4.7 Lead Independent Director

As the Chairman of the Board of Directors is not also the Chief Executive Officer, nor a controlling shareholder of the Company, the Board of Directors has not assigned a Lead Independent Director.

5. TREATMENT OF CORPORATE INFORMATION

The Board of Directors on August 3, 2007 approved, on the proposal of the Chief Executive Officer, the Confidential Information procedure which replaces the previous Reserved Information procedure, which was approved by the Board of Directors on 20/12/2002.

The Procedure for the treatment of Confidential Information is prepared in accordance with applicative criteria 4.C.1 of the Code, in force at the date of approval of the above-stated procedure, and the legislative amendments introduced on the enactment of the EU regulation on market abuse.

Within this procedure, all of the roles, responsibilities, terms and management of confidential information are governed by article 181 of the CFA in relation to documents and corporate information.

The full text of this procedure for the treatment of Confidential Information is available on the website www.gruppoloria.it in the Investor Relations section.

Internal Dealing

On March 20, 2006, the Board of Directors of the company approved the Internal Dealing procedure contained in the Consob Issuers' Regulations (Resolution No. 11971 of 14/05/1999) following the modifications made by the European Union Law of 2004, which enacted European Union law on market abuse.

This procedure governs operations made by certain parties (relevant persons and persons closely related to them) on the financial instruments of La Doria.

Specifically, in accordance with the Procedure, the Company communicates to the market operations undertaken by each relevant person whose amount, including cumulative, is above or equal to Euro 5,000 per person.

The aim is to guarantee the maximum transparency to the market on the operations carried out and involving the Company's listed shares, by relevant persons by reason of their access to the company's price sensitive information.

For this purpose, the procedure identifies price sensitive information, the relevant persons and the persons closely related to relevant persons and governs:

- the disclosure obligations and conduct of the Relevant Persons;

- procedures and timing of communication;
- authorised person for the reception, management and publication of the information;
- communication procedures to the company;
- sanctions;

For further information on the procedure in relation to internal dealing, reference is made to the full text available on the website www.gruppoladoria.it in the Investor Relations section.

Register of persons who have access to confidential information

The Board has also approved the creation of a register including the names of the persons having access to price sensitive information which were identified by the CEO.

On December 20, 2006, the Board of Directors resolved the supplementation of the Internal Dealing procedure, with the additional black out period clause relating to the prohibition, of relevant parties, to complete transactions relating to shares of the Company in the 15 days prior to the Board of Directors' meeting which approves the financial statements for the period.

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

Within the Board, a Remuneration Committee and an Internal Control Committee with consultative and proposal functions were set up.

A committee which carries out the functions of two or more of the committees established under the Code was not set up, nor committees other than those established under the Code.

For the composition and the functioning of the Committees, reference is made to the subsequent points 8 and 10.

7. NOMINATIONS COMMITTEE

The current Board did not consider it necessary to constitute a Committee for the proposal of the appointment of directors, in consideration of the composition of the shareholding of the Company and the size of the Board.

8. REMUNERATION COMMITTEE

Composition and functioning of the Remuneration Committee (as per article 123, paragraph 2, letter d) CFA)

For information concerning the present section, reference should be made to the Remuneration Report of the Directors and Senior managers with strategic responsibility, published in accordance with Article 123-ter of the CFA.

9. REMUNERATION OF DIRECTORS

For information concerning the present section, reference should be made to the Remuneration Report of the Directors and Senior managers with strategic responsibility, published in accordance with Article 123-ter of the CFA.

10. CONTROL AND RISKS COMMITTEE

In accordance with the Code (Principle 7.P.3., lett. A), n. (ii), the Company has set up a Control and risks Committee.

In 2012, the Committee held six meetings, of an average duration of four hours, to which the Board of Statutory Auditors was called to attend (Applicative Criteria 7.C.3.), the Internal Auditing Manager, the Investor Relations and Corporate Affairs Manager and other Senior Managers in relation to their respective roles. The CRC in 2013 will meet 6 times. At the date of the report, 3 meetings have been held.

The Control and risks Committee appointed on May 13 2011, is made up of 3 non-executive directors, of which 2 are independent, as required by applicative criteria 5.C.1, letter a) of the pre-existing Code.

Two member of the Committee have extensive accounting and financial experience, considered adequate by the board of directors on their appointment (Principle 7.P.4).

At the Control and risks Committee meetings, on the invitation of the Committee, some Directors/Managers with specific roles and responsibility in relation to the matters under examination attend (Applicative criteria 4.C.1, letter f).

Functions attributable to Control and Risks Committee

The Control and Risks Committee:

- provides the Board with a prior opinion for the performance of its duties on matters of internal control and risk management in accordance with the Code (Applicative criteria 7.C.1). Specifically, the Committee assisted the Board in drawing up the internal control system guidelines, within which the principal corporate risks are identified and managed;

- evaluates, together with the person responsible for the preparation of the corporate accounting documents, having consulted the Independent Audit Firm and the Board of Statutory Auditors, the correct utilisation of the accounting principles applied and their uniformity in the preparation of the consolidated financial statements (Applicative criteria 7.C.2, letter a);
- expresses opinions on specific aspects concerning the identification of the principal corporate risks (Applicative criteria 7.C.2., letter b);
- examines the periodic reports, concerning the evaluation of the internal control and management of risks system, and those of particular size, prepared by the internal audit department (Applicative criteria 7.C.2., letter c);
- monitors the independence, adequacy, efficacy and efficiency of the internal audit department (Applicative criteria 7.C.2, letter d);
- requests the internal audit department, where considered beneficial, to carry out verifications on specific operational areas, simultaneously communicating such to the Chairman of the Board of Statutory Auditors (Applicative criteria 7.C.2, letter e);
- reports at least every six months, on the approval of the annual and half-yearly reports, on the work carried out and the adequacy of the internal control system (Applicative criteria 7.C.2, letter f).

The minutes of the meetings of the Control and Risks Committee are kept (Applicative criteria 5.C.1., letter d).

In the undertaking of their functions, the Control and Risks Committee may access all information and departments necessary for the undertaking of their duties (Applicative criteria 5.C.1, letter e).

Principal activities carried out by the Control and Risks Committee in 2012

In 2012, the Committee carried out the following activities:

- a) duties established by applicative criteria 7.C.2 of the Self-Governance Code;
- b) examined of the principal new issues of the December 2011 edition of the Self-Governance Code of listed companies;
- c) approval of the updates to the corporate procedures drawn up by the Internal Audit Manager;
- d) examined the principal audit activities carried out by the Internal Audit Manager;
- e) examined the compliance project in accordance with Law 262 “Savings Law” for the strategic subsidiaries.
- f) examined and approved the contractual agreements with the subsidiary companies.

11. THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM

The internal control and risk management system is the overall rules, procedures and organisational structures implemented by management and all company personnel aimed at permitting, through an adequate process of identification, measurement, management and monitoring of the principal risks, a safe, correct and efficient management of the company. Internal control is therefore an integrated '*process*' with the business processes in that it is carried out through actions focused on minimising the risks of not reaching the corporate objectives within these same processes.

The Company wished to adopt an effective Control and Risk Management System, ensuring with reasonable security the reaching of the following corporate objectives:

- efficacy and efficiency of operations;
- reliability of financial disclosure;
- safeguarding of company assets;
- compliance with law and regulations.

The drawing up of the control system of the Company was carried out in line with the model adopted by the COSO Report and has five components (environment control, risk assessment, control activities, IT systems and flow of information and monitoring activities) which operate both at the organisational level and at the operational process level, as better described below in relation to financial disclosure.

The internal control and risk management system is therefore the focal point of Corporate Governance and unique even though there are various designated persons appointed. The goal is to achieve real Corporate Governance which allows the coverage of risks to the greatest degree possible and therefore based on the capacity to integrate the considerations of all parties.

The Board of Directors, as the body for establishing the guidelines for the control and management of risks, in addition to the verification of its efficiency, through the Chief Executive Officer and the Internal Control Committee, in the Board meeting of February 13, 2007 resolved:

- a) the approval of the guidelines for the internal control system (now called the internal control and risk management system);
- b) the appointment of the CEO as the person responsible for supervising the functioning of the internal control and risk management system;
- c) the nomination of the Internal Auditor as the person responsible to verify internal control and risk management is functioning and adequate (previously called the internal control manager).

The principle guidelines for the Internal Control and Risk Management system are to:

- a) assure the necessary independence of the Internal Audit department in relation to the various responsibilities at all levels of the other departments;
- b) facilitate the identification, the measurement and the monitoring of risks assumed by the Company in carrying out its activities;
- c) evaluate the adequacy of the operating procedures in relation to correct management of the various activities and the related risks;

- d) establish control activities at every operational level and identify with clarity the duties and the responsibilities, in particular, in the supervision, intervention and correction phases of the irregularities encountered;
- e) guarantee correct circulation, at all levels of responsibility, of the information relating to the control activities carried out and their relative outcomes;
- f) assure the correct and documented representation of all the operating events;
- g) allow in a timely and effective manner the management of the various types of risk to which the Company is exposed, of a financial nature (safeguarding equity), operational (efficacy and efficiency of processes), of the market (related to the competitive dynamic), of control (related to the deficiencies in verifying actions and performance), of image (which can negatively influence the brand and the reputation of the Company) or of disclosure (following an inaccurate or untimely publishing of corporate events);
- h) ensure, through relevant procedures, the possibility to measure the efficacy and the value of the Internal Control activities carried out.

An integral and essential part of the Internal Control and Risk Management system of the La Doria Group is the existing risk management and I control system also in relation to the financial reporting process, prepared together with the Executive Responsible for the preparation of corporate accounting documents.

The system drawn up by La Doria S.p.A. is based on an analysis of the internal control system which oversees the preparation of the financial statements, the interim financial statements and all financial disclosure.

This system aims to guarantee that the administrative – accounting procedures adopted and their application are adequate to ensure, with reasonable certainty, the reliability of the financial disclosures and the appropriateness of the financial statement preparation process in producing reliable and timely accounting and financial information, in accordance with applicable accounting standards. The analysis of the internal control system was carried out in line with the Committee of Sponsoring Organisations principles and incorporated the principles outlined in the publication “internal control for reliable financial reporting”. Project 262 was introduced for La Doria at the end of 2009 while at the beginning of 2010 the system was completed with an analysis of the internal control system within the IT processes, with particular reference to those put in place to support the Financial Reporting processes. The analyses were based on the principles set out in the “Control Objectives for Information and related Technology” (“COBIT”) document. In addition, at the end of 2010, this analysis was extended to the strategic subsidiary LDH, and it is expected to be completed in the two-year period 2013-2014.

The Internal Audit Manager prepares a summary of the audit activities in order that the Executive Appointed and the Chief Executive Officer may assess the adequacy and the effective application of the administrative – accounting procedures for the preparation of the Consolidated and Separate Financial Statements.

A description of the principal characteristics of the risk management and internal control system in place in relation to Group financial disclosure follows.

a. Risk management and internal control system phases

For the completion of the system, a risk assessment was undertaken in order to identify and evaluate the risk areas which could arise such as to compromise the reliability of the financial disclosure.

The approach taken for the analysis of the system is broken down into 5 phases, each of which relating to a specific element of the Internal Control System (control environment, risk assessment, control activity, information systems and communication flows and monitoring activities) as defined by the benchmark framework in order to guarantee the completeness of the analysis and provide adequate support to the Executive Responsible and the Chief Executive Officer for the declarations required by Article 154 of the CFA.

The approach was broken down into the following 5 phases:

- *Identification of financial statement accounts and of the processes analysed (“Scoping”)*: in this phase the financial statement accounts and the “significant” processes related to them are identified. An account or information is significant if there is “more than a remote possibility that the financial statement account or the information may contain an error which, individually or together with others, may have a material effect”.

Quantitative valuation of risk requires the identification of a level of materiality established as a percentage of Assets. Subsequently, for each of the financial statement accounts, a risk valuation was carried out from a qualitative point of view through the identification of qualitative type parameters (drivers). The significant accounts and/or risks identified, according to the valuation of the chosen parameters, were associated with the relative processes.

- *Analysis of the principles relating to operational controls (“Entity level controls”)*: once the intervention priorities are defined (so-called “Top down risk based” approach), the internal control principles which operate at entity level to cover the components of internal control such as Control Environment, Information and Communications and Monitoring are recorded.
- *Recording and verification of relative controls of processes subject to analysis*: in this phase, beginning with the identification of risks, defined as potential events which may compromise the reaching of the System

objectives (accuracy, completeness, reliability and trustworthiness of the financial disclosure), the control of processes subject to analysis were recorded. The risks, relating to the non performance of the control objectives, are considered both in terms of financial statement declarations and other objectives related to financial disclosure, referring therefore to the possibility that one or more financial statement declarations are not correct, with a consequent impact on Financial Reporting. The risks that the financial disclosure is not true and correct refer not just to non intentional errors but also to fraud. In this phase, the adequacy of the control documentation is evaluated, identifying the controls which are inadequate or which must be improved and identifying the critical areas and the relative corrective actions.

- *Tests on the effectiveness of controls centre on:*
 - key controls identified;
 - control frequency;
 - the category of control (preventive or subsequent);
 - the method of control (automatic or manual).

the test plan and the type of test to be carried out in order to verify the effectiveness of the controls in place have been drawn up. The test plan is carried out at least annually.

A “Remediation Plan” is subsequently produced, in which the areas to be improved, the relative corrective actions to be taken and the ambit of responsibility for such are reported.

- *Preparation and release of the declaration:* Based on the documentation and verification of the effectiveness of the controls and the analysis of the critical areas and the status of the corrective actions, the Executive Responsible releases the declaration in accordance with article 154 of the CFA.

b. Maintenance of the System and Roles and Responsibility

In order to maintain over time the effectiveness of the controls, both from the formulation and operational viewpoints, the controls are subject to monitoring on the one hand by the

Manager responsible for significant processes/activities (line monitoring) and on the other by the Internal Audit Department (independent monitoring activities) based on the predefined Activity Plan. This monitoring is undertaken in order to ensure a process of “continuous improvement”, making the entire control system concerning financial disclosure increasingly reliable.

The Internal Audit Manager, together with the Executive Responsible for the preparation of the corporate accounting documents, informs Senior Management on the adequacy of the System through the Report to the Control and risks Committee, indicating the deficiencies uncovered, the corrective actions to be taken and the relative responsibility. The identification and the evaluation process of the above-stated risks is reviewed at least annually

The Board in 2012 evaluated the adequacy and effective functioning of the control and risk management system, which is being brought in line with best practice standards

During the year, the actions focused on further improvements to the System continued, in particular the intensification of the audit activities, the updating of the Organisational Model as per Legislative Decree 231/2001 of the Company to the new regulatory provisions, in addition to the strengthening of the supervisory activities of the Supervisory Board, with the carrying out of audits on a number of principal risk offense areas identified.

A further development of the compliance project to the provisions of Law 262 “Savings Law” for the strategic subsidiary LDH (La Doria) Ltd was also undertaken to ensure the improvement of the management of risks and of the internal control system, also at Group level.

The Board of Directors, although having established the nature of risks at greatest issue in relation to the reaching of the strategic objectives of the Company, has currently not defined the level of risk compatible with the above-stated strategic objectives.

11.1 EXECUTIVE DIRECTOR RESPONSIBLE FOR THE CONTROL SYSTEM

In conformity with article 7.P.3, lett. A), n. (i) of the Code, the BOD has identified the Chief Executive Officer Antonio Ferraioli as the Executive Director responsible to oversee the functioning of the Control and Risk Management System with the duty to implement the guidelines formulated by the Board of Directors and in particular:

- identifies the main business risks, taking into account the characteristics of the activities undertaken by the Company and by its subsidiaries, and periodically presents them for examination to the Board of Directors;
- implements the guidelines defined by the Board of Directors, and supervises the planning, realisation and management of the control and risk management system, constantly verifying the overall adequacy, efficiency and effectiveness;
- adapts the system to the operating conditions and the regulatory and legislative environment;

- proposes to the Board of Directors the nomination, the revocation and the remuneration of the Internal Audit Manager as the person assigned the duty to verify that the internal control and risk management system is functioning and adequate.

In 2012, the Chief Executive Officer carried out his appointed duties, in particular, as established by applicative criteria 7.C.4., letter a) of the Self-Governance Code, providing detailed documentation containing the mapping of the principal corporate risks, broken down by category and process and showing the above stated critical risks (for further details, reference is made to the paragraph Risks and uncertainties in the Directors' Report 2012). The document was presented and approved at Board of Directors' meeting of 27/02/2012.

The Chief Executive Officer has, in addition, requested from the internal audit department the carrying out of verifications on specific operational areas, communicating such to the Control and Risks Committee.

11.2 INTERNAL AUDIT MANAGER

The Board of Directors, in the meeting of February 13, 2008, on the proposal of the Director in charge of the control system and with the approval of the Control and Risks Committee appointed Ms. Elena Maggi, Internal Audit Manager, as the person appointed (previously named the Internal Control Manager) to verify that the control and risks management system is functional and adequate, establishing the remuneration in compliance with the company remuneration policies (applicative criteria 1.C.1., second part).

The Internal Audit Manager is not responsible to any operative area and does not report hierarchically to any operating area manager (applicative criteria 7.C.5. letter b);

In 2012 the Internal Audit Manager verified the functionality and suitability of the Control and Risk Management System through an audit plan which was approved by the Board of Directors on 28.02.2012 (applicative criteria 7.C.5., letter a).

The Internal Audit Manager prepared periodic reports containing information on activities, the manner of risk management, in addition to an evaluation on the suitability of the Internal Control and Risk Management System (applicative criteria 7.C.5., letter d), sending the above-stated documents and reporting such to the Board of Statutory Auditors, to the Control and Risks Committee, to the Chairman of the Board of Directors and to the Director in charge of the Control and Risk Management System (applicative criteria 7.C.5., letter f).

During the period the activities of the Internal Audit Manager principally concerned the carrying out of audit actions, the support activities to the Supervisory Board for the implementation of the Supervisory Plan, the updating activities of the Organisational, Management and Control Model as per Legislative Decree 231/01, the extension of

“Project 262” to the strategic subsidiary LDH (La Doria) Ltd, the support activities to the IT Committee, and other activities to improve the corporate processes.

The Internal Audit Manager has direct access to all information necessary for the carrying out of the role (applicative criteria 7.C.5., letter c).

11.3 ORGANISATION MODEL AND ETHICS CODE PURSUANT TO LEGISLATIVE DECREE 231/2001

The Board of Directors of La Doria SpA, with prior approval of the Control and Risks Committee, in the meeting of November 14, 2012, approved the new Organisational, Management and Control model as per Legislative Decree 231/01, previously adopted by the company, in its first version, with board resolution of March 28, 2008, updated following the regulatory supplementations implemented by the above-stated Decree, first with the introduction in 2011 of offences against Industry and Trade and subsequently in 2012 with the introduction of Environmental Offences. Currently, the Supervisory Board is comprised of three members, of which a non-Executive Independent Director, Giorgio Sampietro, a non-Executive and non-Independent Director, Sergio Persico and the Internal Audit Manager Elena Maggi. This composition was adopted in order to allow the presence of all the technical knowledge and professional experience necessary to guarantee the correct and efficient carrying out of the supervisory activities of the Model. The two directors on the Supervisory Board are also members of the Control and Risks Committee and this allows improved control synergies.

The preparation of the Organisational Model is based on the Confindustria Guidelines.

The Model adopted by La Doria is comprised of a General Part and a Special Part, divided into sections each which cover the offences with Public Administration, corporate offences, market abuse offences and homicide and serious injury offences to the person, committed in violation of the accident regulations and hygiene and workplace health regulations and industry and trade and environmental offences. The Ethics Code, also updated and approved with Board of Directors’ resolution on November 11, 2011, is an integral part of the model.

Both the documents are available on the internet site of the Company www.gruppoloria.it, respectively in the Corporate/Organisational and Control and Values/Ethics Code sections.

The Organisational Model was also adopted by the Italian subsidiary Eugea Mediterranea and approved by the Board of Directors on May 12, 2011, with also the appointment of its Supervisory Board on the same date.

In 2012, the Supervisory Board met seven times, with full attendance. In order to verify the effective implementation of the Organisational, Management and Control Model, the Supervisory Board approved the Supervisory Plan in the meeting of January 26, 2012. Based on the approved Plan, operational audits were carried out with the support of the Internal Audit Department, in relation to the areas considered in the Special Sections of the Organisational Model. In the Board meeting of March 01, 2013, the Supervisory

Board reported on its activities carried out in the second half of 2012. The supervisory activities on the model were carried out through an analysis of the issues established by the Supervisory Board, an analysis of the information contained in the periodic Reports sent to the Supervisory Board by the internal managers of the risk areas identified and based on the meetings with the area and/or department managers with sensitive activities in accordance with Legislative Decree 231/01.

11.4 INDEPENDENT AUDIT FIRM

The audit firm appointed in accordance with article 155 and subsequent of the CFA, for the audit of the Annual Report and the consolidated report, as well as the audit of the Consolidated Half-Year Report, is PricewaterhouseCoopers SpA, appointed on April 27, 2007. The appointment, of a nine year duration, expires in 2016 on the approval of the financial statements at 31.12.2015.

11.5 EXECUTIVE RESPONSIBLE FOR THE PREPARATION OF THE CORPORATE ACCOUNTING DOCUMENTS

In accordance with article 154-bis of the Consolidated Finance Act, the Board of Directors in the meeting of 11.05.2007, on the proposal of the Chairman and with the approval of the Board of Statutory Auditors, appointed Alberto Festa, Finance and Administration Director of the Company, as Executive Responsible for the preparation of the corporate accounting documents.

In accordance with article 28-ter of the By-Laws, this latter holds adequate professional requirements, consisting of over ten years experience at managerial level in the accounting, administrative, finance, accounts and tax fields. In accordance with the same article of the By-Laws, the Executive Responsible is attributed the functions and the powers as laid out in article 154 bis of Legislative Decree No. 58 of February 24, 1998.

The Executive Responsible has the responsibility for the internal control system in relation to financial disclosure and to that end must, in collaboration with the internal auditor manager, prepare adequate administrative and accounting procedures for the compilation of the periodic accounting documentation and every other financial communication as per Law 262.

The Executive Responsible and the Chief Executive Officer must declare in the relative report, attached to the consolidated and separate financial statements and the half-year report, the efficiency and effectiveness of the application of procedures in accordance with the third paragraph of article 154-bis of the CFA, as well as, the correspondence of the underlying financial results with the correct representation of the balance sheet, income statement and financial results of the Company and the companies included in the consolidation.

The Executive Responsible must also declare the compatibility of the documented results, to the underlying accounting records and communications of the Company in accordance with Law and the market, and with the information and data on the economic, balance sheet and financial situation of the company, also on an interim business.

Annually the Executive Responsible liaises with the Control and risks Committee in relation to the correct implementation of the Accounting Standards.

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

The Internal Control and Risk Management System, the pillar on which the Corporate Governance is based, is a central element for the parties and departments which, each within their own remit, contribute to the running of the enterprise in a healthy and correct manner and in line with the risk management objectives.

The coordination between the various parties involved in the internal control and risk management system is achieved through the sharing between the parties of all significant information concerning the system.

The sharing of such information takes place in an institutional manner through the participation of the principal actors in the internal control and risk management system at the meetings of the Control and Risks Committee. In particular, the Internal Audit Manager, the Chairman of the Committee, also the Chairman of the Board of Statutory Auditors, the Chief Executive Officer as appointed to the internal control system, the Board of Statutory Auditors, in addition, for the meetings relating to issues of a financial nature and compliance with Law 262, the Executive responsible, participate at the Committee.

The Director in charge of the Internal Control and Risk Management System meets on a weekly basis with the Internal Audit Manager, discussing any significant issues in relation to the carrying out of the audit plan.

The composition of the Supervisory Board (Internal Audit Manager and two members of the Control and Risks Committee), guarantees synergy in the control activities and in the information flows, which facilitates and ensures the efficacy of the supervisory activities as per Legislative Decree 231/01.

With the same purpose of coordination on issues of common interest, the Board of Statutory Auditors and the Independent Audit Firm organised and held during the year various joint meetings, in addition to those annually required by the applicable regulation.

12. DIRECTORS INTERESTS AND TRANSACTIONS WITH RELATED PARTIES

Transactions with related parties

In accordance with Article 2391.bis of the Civil Code, with CONSOB regulation in relation to related parties approved with resolution No. 17221 of March 12, 2010, subsequently amended with resolution No. 17389 of 23.06.2010, the Board of Directors

of La Doria S.p.A. on November 11, 2010 adopted the Regulation for the governance of transactions with related parties.

This Regulation sets out the guidelines and the criteria for the identification, approval and execution of transactions with related parties carried out by La Doria S.p.A., directly or through subsidiaries, in order to ensure both the substantial and procedural transparency and correctness of such transactions. This replaces the previous Regulation approved by the BoD of the Company in November 2008.

The governance of Transactions with Related Parties is exclusively within the remit of the Board of Directors, except whether otherwise established.

The Board therefore receives, sufficiently in advance, complete and adequate information on the fundamental characteristics of the Transactions, such as the nature of correlation, the financial conditions, the operational and timing conditions, the evaluative process, the interests of the Company served and any economic, legal or fiscal risks.

The Board of Directors receives a non-binding prior opinion from a Committee, even specifically constituted for the purpose, comprising exclusively of non-related and non-executive directors, a majority of whom independent, on the interest of the Company with regard to the transaction, as well as the formal correctness and material benefits of the conditions. The duties of this Committee may be carried out by the Control and risks Committee, providing that the above-stated composition requirements are in place.

For the purposes of the non-binding opinion, the Committee comprising Non-Related Independent Directors must receive, sufficiently in advance, complete and adequate information relating to the fundamental characteristics of the Transactions.

The Board of Directors and the Board of Statutory Auditors receive complete disclosure at least quarterly on the execution of Transactions in the period.

For further information on the regulation concerning the governance of transactions with related parties, reference is made to the full text available on the website www.gruppoloria.it, in the Investor Relations section.

Directors interests

In relation to the management of conflicts of interests of directors, in accordance with Article 2391 and Article 1.C.1d of the Self-Governance Code, the new Procedure for transactions with related parties approved by the Board of Directors in the meeting of November 11, 2010 fully implements the necessary provisions.

Specifically, when a transaction involves the interests, on their own behalf or on behalf of third parties, of La Doria directors, the director in the position of related party concerning the transaction must inform in a timely and exhaustive manner the Board of Directors and the Board of Statutory Auditors on the existence of interests in accordance with Article 2391 of the Civil Code, abstaining from the resolution. If the Board of Directors considers it beneficial to attend the discussion and the vote of related party directors, they may allow, having heard the opinion of the Board of Statutory Auditors, attendance of the interested director at the discussion and also at the voting phase concerning the transaction.

Where the Transaction involves the interested party, on their own behalf or on behalf of third parties, they must abstain from the operation, delegating such to the Board of Directors.

For further information on the regulation concerning the governance of transactions with related parties, reference is made to the full text available on the website www.gruppoladoria.it, in the Investor Relations section.

13. APPOINTMENT OF STATUTORY AUDITORS

The appointment of the Board of Statutory Auditors is expressly governed by article 28 of the Company By-Laws.

The Statutory auditors and the Alternate auditors are appointed by the Shareholders' Meeting based on slates presented by the shareholders. The appointment of one standing member and one alternate member is reserved to the minority shareholders.

Only those shareholders who, alone or together with other shareholders, represent at least 2.5% of the shares with voting rights at ordinary shareholders' meetings shall be entitled to present slates.

Each slate, composed of two sections, can contain a maximum of four candidates, two for the office of Statutory auditor and two for the office of Alternate auditor.

The slates presented by shareholders, together with the professional and personal information, must be filed at the registered office of the company at least 25 days before the date fixed for the Shareholders' Meeting in first call.

Declarations in which the candidates individually accept their candidacy and attest, on their own responsibility, that there are no grounds for ineligibility, and that they meet the requirements prescribed by law and the by-laws must be filed together with the slates within the time limit specified above.

Candidates who already hold offices in a greater number of companies than that permitted by Consob Issuers' Regulation article 144 may not be presented. Those with voting rights may vote on only one slate.

The procedure for electing Statutory and Alternate Auditors shall be as follows:

- a) from the slate which obtained the majority of votes from shareholders, two statutory auditors and one alternate auditor are elected, in the order in which they are listed;
- b) from the minority slate which obtained the highest number of votes after the first, in the order in which they are listed, one Statutory auditor and one Alternate auditor are elected;
- c) the chair of the Board of Statutory Auditors is resolved in conformity with article 148 of Legislative Decree No.58 of February 24, 1998 - therefore the Statutory auditor elected from the minority slate;
- d) where for whatever reason, for the appointment of the Board of Statutory Auditors, the procedure at letters a) and b) cannot be adopted, and therefore also in the case of a presentation of a single slate or in the absence of slates, the Statutory auditors and the Chairman will be elected by statutory majority;
- e) in the case of a tie between two slates receiving the highest number of votes, the two Statutory auditors and the Alternate auditor are appointed based on seniority of age, considering them therefore from the same majority slate.

If the tie involves further slates, or where no minority slate exists, the age criteria extends to the entire Board of Statutory Auditors. In the case of a tie between two or more minority slates, the most senior in terms of age is elected as Statutory auditor and the Alternate auditor is elected as the first candidate listed in the same slate;

f) in the case of replacement of a Statutory auditor, belonging to the majority or minority slate, the Alternate auditor indicated in the majority slate or the Alternate auditor from the minority slate are deemed elected. In the case of replacement of the Chairman, the most senior Statutory auditor in terms of age assumes the chair.

The appointment of Statutory Auditors to fill vacancies in the Board of Statutory Auditors in accordance with article 2401 of the Civil Code is resolved by the Shareholders' Meeting in the manner established above.

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

The Board of Statutory Auditors consists of three standing and two alternate members.

The members are chosen from the Auditors' Register at the Ministry for Justice and for the duration of the appointment must possess the honour requisites established by the Regulation adopted in accordance with article 17, paragraph 3 of Law No.400 of August 23, 1998 of the Ministry for Justice and restated in article 148 of Legislative Decree No.58/1998.

The Statutory auditors must also be independent in accordance with article 148, paragraph 3 of Legislative Decree No.58 of February 24, 1998, as well as in accordance with article 8.C.1 of the Self-Governance Code.

For further information on the curriculum vitae of the Board of Statutory Auditors, reference is made to the two slates presented (shareholders belonging to the Shareholders Pact and the Cassa Nazionale Previdenza e Assistenza Ragionieri e Periti Commerciali) on their appointment, consultable on the website www.gruppoloria.it, in the Investor Relations section.

The office expires at the date of the shareholders' meeting convened for the approval of the financial statements relating to the third year of the office held.

The current Board, appointed by the Shareholders' Meeting of May 11, 2011 will remain in office until the approval of the financial statements at December 31, 2011.

No other changes occurred since the end of 2012.

For the composition and the other information related to the current Board of Statutory Auditors, reference is made to Table No.3 attached to the present Report.

In 2012, 10 meetings of the Board of Statutory Auditors - with an average duration of 3 hours - were held. 10 meetings are scheduled for 2013, with 3 already held.

Role of the Board of Statutory Auditors

The Board of Statutory Auditors verifies compliance with Law and the By-Laws, on the principles of correct administration, on the adequacy of the organisation and its correct functioning, on the correct implementation of the corporate governance regulations under the Self-Governance Code to which the company adheres and the adequacy of the instructions provided by the Company to the subsidiary companies in accordance with article 114, paragraph 2 of Legislative Decree 58/1998.

The Board obtains the information for the carrying out of its duties on operating activities from:

- the Board of Directors' meetings and Control and risks Committee
- direct and continuous contact with the Internal Audit Manager. The Board, in the undertaking of its activities may request the internal audit function to undertake specific verifications on operating areas and company transactions;
- in the periodic verifications carried out;
- the Managers of the various departments;
- through the exchange of information with the Audit Company.

In 2012, the Board established the independence in relation to each of the statutory auditors also under the provisions of the Code in relation to the Directors. The Statutory auditor Maurizio D'Amore and Antonio De Caprio are independent also based on the provisions of the Code, with the exception of the condition at point 3.C.1. (e).

The Board of Statutory Auditors, in carrying out its activities, liaises with the Internal Audit Manager and the Control and risks Committee (Applicative criteria 8.C.4 and 8.C.5.), exchanging in a timely manner relevant information for the carrying out of their respective duties and participating at meetings of the Committee.

The Board of Statutory Auditors, as per criteria 3.C.5 of the Code, verified the correct application of the assessment criteria and procedures adopted by the Board to evaluate the independence of its members, as indicated previously.

15. RELATIONS WITH SHAREHOLDERS

Continuous dialogue with the institutional investors, with all shareholders and with the market in general is considered by the Company a fundamental objective. Therefore, since listing on the Stock Exchange, an Investor Relations/Corporate Affairs Manager role was created, who reports to the Chief Executive Officer and to the Chairman of the Board of Directors and operates closely with the Administration and Finance Department. The Investor Relations/Corporate Affairs role guarantees the correct management of

relationships with financial analysts, institutional investors and Italian and foreign private investors and in the handling of media relations.

Patrizia Lepere currently fulfils the role.

In order to allow dialogue with all of the financial market operators, the Company has made available, on the internet site www.gruppoladoria.it in the Investor Relations section, the economic-financial documentation (Annual and half-year financial reports, Interim reports), presentation to the financial community, as well as press releases published by the Company. The documentation concerning the governance system, the information on the corporate boards, the reports and documentation for use at shareholders' meetings and other information of interest to Shareholders is also published. The information is published both in Italian and English.

In 2012, the Company participated in various formal meetings with the financial market (analysts and institutional investors and representatives of the financial community). Conference calls with financial analysts and institutional investors also took place.

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

The Shareholders' Meetings represent all of the shareholders and the resolutions adopted in conformity with law and the By-Laws bind all shareholders.

The Shareholders' Meeting, as per article 11 and subsequent of the By-Laws, is called through notice containing indication of the day, the hour and the place of the meeting and the list of the matters on the agenda, in addition to all other information established by the applicable regulations and in particular art.125 bis of Legislative Decree No.58 of February 24, 1998. The notice is published on the company's internet site and in the manners established by Consob at least 30 days before the date of the meeting. In the case of the shareholders' meeting called for the election of the members of the corporate boards, the time for the publication of the call notice is fixed at 14 days before the shareholders' meeting.

Ordinary and extraordinary shareholders' meetings shall normally be held at the Company's registered office, unless otherwise decided by the Board of Directors, who can fix the place of the meeting, as long as within Italy.

The Shareholders' Meeting resolves:

a) in ordinary session, in relation to the approval of the annual accounts, the allocation of the result, the appointment and revocation of office of the members of the Board of Directors and the determination of relative remuneration, the appointment of the Board of Statutory Auditors and the Chairman of the Board of Statutory Auditors and the determination of relative remuneration, the appointment of the Independent Audit Firm

and the determination of relative remuneration, the approval of the Shareholders' Meeting regulations, as well as every other deliberation established by law;

b) in extraordinary session, in relation to the modifications to the By-Laws and the extraordinary operations such as share capital increases, mergers and spin-offs and every other matter expressly attributable by law and not attributed to the Board. In accordance with article 2365, paragraph 2 of the Civil Code, the By-Laws attribute decisional powers on merger operations established by article 2505 and 2505 of the civil code to the Board.

The Ordinary Shareholders' Meeting is correctly constituted, in first convocation, with the presence of shareholders representing at least half of the share capital; in second convocation, the share capital represented by those present is sufficient. In both first and second convocation the ordinary shareholders' meeting resolves by absolute majority.

The extraordinary shareholders' meeting, in first convocation, is valid with the presence of shareholders that represent at least half of the share capital and resolutions are passed with the favourable vote of those representing at least two-thirds of the share capital. The second convocation is valid with the presence of shareholders that represent at least one-third of the share capital and resolutions are passed with the favourable vote of those representing at least two-thirds of the share capital.

The proceedings of the Ordinary Shareholders' Meetings must be contained in minutes signed by the Chairman and the Secretary; the minutes of the Extraordinary Shareholders' Meetings must be prepared by a Notary.

The resolutions are validity counted by a show of hands, unless the majority request for voting by balloting of members.

Attendance at the shareholders' meeting is governed by Art.2370 of the Civil Code, by Art. 83.6 of Legislative Decree No.58 of February 24, 1998 and by Article 12 of the by-laws.

Any person holding the right to vote may attend the shareholders' meeting, having communicated to the intermediary their intention within the terms prescribed by the relative regulation.

Each shareholder who has the right to attend the Shareholders' Meeting may be represented by others, also non-shareholders, through written proxy, or electronically, in accordance with the applicable regulation. In this latter case, the delegation of proxy can be notified through certified e-mail to the Company email address indicated in the call notice.

The Company may not appoint a representative to receive proxies and the relative instructions to vote.

Shareholder Meetings shall be chaired by the Chairman of the Board of Directors or by another person designated by the meeting.

Shareholders' meetings, wherever the minutes are not prepared by a Notary, appoints a Secretary, also a non-shareholder, and may choose two tellers from among those present.

In accordance with the applicative criteria 9.C.3 of the Code, the Shareholders' Meetings are governed by a Regulation approved by the Shareholders' Meeting on 18.01.2011. The

regulation establishes, with regard to the By-Laws, an independent regulatory framework in charge of overseeing the workings of the Shareholders' Meetings, from calling and attending meetings to the functioning relating to the involvement and participation in the discussions and resolutions on matters included in the business agenda, respecting the right of all shareholders to request clarification of the matters on the agenda, to express their opinions and to formulate proposals. The principal aim of the Regulation is to ensure the ordered and correct functioning of the shareholders' meeting.

Specifically, the Regulation, in compliance with the By-Laws, expressly provides with regard to the chairmanship of the Shareholders' Meeting that the Chairman establishes the proper constitution of the meeting, the right to attend, conformity of the resolutions with applicable law and the identity and legitimacy of those present. The Regulation provides also that the Chairman governs the proceedings of the Shareholders' Meeting, certifies the results of voting, and manages all those with voting rights to intervene on the matters on the Agenda.

Normally, the members of the Board of Directors will attend the shareholders' meeting in line with the Self-Governance Code considering the shareholders' meeting as an important time to initiate a continuous dialogue between the shareholders and the Board of Directors. Normally the members of the Board of Statutory Auditors will also attend the shareholders' meeting, as will some members of the audit firm.

For further information on the functioning mechanisms of the Shareholders' Meeting, reference is made to article 9.C.2. and subsequent of the By-Laws and the Shareholders' Meeting Regulations in force, both available on the website www.gruppoloria.it in the Investor Relations section.

On 18.01.2011 the extraordinary and ordinary Shareholders' Meeting approved, in accordance with Legislative Decree No. 27 of January 27, 2010, which enacted in Italy EU Directive 2007/36/EC concerning the exercise of certain rights of shareholders in listed companies, the by-law amendments concerning the functioning of shareholders' meeting, as well as the amendments to the Shareholders' Meeting Regulation.

In 2012 no particularly significant changes with regard to the market capitalisation of the company took place.

17. FURTHER CORPORATE GOVERNANCE ACTIVITIES

In accordance with article 123-bis, paragraph 2, letter a) of the CFA, in relation to 2012, the Company did not carry out any further corporate governance activities other than those indicated in the present Report.

18. CHANGES SUBSEQUENT TO THE YEAR-END

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

TABLE 1: DISCLOSURE ON SHAREHOLDERS**SHARE CAPITALE STRUCTURE**

	No. of shares	% of the total of the Share Capital of La Doria	Listed	Rights and obligations
Ordinary shares	31.000.000	100%	Listed on the MTA organised and managed by Borsa Italiana S.p.A. – Star Segment	Legally required
Shares with limited voting rights	/	/	/	/
Shares without voting rights	/	/	/	/

SIGNIFICANT HOLDINGS

Shareholder	% of ordinary share capital	% of voting share capital
Ferraioli Antonio	11,7141%	11,7141%
Ferraioli Andrea	10,5454%	10,5454%
Ferraioli Rosa	9,6596%	9,6596%
Ferraioli Iolanda	9,6583%	9,6583%
Ferraioli Giovanna	9,6571%	9,6571%
Ferraioli Raffaella	9,6571%	9,6571%
Ferraioli Teresa Maria Rosaria	9,6571%	9,6571%
Cassa Nazionale Previdenza e Assistenza Ragionieri e Periti Commerciali	4.989%	4.989%

TABLE 2. STRUCTURE OF THE BOARD OF DIRECTORS AND COMMITTEES

BOARD OF DIRECTORS										ICC		RC	
Member	Beginning mandate	End mandate	Slate	Exe.	Non Exec.	Indep. as per Code	Indep. as per CFA	% participation at meetings	Other offices held Applicative Criteria 1.C.2. of the Code		% participation at meetings		% participation at meetings
Sergio Persico Chairman	May 11, 2011	May 2014	Major		x		x	100%	Sangemini Holding S.p.A. (Chair- Bd. Stat. Auds.) Sifi S.p.A. (Chair- Bd. Stat. Auds) Orizzonti Holding S.p.A. (Chair- Bd. Stat. Auds)	x	100%	x	100%
Giorgio Sampietro Vicechairman	May 11, 2011	May 2014	Major		x	x	x	100%		x	100%	x	100%
Ferraioli Andrea Director	May 11, 2011	May 2014	Major	x				100%					
Ferraioli Antonio Chief Executive Officer	May 11, 2011	May 2014	Major	x				100%	Banca Polpolare di Sviluppo (Director)				
Ferraioli Iolanda Director	May 11, 2011	May 2014	Major	x				100%					

Member	Beginning mandate	End mandate	Slate	Exe.	Non Exec.	Indep. as per Code	Indep. as per CFA	% participation at meetings	Other offices held Applicative Criteria 1.C.2. of the Code		% participation at meetings		% participation at meetings
Sergio Foti Director (passed away on 22/03/2012)	May 11, 2011	May 2014	Major		x	x	x	90%					
Giuseppe Diretto Director	May 11, 2011	May 2014	Minor.		x	x	x	90%		x	80%	x	80%

No. of meetings held in 2012	BOD.	ICC	RC
	9	6	4

TABLE 3. BOARD OF STATUTORY AUDITORS' STRUCTURE

Member	Beginning mandate	End mandate	Slate	Indep. as per Code	% participation at meetings	Other offices held at 31.12.2012* Applicative Criteria 1.C.2. of the Code
Fabio Cecere Chairman	May 11, 2011	May 2014	Minor.	x	100%	1
Maurizio D'Amore Statutory Auditor	May 11, 2011	May 2014	Major.	x	100%	0
Antonio De Caprio Statutory Auditor	May 11, 2011	May 2014	Major.	x	100%	4
Stefano Capasso Statutory Auditor	May 11, 2011	May 2014	Major.	x		
Marco Carbone Statutory Auditor	May 11, 2011	May 2014	Minor.	x		

*Appointments held at the companies considered by Book V, Heading V, Chapter V (S.p.A.), VI (S.A.p.A.) and VII (S.r.l.) of the Civil Code, significant in accordance with Article 148 *bis* of the CFA.

No. of meetings held in 2012
10