



REPORT ON CORPORATE GOVERNANCE AND OWNERSHIP STRUCTURE

(according to articles 123 *bis* TUF and 89 *bis* Consob Issuer Regulation)

Issuer: POLIGRAFICA S. FAUSTINO S.P.A.

Website: www.psf.it

Exercise covered by the Report : 2012

Date of approval of the Report: March 8, 2013

S U M M A R Y

GLOSSARY	4
1. ISSUER'S PROFILE	5
2. INFORMATION ABOUT OWNERSHIP (pursuant art. 123 bis, paragraph 1, TUF)	6
3. COMPLIANCE (pursuant art. 123 bis, paragraph 2, letter a), TUF)	8
4. BOARD OF DIRECTORS	9
4.1. <i>APPOINTMENT AND SUBSTITUTION (pursuant art. 123 bis, paragraph 1, letter l), TUF)</i>	9
4.2. <i>COMPOSITION (pursuant art. 123 bis, paragraph 2, letter d), TUF)</i>	11
4.3. <i>ROLE OF THE BOARD OF DIRECTORS (pursuant art. 123 bis, paragraph 2, letter d), TUF)</i>	16
4.4. <i>EXECUTIVE DIRECTORS</i>	17
4.5. <i>OTHER EXCECUTIVE DIRECTORS</i>	18
4.6. <i>INDEPENDENT DIRECTORS</i>	18
4.7. <i>LEAD INDEPENDENT DIRECTOR</i>	19
5. TREATMENT OF CORPORATE INFORMATION	19
6. COMMITTEE WITHIN THE BOARD (pursuant art. 123 bis, paragraph 2, letter d), TUF)	21
7. APPOINTMENTS COMMITTEE	21
8. REMUNERATION COMMITTEE	21
9. REMUNERATION OF DIRECTORS	21
10. CONTROL COMMITTEE AND RISKS	22
11. INTERNAL CONTROL SYSTEM	23
11.1. <i>DIRECTOR IN CHARGE OF INTERNAL CONTROL SYSTEM</i>	26
11.2. <i>RESPONSIBLE FOR THE INTERNAL AUDIT FUNCTION</i>	26
11.3. <i>MANAGING MODEL AS ITALIAN LEGISLATIVE DECREE No. 231/2001</i> ... 27	
11.4. <i>AUDITING FIRM</i>	27
11.5. <i>MANAGER RESPONSIBLE FOR PREPARING THE COMPANY'S FINANCIAL AND OTHER ROLES AND FUNCTIONS OF BUSINESS</i>	27
12. RELATED PARTIES	28
13. APPOINTMENT OF THE BOARD OF AUDITORS	29
14. AUDITORS (pursuant art. 123 bis, paragraph 2, letter d), TUF)	31
15. RELATIONSHIP WITH THE SHAREHOLDERS	33

16. SHAREHOLDERS' MEETING (pursuant art. 123 <i>bis</i>, paragraph 2, letter c), TUF)	34
17. MORE CORPORATE GOVERNANCE PRACTICES (pursuant art. 123 <i>bis</i>, paragraph 2, letter d), TUF)	34
18. CHANGE FROM THE ACCOUNTING YEAR'S CLOSURE	35

GLOSSARY

Code / Self-discipline Code: Self-discipline Code of quoted company approved on December, 2011 by committee for corporate governance and approved by Borsa Italiana Sapa, Abi, Ania, Assogestioni, Assonime and Confindustria.

Cod. Civ. / C.C.: Civil Code.

Board: Board of Directors of Poligrafica S. Faustino S.p.A..

Issuer or Company: Poligrafica S. Faustino S.p.A..

Exercise: 2012 (exercise covered by the report).

Group: Poligrafica S. Faustino Group.

Consob Issuer Regulation: Regulation issued by Consob with decision n. 11971/1999 in matter of issuers.

Consob Market Regulation: Regulation issued by Consob with decision n. 16191/2007 in matter of markets.

Regulation Correlated parts Consob: the regulation issued by Consob with deliberation n.17221 of 12 March 2010 (as next modified) in matter of correlated parts.

Report: Report on corporate governance relation and ownership structure as required by art. 123 *bis* TUF.

By-laws: By-laws of Poligrafica S. Faustino latest changed by Extraordinary Shareholders' meeting of April 20, 2012.

TUF: Italian Legislative Decree of February 24, 1998, n. 58 (*Testo Unico della Finanza*).

1. ISSUER'S PROFILE

Poligrafica S. Faustino S.p.A., company listed at the MTA – Segment STAR of the Italian Stock Exchange S.p.A., accepted the Code. The Governance Structure is based on the traditional organizing model and is formed by the following organs: Shareholders' meeting, Board of directors (operating through the executive Directors and is assisted by the committees for the internal control and the remuneration), Board of Auditors and Auditing Firm.

The **Shareholders Meeting** is the organ that, with its deliberations, expresses the shareholders' will. The decisions taken in conformity with the law and the Code are for all the shareholders, the agreeing and disagreeing included, except for the latter the recess right when permitted. The meeting is summoned according to the law dispositions that concern all companies with quoted titles in matters that the law reserve to them.

The **Board of Directors**, and the single delegated counsellors, have the function to define the strategic addresses of the company and of the Group to it related and has the responsibility to manage. For this they have the greatest powers to achieve all the acts that they consider opportune to reach the company's aims, with the only exception of those that are expressly reserved to the meeting.

The **Board of Auditors** watch over the law observance and of the By-laws and has control functions on the managing and has to watch on: respect of the principles of good administration; adequacy of the organized structure of the company; the modality of a concrete actuation of the Code; correctness of the operations with correlated parts; the connection of the dispositions imparted to the controlled in relation with the bounds of communication to the market of privileged information. It must not be concerned with the accounting control, which is under the responsibility of an Auditing Firm appointed by the Shareholders' meeting among those enlisted in the CONSOB list.

The **Auditing Firm** analyses the regular the regularity of the accounts and the correct recording of the managing facts of the accounts sheets and the consolidated balance sheet and that they are conformed to the norms. The revision company does also further services that have been given by the Board of directors, if they are not compatible with the accounting duties.

The Report illustrate corporate governance structure examined by Board on March 8, 2013 and give integrative information required by the law rules in matters of governance and ownership assets. In particular, the Holding thinks that the *Corporate Governance* System meets the needs and the recommendations of the Code and this considering the dimension and articulation of its own organs.

According to the art. 89 *bis* of Consob Issuers Regulation, in the following articles a detailed analysis is supplied on the respect of the conformity to the Code to which the company is part and the limited cases in which the Board of Directors has decided to accomplish or not to accomplish the applicative principles and criteria, giving the relative motivation.

The Corporate Governance Report and by-law can be found at company's website (www.psf.it / Investor Relations / Corporate Governance / Reports).

2. INFORMATION ABOUT OWNERSHIP (pursuant art. 123 bis, paragraph 1, TUF)

As at 31/12/2012

a) Capital stock structure (pursuant art. 123 bis, paragraph 1, letter a), TUF)

Capital signed and paid is equal to € 6,161,592.12 and is composed only ordinary shares. Such shares, which are nominal, give right to vote in the ordinary and extraordinary assemblies of the company according to law and chart norms and give further administrative and patrimonial rights predicted by the law for vote right actions.

Issuer's share negotiate on MTA Market – STAR Segment of Italian Stock Exchange.

	N. shares	% related to capital	Rights and obligation
Ordinary shares	1,194,107	100	The shares, of nominal value of Euro 5.16 are freely to transfer and each one gives the right to vote. The company can require that the shareholders are obliged to repay within the time and according to the criteria decided by the law.
Shares with limited right to vote	0	0	-
Shares without right to vote	0	0	-

There are no incentives plans with a stock sharing base (stock option, stock gran, etc.) that imply increases, also free, of the social capital.

b) Restrictions to the transferring of shares (pursuant art. 123 bis, paragraph 1, letter b), TUF)

There are no restrictions to the transferring of shares.

c) Relevant participants to the Capital (pursuant art. 123 bis, paragraph 1, letter c), TUF)

Declarant	Direct shareholder's	Amount % of ordinary capital	Amount % of voter capital
Alberto Frigoli	Alberto Frigoli	9.018	9.511
Giuseppe Frigoli	Giuseppe Frigoli	8.971	9.461
Emilio Frigoli	Emilio Frigoli	9.018	9.511
Francesco Frigoli	Francesco Frigoli	9.013	9.506
Giovanni Frigoli	Giovanni Frigoli	9.037	9.530
Andrea Collalti	Andrea Collalti	5.091	5.369
Poligrafica S. Faustino S.p.A.	Poligrafica S. Faustino S.p.A. *	5.179	N.A.

Source: Company.

* Shares with voting rights suspended by law.

d) Special rights (pursuant art. 123 *bis*, paragraph 1, letter d), TUF)

No control special rights exist in favour of some shareholders.

e) Employees shareholding: modality right to vote (pursuant art. 123 *bis*, paragraph 1, letter e), TUF)

There are no regulated systems of shareholding of the employees.

f) Restriction in the right to vote (pursuant art. 123 *bis*, paragraph 1, letter f), TUF)

There are no restriction in the vote right.

g) Shareholders' agreements (pursuant art. 123 *bis*, paragraph 1, letter g), TUF)

Issuer doesn't know agreements according to the art. 122 TUF.

h) Clauses of change of control (pursuant art. 123 *bis*, paragraph 1, letter h), TUF) and disposition concerning OPA (pursuant artt. 104, paragraph 1 *ter* and 104 *bis*, paragraph 1)

The Issuer hasn't concluded significant agreements yet that acquire efficiency and that extinguish or that can be modified in case of a control of the signing society.

The company code doesn't involve:

- exceptions to the dispositions on passivity rule of art.104, paragraph 1 and 1 *bis* of TUF;
- the application of the rules of neutralisation of art. 104 *bis*, paragraph 2 and 3 of TUF.

i) Appointment to increase the social capital and authorization to own share buying (pursuant art. 123 *bis*, paragraph 1, letter m), TUF)

The Board has not been delegated to increase the social capital as per art. 2443 of Cod. Civ. and cannot issue participative financial instruments.

Shareholders' meeting of Poligrafica S. Faustino S.p.A. of April 20, 2012 has authorised, according to the art. 2357 of C.C., the acquirement of one or more solutions until the previous day in which the shareholders' meeting will approve the 2012 balance sheet and with a maximum period of 18 months, for a maximum of 238,821 ordinary shares, and in such an extent that the number of the own shares will never overcome the fifth part of the Social market, considering also the shares eventually held by the controlled companies at a minimum price per share of Euro 3.00 and a maximum of Euro 50.00 with a total expense not superior to Euro 5,000,000.

For the actuation of the resolution it was given the Board of directors and the Chairman and his managing directors, separately and through their deputies, the permission to acquire the company shares under the above exposed conditions, with the steps that are approved by the company, according to ways indicated with the letters a, b, d from art. 144 *bis* paragraph 1 of the Issuer Regulation.

An appropriation has been also accomplished to create a specific "reserve for the acquisition of own shares" by taking apart a "reserve surcharge shares" for the maximum amount of Euro 5,000,000 and the making of a "unavailable reserve of own shares", according to art. 2357 *ter*, last paragraph, C.C., equal to the amount of own shares enlisted at the balance sheet available asset, taking off the relative amount, in relation with the acquirements made, from "the reserve for the acquisition of own shares".

Finally, it has been authorised, without time limits, following art. 2357 *ter* C.C., the Board of Directors and its chairman and managing directors, separately or also through their delegates, to dispose in every moment, of all or of a part, in one or more solutions, also before having finished the acquisitions, of the own shares, acquired according to the present disposition, both through

alienation of these in the Stock exchange or through institutional investors, both through an offer to the public, to the shareholders and to the employees. As both correspondence to the acquisition of shares in the company investments policy, giving to the Directors the possibility to decide, each time, within the norms, the terms, the ways and conditions that will be considered opportune. This considering that the minimum price won't have to be inferior to the minor or the buying prices of the shares already owned. The authorisation as in this point is granted without time limits.

Issuer, at the end of Exercise, had n. 61,840 shares equal to 5.18% of the Company's capital stock.

I) Management and coordination (pursuant art. 2497 and subsequent C.C.)

The Issuer is not subject to management and coordination pursuant to article 2497 and following of the Civil Code.

As per the art. 120 of TUF and art.126 of the Consob Issuer Code, it is communicated that the Company delivers activities of direction and coordination on the following companies:

Società	% owned of Capital Stock
Linkonline S.r.l. sole shareholder	100
Litografia Spada S.r.l. sole shareholder	100
Psfinteractive S.r.l. sole shareholder	100

We explain that:

- the information required by art. 123 *bis*, first paragraph, letter i) ("Agreements between the company and directors ... providing for compensation in case of resignation or dismissal without just cause or if their employment ceases because of a public offering purchase ") are explained in sections of the report devoted to the remuneration of directors (Section 9);
- the information required by art. 123 *bis*, first paragraph, letter l) ("the rules governing the appointment and replacement of directors ... and the amendment of the By-laws, if different from the laws and regulations applicable in the alternative") are discussed in the section of the report devoted to the board of directors (Section 4.1.).

3. COMPLIANCE (pursuant art. 123 *bis*, paragraph 2, letter a), TUF)

The Issuer has adopted the self-discipline code of the quoted companies and approved in March 2006 by the Corporate Governance committee and promoted by the Italian Stock Exchange by adopting the proceedings that are necessary or important for the adjustment to the Corporate Governance and for the Company organisation to the Regulation's criteria, considering in particular the company dimensions and the shareholders' composition.

The Code is available on Borsa Italiana website at www.borsaitaliana.it.

The Issuer and its controlled with strategic relevance (Linkonline S.r.l. sole proprietorship) are not subject to non-Italian law disposals that influence the structure corporate governance of the same issuer.

4. BOARD OF DIRECTORS

4.1. APPOINTMENT AND SUBSTITUTION (pursuant art. 123 bis, paragraph 1, letter I), TUF)

The Board of Directors is appointed according to lists given to the shareholders in which the candidates must be listed following a progressive number and in which the candidates that have the requisites of independence fixed by the law must be also listed.

Each shareholder and the members of the same group, and those tied by an agreement according to art. 122 of TUF, cannot offer, neither through a third person or company, more than a list and each candidate cannot be in only one list with the risk of ineligibility.

Each list must contain a number of candidates that is not bigger than that of the components of the administrative organ for which they cannot be nominated.

All the lists that include a number of candidates equal or superior to three must respect the division of the genres. For the first new Board of directors after one year from the beginning of validity of the Law 120/2011, the least represented genre must be equal to one fifth of the total of the components to be elected. For the second and third renewal after the above mentioned term the least represented genre must be equal to one third of the components to be elected.

The right to form the lists can be made only by the shareholders that alone or with other shareholders represent at least the percentage of the social capital fixed by the law or Consob with own rules. Consob has deliberated (issue n. 18452 of 30.01.2013) that the percentage for Poligrafica must be 4.5%.

The lists, undersigned by the shareholders', must be registered at the legal matters office at least 25 days before that fixed for the meeting in the first convocation correlated by:

- the professional and personal curricula of the candidates,
- the declarations with which the single candidates accept their nomination and stop, under their own responsibility, the non-presence of aspects prescribed by the law and by the rules for the members of the administrative organs and to possess the ability to qualify as independents according to the present norms;
- the information regarding the shareholders that have deposit them with the indication of the percentage totally taken off;
- the certification released by the intermediary according to the senses of the law normative, testing the quality of the shareholders and the legitimating of the accounting year of the social rights. This certification can also be produced after the filing of the lists provided by the deadline for publication of the same ones (21 days before the date of the Shareholders' meeting).

Every shareholders can introduce or concur to the presentation of a single list and vote a single list.

Shareholders vote on sheets on which is indicated the name of the shareholder.

At the end of the voting, the obtained votes on the lists are divided for progressive numbers from one to the number of the Directors to elect. The quotients so obtained are given to the candidates of each list, according to the order that is scheduled. So, the quotients given to each candidates of the different lists are disposed in an unique decreasing ranking.

The elects are those who, till the concurrence of the number of Directors to be elect, those who

have obtained the highest quotients, considering that it will have to be appointed Director the candidate who is listed on the top of the list of minority that has obtained the bigger number of votes and that is not linked, even indirectly, with the partners who have prepared and voted a list that resulted first for number of votes. So, in case the candidate hasn't obtained the required quotient for being elected, he will be anyway nominated Director while the candidate of the first list that has obtained the lowest quotient won't be elected.

If the division of genres criterion is not respected, the members of the least represented genre that obtained bigger quota will be instead elected for the first renewal of the board after the beginning of validity of the law 120/2011, and will be one fifth of the components to be elected.

For the second and third renewal after the above mentioned term, the members of the least representative genre will be instead elected and will be one third of the total amount of the components to be elected.

If the application of the criterion of division between the genres doesn't offer a number of components to be reserved to the least represented genre, such number is rounded to the superior unity.

The lists, undersigned by the shareholders', must be registered at the legal matters office at least 25 days before that fixed for the meeting in the first convocation correlated by:

- the professional and personal curricula of the candidates,
- the declarations with which the single candidates accept their nomination and stop, under their own responsibility, the non-presence of aspects prescribed by the law and by the rules for the members of the administrative organs and to possess the ability to qualify as independents according to the present norms;
- the information regarding the shareholders that have deposit them with the indication of the percentage totally taken off;
- the certification released by the intermediary according to the senses of the law normative, testing the quality of the shareholders and the legitimating of the accounting year of the social rights. This certification can also be produced after the filing of the lists provided by the deadline for publication of the same ones (21 days before the date of the Shareholders' meeting).

Every shareholders can introduce or concur to the presentation of a single list and vote a single list.

Shareholders vote on sheets on which is indicated the name of the shareholder.

At the end of the voting, the obtained votes on the lists are divided for progressive numbers from one to the number of the Directors to elect. The quotients so obtained are given to the candidates of each list, according to the order that is scheduled. So, the quotients given to each candidates of the different lists are disposed in an unique decreasing ranking.

The elects are those who, till the concurrence of the number of Directors to be elect, those who have obtained the highest quotients, considering that it will have to be appointed Director the candidate who is listed on the top of the list of minority that has obtained the bigger number of votes and that is not linked, even indirectly, with the partners who have prepared and voted a list that resulted first for number of votes. So, in case the candidate hasn't obtained the required quotient for being elected, he will be anyway nominated Director while the candidate of the first list that has obtained the lowest quotient won't be elected.

If during the accounting year one or more Directors are missing, the solution to follow is in the art. 2386 of the C.C.. in the respect of the criteria for representatively of the least represented

genre in the cases happened after the first, second and third renewal of the board after one year of validity of law 120/2011.

Rules on the appointment and replacement of directors and the amendment of the By-laws, other than laws and regulations applicable in the alternative are not applicable.

Succession's plans

The board of directors hasn't adopted a plan for the succession of the executive administrators, as it is not considered possible to appoint such people and to select the relative criteria in advance. The appointment of a new executive administrator demands, ad hoc valuations.

4.2. COMPOSITION (pursuant art. 123 bis, paragraph 2, letter d), TUF)

The Board was appointed on April 30, 2010 and will be on office until the 2012 balance sheet approval day.

On this occasion only a list has been introduced by Alberto Frigoli, Frigoli Giuseppe, Frigoli Emilio, Frigoli Francesco and Frigoli Giovanni that has received the 100% of the votes of the voting capital.

After that the ordinary board of 20.04.2012, after the increase of the total number of the members of the board from 7 to 8, has appointed as further member Mr. Andrea Collalti. On this occasion it was introduced just one list by Frigoli Alberto, Frigoli Giuseppe, Frigoli Emilio, Frigoli Francesco and Frigoli Giovanni that obtained 99.69% of the votes of the voting group.

Name	Office	In office from	List	Exec.	Non exec.	Indep.	Indep. TUF	% BoD	Other Offices°
Frigoli Alberto	Chairman and CEO	30.04.10	Major	X				85	-
Frigoli Giuseppe	CEO	30.04.10	Major	X				100	-
Frigoli Emilio	CEO	30.04.10	Major	X				100	-
Frigoli Giovanni	Executive	30.04.10	Major	X				100	-
Frigoli Francesco	Non executive	30.04.10	Major		X			100	-
Piantoni Alberto	Independ.	30.04.10	Major			X	X	100	1
Carnevale Maffè Carlo Alberto	Independ.	30.04.10	Major			X	X	100	1
Collalti Andrea	Independ.	20.04.12	Major			X	X	80*	4

° Indicated the total number of the tasks in the other quoted companies in regular markets (also foreign), in financial companies, banks, insurance companies or big dimensions, according to the criteria defined by the Board.

© % participation in the meeting of the Directors of the Board.

* percentage calculated on 5 meeting.

Personal and professional features of each Director (art. 144-decies of the Issuer

Regulation)

Born in Chiari (BS) on November 15, 1949 where he lives in Via Sala n. 88; he is married with 4 children.

In January 1981, he takes part to the setting up of Poligrafica S. Faustino S.r.l. of which he is appointed Chairman and director. In 1987 the Board of Directors appoints him managing director with full powers in ordinary and extraordinary administration. The extraordinary Shareholders' meeting of March 13, 1998, which approves development into a stock company, confirms him in all his functions. In April 2001 he is appointed Chairman and managing director with full powers in ordinary and extraordinary administration, which he has accomplished regularly so far.

He is also Chairman of subsidiary company Psfinteractive (formerly Mediattiva) S.r.l., which is a Web-Agency that manages and realize internet sites, develops and furnishes web files for the e-commerce B2B and B2C and non-executive Director of other subsidiaries companies BB S.r.l., specialised in e-commerce services with www.cantoalto.it and Linkonline S.r.l., leader in distribution of consumer products for informatics.

EMILIO FRIGOLI

Born in Chiari on August 15, 1955 where he lives in Via Palazzolo n. 30; he is married with 3 children.

In January 1981, he takes part to the setting up of Poligrafica S. Faustino S.r.l. of which he is appointed director. The extraordinary Shareholders meeting of March 13, 1998, which approves development into a stock company, confirms him in all his functions. In march 1999 he is appointed managing director for trade relation with customers. In April 2001 he is appointed managing director with full powers in ordinary and extraordinary administration, which he has accomplished regularly so far.

He is also Directors of subsidiary company Litografia Spada S.r.l., specialised in printing of prestige paper labels, BB S.r.l. (until December 2011), specialised in e-commerce services with www.cantoalto.it, Linkonline S.r.l., leader in distribution of consumer products for informatics and Psfinteractive (formerly Mediattiva) S.r.l., which is a Web-Agency that manages and realize internet sites, develops and furnishes web files for the e-commerce B2B and B2C.

FRANCESCO FRIGOLI

Born in Chiari on June 3, 1953 and lives in Cologne (Bs), Via Corsola n. 2; he is married with 2 children.

In December 1997, he takes part to the setting up of the Company BB S.r.l.", seated in Castrezzato, of which he is appointed director. This company, already holds "CASAROSSO" mark, trade in all its forms by means of an Internet site about all goods that are normally sold in a supermarket and as tables product I do XIV included. Since 2001, BB S.r.l. dedicated to the development of a new platform B2B called "CANTOALTO" specifically dedicated to the field of graphic arts. He is presently managing director. He has been managing director till December 2011.

In November 1998 he is appointed director of Poligrafica S. Faustino S.P.A.. In March 1999 Mr. Francesco Frigoli is appointed managing director for Responsible for the activities for the press and media sector. Since April 2001 he is director without any executive role.

He is also non-executive Directors of subsidiary company Litografia Spada S.r.l., specialised in printing of prestige paper label, Linkonline S.r.l., leader in distribution of consumer products for informatics and Psfinteractive (formerly Mediattiva) S.r.l..

GIOVANNI FRIGOLI

Born in Chiari (BS) on April 29, 1960 and lives in Coccaglio (BS), Via Pianora n. 4; married with 3 children.

In November 1998 he is appointed director of "Poligrafica S. Faustino S.P.A.". In March 1999 Mr. Giovanni Frigoli is appointed managing director for marketing. Since April 2001 he is non-executive Director and from February 2012 he is Executive administrator with delegation to search for strategic suppliers/partners for the company.

He takes part to the building of the Company Dedalus S.r.l. seated at first in Brescia and then in Castrezzato. He is appointed unique Director without limit. The company develops a production and wholesale and retail of paper products of all kinds and is specialised in the production of paper tissues called "TodoModo". He leaves his role in January 2001 to become counsellor of this company, called now Psfinteractive (formerly Mediattiva) S.r.l., which works now as web-agency and makes and manages internet sites, develops web functions for e-commerce B2B and B2C.

In February 2008, he was appointed director of Linkonline S.r.l., leader in distribution of consumer products for informatics. Actually he is Managing Director.

GIUSEPPE FRIGOLI

Born in Chiari (BS) Chiari on August 6, 1951 where he lives in Via Fulgosa n. 3; married with 3 children.

In January 1981, he takes part to the setting up of Poligrafica S. Faustino S.R.L. of which he is appointed director. In 1987 the Board of directors appoints him managing director with full powers in ordinary and extraordinary administration. The extraordinary shareholder meeting on March 13, 1998, which approves development into a stock company, confirms him in all his functions. In April 2001 he is appointed managing director with full powers in ordinary and extraordinary administration, which he has accomplished regularly so far.

In December 1997, he takes part to the setting up of the Company "BB S.r.l.", seated in Castrezzato, of which he is appointed director. Since March 28, 2001 is no longer Chairman but simply managing director. This company, already holds "CASAROSSO" mark, trade in all its forms by means of an Internet site about all goods that are normally sold in a supermarket and as tables product I do XIV included. Since 2001, BB S.r.l. dedicated to the development of a new platform B2B called "CANTOALTO" Specifically dedicated to the field of graphic arts. After the Board's decision to put on solvability the company, a liquidator has been appointed.

He is also Managing Directors of subsidiary company Litografia Spada S.r.l., specialised in printing of prestige paper labels and Chairman, Managing Director of Linkonline S.r.l., leader in distribution of consumer products for informatics and Managing Director of Psfinteractive (formerly Mediattiva) S.r.l., which is a Web-Agency that manages and realize internet sites, develops and furnishes web files for the e-commerce B2B and B2C.

ALBERTO PIANTONI

Born in Chiari (BS) on April 6, 1956; married with a son, he took a degree in Economical politics at the faculty of Economics of the University of Modena.

He is member of the Symbola committee for the PIO definition (Internal Quality product) which is intended to become a measurement instrument of the Italian quality as combination of innovation, technology, research, creativity and territorial skills. On June 27, 2007 he is nominated *project manager* of third Project of industrial innovation of *Made in Italy* Sponsored by the Ministry of Economic Development.

From 2004 he has been independent Director of Poligrafica S. Faustino S.p.A. and, since April 2007, lead independent director.

He has been managing director of Bialetti Industrie S.p.A. (company quoted at the Italian Stock

Exchange) and of different companies of the Bialetti Group, in Italy and Abroad, as Girmi S.p.A., Bialetti Industrie France sarl, Bialetti Spain S.I., Bialetti Deutschland GmbH till the beginning of April 2008. Since April 2008 he is non-executive director at Bialetti Industrie S.p.A. and is managing Director at Richard Ginori 1735 S.p.a. (Company quoted at the Italian Stock Exchange) until December 2009. From March 2010 until July 2011 he has been Managing Director of Revolution S.p.A. (formerly Gruppo Sistemi 2000 S.r.l.) of Ancona.

From May 2011 he is Managing Director of Missoni S.p.A.

CARLO ALBERTO CARNEVALE MAFFE'

Born in Vigevano (PV) on September 9, 1961, married with a son.

Is Lecturer in Company Strategies at the Company Direction School of the Bocconi University where he was founder and coordinator of the Master in Business Strategies(MISA). He is responsible for the "Business Strategy" teaching at the Bachelor in International Economics and Management. He teaches at "Media MBA" of the Steinbeis University in Berlin and at the "Master in Intelligence" of the University of Malta, and has teacher at the Graduate School of Business of the Columbia University, at the Stern School of Business of New York University and Wharton School, University of Pennsylvania.

He is member of the Steering Committee "E-Business Policies" of the European Commission DG Enterprise. He is member of columnist of Editorial Board di Harvard Business Review Italy. He works for different national and international newspapers such as CNBC International/Class CNBC "Il Sole24 Ore". He is member of the scientific committee of Assodigitale. He is independent Director of companies of the technology, Media and Telecommunications sector, some of which are quoted on the Italian Stock Exchange (Reply S.p.A. and Poligrafica S. Faustino S.p.A., where he is independent Director). He is Advisory Board of National High tech companies. He has published many books and company cases and is regularly present with interviews, articles and comments on some of the most important economic and financial International editions such as The Economist, Time, Harvard Business Review Italy, Business Week, Wall Street Journal, Financial Times, New York Times, International Herald Tribune, Les Echos.

ANDREA COLLALTI

Was born in Rome on 22nd November 1966, married and graduated in Economics at Rome's University La Sapienza and is taking a further degree in law at the same university. He attended post-graduation courses about European fiscal norms and commercial laws at the Luiss Schhol of Management.

He is fiscal counsellor member of the Accounting revisors and member of the arbiters at the Consob. He owns a professional office for fiscal, commercial and administrative advice in Rome. He is a receiver at the court of Rome and is technical counsellor at the civil section.

He works in the company, strategic, fiscal and financial counselling sector, in the company evaluations, in particular in the managing of company relations with the public sector for the managing and inspection of infrastructure financing.

He is an expert in the starting up of dossiers for infrastructure financings at the Ministry of Economics, C.I.P.E., the Ministry of infrastructures and economic development.

He is an expert in International fiscal planning and worked for many national and International companies.

At this moment he is the Chairman of the Board of Auditors of Postel S.p.A., company of the Group Poste Italiane, Chairman of the Board of Auditors of Fandango, Acea Distribuzione S.p.A., Cal.

He is moreover Chairman of the Vigilance Organ of Postel Spa, member of the surveillance

committee of Eutelia Sap in Extraordinary administration appointed by the Ministry of Economic Development, Member of the Board of vigilance of Foundation Bioparco in Rome appointed by the mayor of Rome, member of the management of SS Lazio Nuoto, Advisor of Venezia Nuova for the financial, administrative and managing aspects of the project Mose and for the analysis and evaluation of dossiers for CIPE, counsellor of the president of the Finance Commission of the Italian Senate.

In April 2012 he was appointed independent director of Poligrafica S. Faustino S.p.A..

Offices held in Remuneration Committee (R.C.) and Internal Control Committee (I.C.C.)

Name	Office	R.C.	% R.C. [¤]	I.C.C.	% I.C.C. [¤]
Frigoli Francesco	Non Executive Director	Member	100	Member	100
Piantoni Alberto	Independent Director	Member	100	Member	100
Carlo Alberto Carnevale Maffè	Independent Director	Member	100	Chairman	100

* % participation in meetings of Directors in R.C. and I.C.C.

Offices held in other company as at December 31, 2012

Name	Office	Company [°]
Frigoli Alberto	-	-
Frigoli Giuseppe	-	-
Frigoli Emilio	-	-
Frigoli Giovanni	-	-
Frigoli Francesco	-	-
Piantoni Alberto	CEO	Missoni S.p.A.
Carlo Alberto Carnevale Maffè	Independent Director	Reply S.p.A.
Andrea Collalti	Chairman of the Board of Auditors and Chairman of the Supervisory	Postel S.p.A.
	Chairman of the Board of Auditors	Acea Distribuzione S.p.A.
	Auditor	Napoletangas S.p.A.
	Auditor	Sara Vita Assicurazioni S.p.A.

[°] Indicated the tasks in the other quoted companies in regular markets (also foreign), in financial companies, banks, insurance companies or big dimensions, according to the criteria defined by the Board.

Limitation of charges

The Board hasn't defined the general criteria about the number of positions in administration and control roles in other companies as it was considered that, even without a limitation, the role of the Director of the issuer has always been made in a proper way regarding the charge received

from each director. The Board can anyway anticipate in every moment some limitations if necessary.

Induction Programme

The Board Chairman has deliberated that the administrators, after their appointment and during their term may take part to initiatives that are aimed to give them an adequate know how of the activity sector in which the Issuer operates, of the company dynamics and their evolution and their norm context.

Such initiatives, in particular, were possible during meetings with the Marketing director and commercial directors of the different business areas in which the company operates aimed to explain the business areas in which the company operates (business communication, label&packaging, documental electronic managing, printing and e-procurement), the new approach modalities with the real and potential clients and the offer of new products.

4.3. ROLE OF THE BOARD OF DIRECTORS (pursuant art. 123 bis, paragraph 2, letter d), TUF)

During the Exercise, the Board of directors summoned 7 times, with a medium duration of 1 hour and forty. For the present accounting year 5 meetings have been planned, 1 of which held on March 8, 2013.

Pursuant the art 19 of by-laws, the administrative organ has plenty powers for the ordinary and extra ordinary managing of the company, without exceptions and has the faculty of making all the acts that he considers necessary for the achievement of the company goals, with the exclusion of those that are reserved by the law to the shareholders meeting. Considering what is written in the art. 2 and art. 23 of the by-laws, other functions of the administrative organ are the deliberations concerning:

- a) the merge, in the cases previewed by the articles 2505 and 2505 *bis* of the Civil Code;
- b) the reduction of the capital in case of withdrawal of one of the partners;
- c) the adjustment of the By-laws at normative disposals;
- d) the emission of ordinary bonds.

The Board's duties concern the examination and approval:

- of the strategic, industrial and financial plans;
- of the issuer government system;
- of the structure of the Group.

The company, on the 20.12.2012 has accomplished the cession of PRT of Piantoni Riccardo S.r.l. sole proprietorship, active in the packaging, of the company branch relative to the manual confection of printed items (know-how and machineries), activity that is considered non-strategic for the Group.

The agreement, valid from the 2nd January 2013, was accomplished with a counter value of Euro 45 thousand.

The Board on March 9, 2012 has evaluated the compatibility of the organization , administrative and accounting asset of the issuer and of the controlled companies that were prepared by the managing directors, with particular reference to the internal control system and to the coming to terms with the interest conflicts, also with the help of the person in charge of the internal control and the account manager responsible for the accounting documents.

In February 9 and April 20, 2012 meeting, the Board, together with the proposals of the members of the remuneration committee and heard the Statutory Auditors, has determined the

remuneration of the Managing Directors and the subdivision of the global remuneration for the members of the Board so as it was deliberated by the Shareholders' meeting held in the same day.

The Board has evaluated the general going of the managing, considering the information received from the delegated organs, and confronting the results obtained with those planned.

The Board is to examine and approve the operations of the issuer and its controlled, when they have an important strategic, economic and patrimonial relevance for the Issuer self.

Neither the examination nor the preventive approval of the operations are required when one or more Directors have own interests within the Board. It was not necessary to introduce an explicit reserve for the Board as the owner or whoever gets the acknowledge of this is obliged to inform the Board that will adopt the solution which he considers to be more suitable in the interest of the Company.

It is provided a reservation in favour of the Board, prior examination and approval of related party transactions of the Issuer and its subsidiaries in the cases mentioned in the Procedure for Related Party Transactions approved by the Board on November 12, 2010 (for details see the art. 12 of this Report).

The Board, on November 9, 2012 has considered its dimension, composition and working of the Board itself and its committees, included the number of independent Directors equal to 2 (as per art. IA.2.13.6 of the Market Instructions) conforming to the social object.

The Shareholders' meeting hasn't authorised, as a general rule, derogations to the prohibition of concurrence as in the art. 2390 C.C..

4.4. EXECUTIVE DIRECTORS

Managing Directors

With a deliberation of the Board of directors on April 30, 2010, Giuseppe Frigoli and Emilio Frigoli, beyond the Chairman, have been appointed Managing directors with the attribution of full powers in ordinary and extraordinary administration, except for those expressly prohibited in art. 2381 C.C..

The absence of limits for the delegation is justified by the particular society asset and by the activity developed by them within the Issuer. The Board, anyway, can in every moment decide any kind of operation.

Chairman

The chairman has received the same managing delegations above mentioned for the other Deputy managers. Such attribution is justified by the particular company asset of Poligrafica S. Faustino S.p.A. and by the experiences, business skills and managing qualities that characterise it.

In particular, the Chairman is the Chief Executive Officer together with the other CEOs Giuseppe Frigoli and Emilio Frigoli.

Informative to the Board

The Chairmen, assisted by the Lead Independent Director, shall ensure that all materials submitted to the Board be given in time to the documentation and information necessary for evaluation and conscious decision of the topics covered. Documents relating to agenda items, in particular, is immediately sent to the Directors, when available, by the manager responsible for preparing corporate accounting documents or the head of corporate affairs. Each Director has the

right to request further information and additions deemed necessary and appropriate.

The Managing Directors have kept informed regularly the Board about the activities made quarterly during the relations at the first meeting.

4.5. OTHER EXECUTIVE DIRECTORS

Within the Board, the director Mr. Giovanni Frigoli is to be considered executive director as he is managing director of the controlled Linkonline S.r.l., company with strategic relevance for the Group.

Steps taken in order to raise awareness on the part of directors of reality and dynamics business took place at meetings of the Board through specific interventions at the activities and structures of the Group.

Directors are periodically updated in order changes in the rules and obligations belonging to them.

4.6. INDEPENDENT DIRECTORS

Pursuant the articles 147 *ter*, par. 4 and 148, paragraph 3 of TUF and according to art. 2.2.3, par.3, letter k) of Rules of the Market and art. IA.2.10.6 of Rules of the Market Instruction and art. 3 of Code, there are two Independent Auditors in the Board (Prof. Carlo Alberto Carnevale Maffé and Dr. Alberto Piantoni) who:

- a. don't 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,
- b. or participates in a shareholders' agreement through which one or more persons may exercise a control or considerable influence over the Issuer;
- c. There haven't been in the previous 3 accounting years relevant figures (the Chairman, the legal representative, the Board chairman, a managing director or a manager with strategic responsibility) of the issuer or of one mutually controlled company or of one entity that together with others may control the Issuer or may strongly influenced it;
- d. don't have, and didn't have, directly or indirectly (for example trough controlled companies or where there are relevant people as per point c) as partner or consultant) a relevant commercial, financial and professional relation or subordinate relationships:
 - with the issuer, with one controlled and with relevant figures as indicated at point c) that precedes , the similar;
 - with a subject that, also together with others through a company agreement, may control the issuer, with other relevant figures as indicated at point c) that precedes, of the similar;
- e. considering what stated at the d) point, who don't have relationships of independent or subordinate work and other relationships of professional and patrimonial nature that may interfere with the independence:
 - with the Issuer, with its controlled and with companies mutually controlled;
 - with the directors of the issuer;
 - with figures that are linked with parental ties within the fourth grade of the company's Directors;

-
- f. they haven't receives, or haven't 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;
 - g. they weren't a director of the Issuer for more than nine years in the last twelve years;
 - h. they didn't vest with the executive director office in another company in which an executive director of the Issuer holds the office of director;
 - i. they aren't shareholder or quota-holder or director of a legal entity belonging to the same network as the company appointed for the accounting audit of the issuer;
 - j. they weren't a close relative of a person who is in any of the positions listed in the above paragraphs and there are no parents, relatives and other people within the 4th grade of the Directors of the Issuer, of the controlled companies, of the mutual controlled companies.

The Board considers the existence and permanence of the above mentioned requisites following the information that those who are concerned must give under their own responsibility and the information at disposal of the Board.

The requisites of independence of the art. 3 of the Code and art. 148, comma 3, lett. b) and c), of the TUF of the independent Directors have been examined by the Board in occasion of their appointment (April 30, 2010 for Alberto Piantoni and Carnevale Maffè; April 20, 2012 for Andrea Collalti) and during the Exercise (March 9, 2012).

In making all the evaluations the Board has applied all the criteria prescribed by the Code and by the TUF.

During the Exercise, there haven't been situations that determined the disappearance of the above mentioned requisites for the independent Directors.

The Board of Auditors has verified the correct application of the principles and procedures for the yearly evaluation of the independence of the independent directors, publishing the results in the report to the shareholders' meeting.

During 2012 there was 2 meeting of independent directors concerning the evaluation of the possible sale of the company printed on the packaging manual and upon approval of the budget plan for the Issuer.

4.7. LEAD INDEPENDENT DIRECTOR

On April 30, 2010 the Board has appointed Dr. Alberto Piantoni as lead independent director, who has the faculty to summon (individually or at request of other counsellors) specific assemblies only of the independent Directors (see previous paragraph 4.6) for discussing issues that are interesting for the working of the Board and the managing of the company.

The Chairman of the Board works with the cooperation of the lead independent director for the bettering function of the Board self.

5. TREATMENT OF CORPORATE INFORMATION

The transmission of communications and information out of the Company, and the price sensitive ones in particular, is made only by the Chairman and by the managing director and, by order of them, by Investor Relations Manager (Dr. Anna Lambiase) in cooperation with company affairs department (lawyer Emanuele Nugnes).

The Chairman and the managing director make sure that information, complete and proper, pass promptly and fully to control organs, market and public.

Reserved information and register of the people who have access to the privileged information

The Board, on August 29, 2008, has approved new procedure about management reserved information systems, treatment and disclosure as per articles 114 and 115 *bis* of TUF; art. 66, 152 *bis* and following ones of Issuer Regulation and art. 4 of Code. The procedure was updated on November 11, 2011.

The essential aspects of the procedure are:

- definition and qualification of the privileged information;
- secrecy obligation for everybody who comes in contact with such information, following what is written in the ethical code;
- managing modality of information and data;
- prevision of an applicative procedure and different special procedures used in specific hypothesis;
- regulation of the register of all the people who have access to the privileged information (set up in April 2006);
- Prevision of a report activity towards the Vigilance organ.

It is predicted, in particular, for all the subjects listed in the register of the people who have access to privileged news, the prohibition – directly or through other people – of sales acquisition, sales and subscription shares and financial instruments linked to them within the 15 days (black-out period) before the boarding meeting summoned to approve the accounting data of the period – balance sheet, half yearly survey, managing report – and till the diffusion of the relative news as per 114 of TUF.

The responsible for the conservation and updating of the register is the Company Affairs Department Manager.

Internal dealing

After the receiving of the “Market Abuse” directive (bill number 62/2005) and the adoption by the Consob (bill n. 15232 of November 29, 2005) of the new Issuer Regulation, the obligation of communication to the public and to the Consob of the accomplished operations by relevant people and by people strictly bound to them through financial instruments of the company.

In particular the articles 114, paragraph 7 and 193 paragraph 1 and 1 *bis* of the TUF and the articles 152-sexies and the following of the Issuer Regulation have disciplined the normative of the internal dealing, by pointing out the relevant elements and the people bound to them, the details and communication ways that deal with operations on shares or financial instruments linked with the actions of the rated issuer.

The Board, on November 12, 2008, has approved new Code of behaviour of Internal Dealing that is developed as follows:

- definition of relevant people and shareholders and people connected to them;
- procedure that has to determine who, among the employees, must be considered a relevant figure;
- individuation of the person in charge of the receiving, managing and diffusion to the market of information on the operations as at art.152 *octies*, the Issuer Regulation in the person of the Company Affairs Department Responsible;
- identification of the relevant controlled;

-
- definition of operations on actions and financial instruments;
 - determination of the modalities and communication timing of the operations;
 - prevision of the possibility to use the company to fulfil the obligations concerning the communication to the Consob;
 - individuation of a period in which it is forbidden for the relevant figures and for the people connected with them to make operations on the bonds or other instruments linked with the shares issued by the company (black-out period);
 - possibility to adopt remedies in case of violation of the Code of Behaviour;
 - prevision of a report activity towards the Vigilance Organ.

6. COMMITTEE WITHIN THE BOARD (pursuant art. 123 *bis*, paragraph 2, letter d), TUF)

The Board, during its meeting on 09.11.2012, in view of the size and organizational structure of the Company, has identified that it was unnecessary to establish an internal committees with proposing and consulting functions other than those covered by the Code.

7. APPOINTMENTS COMMITTEE

The Board, during its meeting on 09.11.2012, in view of the size and organizational structure of the Company has identified that there was no need to establish, within it, a nomination committee.

8. REMUNERATION COMMITTEE

The relative information about the present section are contained in the Relation on the predisposed remuneration according to of art. the 123 ter of the TUF, approved by the Board on March 8, 2013 and published contextually to the present Report.

9. REMUNERATION OF DIRECTORS

The Board on February 9, 2012, has estimated as substantially respected inside the Company the previewed principles and applicative criteria from the Code with the exception of the following applicative criteria:

- *“the corresponding of an important portion of the variable component of the remuneration is deferred of temporal adapting lapse regarding the moment of the maturation; the measure of such portion and the duration of the postponing are coherent with the characteristics of the activity carried out by the enterprise with the connected profiles of risk;*
- *the mechanisms of boosting of in charge of the function of internal audit and of the leader in charge of the writing of social accounting records are coherent with the tasks assigned to them.”*

The Board, therefore, in the reunion held on the same day, taken into account the considerations of the Committee for the Remuneration has deliberated to defer the compensation of the variable member of the remuneration to the 31 December of the year of corresponding maturation with the approval of the budget of the previous year and not to preview any mechanism of remuneration in favour of the person in charge of the function of internal audit and of the

manager in charge of to the writing of social accounting records as the fixed retribution already corresponded to the same ones is considered to be sufficient.

Further information about the present section are contained in the Relation on the predisposed remuneration according to of the article 123 ter of the TUF, approved by the Board on March 8, 2013 and published contextually to the present Report.

10. CONTROL COMMITTEE AND RISKS

Composition and functioning of control committee and risks (pursuant art. 123 *bis*, paragraph 2, letter d), TUF)

On April 30, 2010 members of the control committee and risks have been renewed and in accordance with the provisions of the Code it is composed by non-executive directors, the majority of which are independent:

- Carlo Alberto Carnevale Maffè – Chairman (independent director);
- Alberto Piantoni (independent director);
- Francesco Frigoli (non executive director).

Carlo Alberto Carnevale Maffè and Alberto Piantoni have a certain experience in the account and financial matters, which has been considered good by the Board during the appointment.

During 2012 the Committee has been collected 3 times, to them also the responsible of internal audit took part and the manager of drafting the official documents were invited to attend for the issues they were of their concern.

The average length of meetings was about one hour. For the current year two meetings were scheduled in an already held on March 8, 2013.

Functions of the control committee and risks

The control committee and risks has been given the functions as at paragraph 8.C.3. of Code, beyond that of helping the board of directors in making the functions as at 8.C.1. of the same Code. In particular, the Committee has the following duties:

- to help the Board in the duties concerning the internal control;
- to estimate together with the accounts manager and the reviewers the correct use of the accounting principles and their homogeneity for the report of the consolidated balance sheet;
- upon request of the executive director, express opinions on specific aspects relating to the identification of the principal risks for the Company as well as on the design, implementation and management of the internal control system
- to review the work plan prepared by the officers in charge of internal control as well as the periodic reports prepared by them;
- to evaluate the job planning for the revision and the results exposed in the report in the eventual letter of suggestions.
- to watch out the efficacy of the accounting revision process;
- to keep the Board informed, at least each six months, in occasion of the approval of the balance sheet and of the half year report, on the activity made and on the adequacy of the internal control system;
- to express a binding opinion on the interest of the Company upon the completion of transactions with related parties and the fairness of the conditions;
- make the functions that are given to the Committee by the Board, in particular the

relationships with the Auditors' Firm.

The control committee and risks must fulfil its duties together with the Board of Auditors, with the person in charge of the internal control and the executive Director on charge of the internal control system.

During the Exercise, the Internal Control Committee has fulfilled a monitoring action for the control system in particular about:

- purchasing of the job plan of the person in charge of the internal control;
- analysis and evaluation of the adequacy of the Organization, Managing and Control Model following the Italian Legislative Decree 231/01;
- evaluation and monitoring of the adequacy of the accounting administrative procedures, the managing procedure for the managing, the treatment and communication to the external of the privileged information. In particular, it has a favourable opinion on the new administrative and accounting procedures prepared by the manager responsible for financial reporting pursuant the article 154 *bis* of TUF;
- the evaluation, together with the deputy Manager for the drafting of the accounting documents, of the correct use of the accounting principles and their homogeneity for the aims of the consolidated balance.
- activities concerning the role of Vigilance Organism.

During the meetings planned for the approval of the balance draft and the half-yearly survey, the Committee has informed the Board about the activity made and about the adequacy of the internal control system.

During the committee meetings, regularly reported, the board of auditors chairman has always taken part.

The control committee has the faculty to access to all the information and company functions necessary for the development of its duties and to use external advisors with what decide the Board if necessary.

A certain quantity of resources at disposal of the Board hasn't been determined; the chairman can require every moment that the executive Director monitor the internal control system, the production of resources that are necessary for the fulfilment of its duties. However, the expenditure maximum for the use of independent experts on the occasion of the release of the opinion requested by the Board in connection with related party transactions cannot be greater than € 30,000.00 for each operation.

11. INTERNAL CONTROL SYSTEM

It belongs to the Board the responsibility of the internal control system, understood as all processes aimed at monitoring the efficiency of business operations, the reliability of financial reporting, respect for legality and safeguards of company assets, and the measurement, managing and monitoring of the risks.

Issuer works in the graphic-promotional sector exclusively on demand and, considering the particular productive typology, must adjust the production and the provisioning politics to the specific requests of the clients.

The strong competitors and the lack of standard pricelist-products determine the necessity to have price politics that are often influenced by the promotional budget at the clients' disposal. Till the end of the previous accounting year, the Group has always had only one reference market (the promotional one), with a modest exception of the web agency activity of the controlled

Mediattiva. With the precise goal to diversify the reference markets and, in order to the different risk typologies, in 2008 the Issuer acquired Linkonline S.r.l., company that operates in the consumables sector that are destined to the retail sector.

Through such operation, Poligrafica S. Faustino has undertaken a development strategy that was aimed at the collecting of all possible synergies with particular attention to the commercial integration on loyal customers.

The financial management's activity is concerned with keeping the relations with many banks and carries on the analysis of different risks favouring indications on the credit risks, and in particular when there are contacts with new clients.

The change risk, given the absolute irrelevance of the transactions (both passive and active) also beyond the Euro area, is equal to zero. The supplying market of raw materials isn't affected by indirect consequences bound to the dollar.

As far as the credit risk is concerned, above all in front of the huge costs of the transactions and of the clients is limited. It is to be considered that the medium unity amount of the transitions is modest and the analysis of the credit positions already expired or soon to be expired are linked to a fortnight expiry date.

About the liquidity risk: the relationship between own and others' money has always been positive. The negative trend of the last years notwithstanding, the net financial position has always been positive (liquidity). In 2008 the net financial position has been influenced not only by the important investments but also by longer time for the proceeds that are not counterbalanced by postponed payment terms.

This notwithstanding, the present financial structure, characterised by modest debts in relation to the capitalisation, together with the existence of significant real estate investments free from bonds and mortgages, determine objective solidity indicators that guarantee the possibility to enter into new credit lines, if necessary.

Concerning the interest rate risk, it is generated by short and long term flexible rate financial debts that are not so high to make a coverage politics necessary.

The Board, also according information gave during the Exercise from the Internal Control Committee, evaluated effectiveness and actual functioning of the internal control system.

System of risk management and internal controls involved in relation to the financial reporting process, including consolidated, if applicable (pursuant art. 123 bis, paragraph 2, letter b), TUF)

With reference to the preparation of financial statements and consolidated financial statements, the administrative and accounting procedures established by the manager responsible for preparing corporate accounting documents in accordance with accounting standards are applied. This management is to ensure the reliability, accuracy, reliability and timeliness of financial reporting itself through internal procedures valid for the parent and subsidiaries and to ensure an activity of regular monitoring regularly and checking the accounting information widespread to the market.

The internal control system is structured so as to ensure the analysis of economic and financial importance, and control over resources and their uses.

The instruments are designed to verify:

- the accuracy of accounting records, paying particular attention to the evaluation of trade receivables, tangible and intangible assets, participation in inventories and, in general, the criteria for assessing applications to the annual budget and other types of periodic financial reporting to provide a faithful image of the financial position, financial and economic performance

of the company;

- Computer systems;
- approval of business operations by the parties responsible for their approval and proper recording in the books.

Prepaid are undertaken primarily through the inspection of documents and of the surveys and the obtaining of information by managers and executive directors.

For the impairment test, in particular, procedures to estimate rather articulate account of the estimated cash flows and earnings for future years are being developed on the base of the approved previsions plans by several boards of directors that have the responsibility to elaborate the plan about the course of the relative CGU, to which the starter to be evaluated is concerned.

Internal controls have been such as to avoid situations of risk assessment processes for the evaluation of claims and inventories.

The administrative function of the Group leader elaborates some economic/patrimonial situations with regularity about the salary course of the group leader and of the controlled companies that are subordinated to the attention of the executive Directors. The main purpose of monthly reports of the salaries is that to monitor the course of the turnover, the costs, the marginality in terms of EBITDA and EBIT, and to estimate the course of the net financial position and the medium incidence of the debts.

The data of the interim reports are confronted with the historical data. The abnormal, unexpected or mainly meaningful differences in terms of value are inquired by the manager responsible for the writing of accounting records and the outcomes are subordinated to the attention of the general executive manager.

On the approval of the quarterly, half-year report and the draft budget, the Board will assess the adequacy and effectiveness of the system of internal control based on information communicated by the executive in charge of internal control and the control of the provost Procedure. During the Exercise, this assessment has always given positive results.

Regarding the preparation of financial statements, as at 31.12.2011, the consolidation area is so composed:

- LINKONLINE S.r.l.
- LITOGRAFIA SPADA S.r.l.
- PSFINTERACTIVE (formerly MEDIATTIVA) S.r.l.

These companies prepare the financial statements in accordance with national accounting standards. For the subsequent preparation of financial statements of Issuer, these budgets are applied on a non-accounting adjustments required by the application of IAS / IFRS in order to aggregate all financial statements prepared by the same international principles. The accuracy of these corrections is verified through comparison with the corrections made in the previous period and analysis of individual budget items in order to individuate further corrections.

The keeping of the subsidiaries of the administration is entrusted to the same structure of the parent at the headquarters of Castrezzato. The monitoring of the internal control system of the subsidiaries is consistent with that expected on Issuer, with the aim to provide the data required for the preparation of consolidated financial information reliable, accurate and timely.

The Directors and the manager responsible for the preparation of financial statements in accordance with art. 154 *bis* TUF confirm that:

- the financial statements and the consolidated management report include the contents described in the letter e) of paragraph 5 of art. 154 *bis* of the TUF;

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- for the half-yearly condensed consolidated, that the interim management report includes the contents described in the letter f) of paragraph 5 of art. 154 *bis* of the TUF.

11.1. DIRECTOR IN CHARGE OF INTERNAL CONTROL SYSTEM

The Board, on November 9, 2012, appointed CEO Giuseppe Frigoli as the director responsible for supervising the functionality of the internal control system (already executive director responsible for the supervising the functionality of the internal control system since 12.11.2008). Pursuant the applicative criterion 7.C.4. of Code, he:

- identified the main business risks, taking into account the characteristics of the activities; carried out by the issuer and its subsidiaries, and submit them periodically to the review of the Board;
- accomplished the guidelines defined in the board of administrators, taking care of the projects, realisation and inner control system managing and risk managing by verifying the adequacy and proficiency;
- the adaptation of the system to changes in operating conditions and the legislative and regulatory framework;
- communicated to the Board of administrators about the problems and critical points appeared during the developing of its activity or that has been acknowledged so that the Board can take its decisions

During the Exercise the already mentioned executive director has not seen fit to propose to the Board the appointment of a new subject for the office of the person in charge of internal control (now responsible for the internal audit function) as it considered Mr. Massimiliano Frigoli still fit to perform the functions conferred him.

11.2. RESPONSIBLE FOR THE INTERNAL AUDIT FUNCTION

The Board, on March 14, 2005, has appointed, according to decision of Internal Control Committee as person in charge of internal control Massimiliano Frigoli, who operates within the company without being responsible of any operative area or depending from any operative area, the administration and finance areas included. For these reasons no remuneration for the fulfilment of this specific duty has been disposed. The latter is also responsible for the internal audit function.

During the meeting of the Board of 9.11.2012, Massimiliano was appointed responsible for the internal audit function on proposal of the administrator in charge of the internal system control, after positive approval of the control and risks committee and audited by the Board of Auditor.

The agent has access to all information and reports to the Internal Control Committee about his operations.

The principal activity during the accounting year was:

- the analysis of the timing and definition of the productive process;
- analysis of the plan of action for the improvement of the machines;
- analysis of compliance on health and safety of workers at work;
- analysis of internal control processes also considering the changes in the organizational group

with particular reference to the commercial sector.

No precise amount of the financial resources has been planned at his disposal as he uses of the Issuer's company structures.

11.3. MANAGING MODEL AS ITALIAN LEGISLATIVE DECREE No. 231/2001

On March 19, 2008 the Board has adopted the Organization, Managing and Control Model according to Legislative Decree no. 231/01 and the Ethic Code. The Model was updated by the Board on August 29, 2008, February 20, 2009 and November 13, 2009.

The Report is made of a general part in which, after having exposed the general guidelines of the Decree, the components of the Report are illustrated with reference to the vigilance board, the personnel training and the Report diffusion and the ethic report within the company, the discipline system and the measures adopted in case of failing observance of the prescriptions, the verifications that the reports and procedures will have to endure.

The special part takes into consideration the following kinds of offences

- offences against the Public Administration;
- company offences;
- market abuse;
- against the security on work;
- crimes of recycling, receiving, use of money and goods of illegal provenience;
- informatics crimes and illicit treatment of the data

The Board gave the function of Vigilance Organism to the Internal Control Committee.

Model and Ethic Code are available on Issuer website: www.psf.it / investor relations / corporate governance.

11.4. AUDITING FIRM

On April 23, 2008, proposed by the Board of Auditors and positive advice of Internal Control Committee, was appointed for the audit of financial statements, consolidated financial statements and half year for the period 2008-2016 to Auditing Firm seated in Reggio Emilia, via Barilli 5/1.

11.5. MANAGER RESPONSIBLE FOR PREPARING THE COMPANY'S FINANCIAL AND OTHER ROLES AND FUNCTIONS OF BUSINESS

The Board, pursuant the art 23 of by-law, appoint, after a non-binding opinion of the Board of Auditors, the executive responsible for the preparation of the Company's account documents chosen among people of experience in the accounting and financial field and possessing the requisites of honourably required by the present norms for the control organ members. The board watches out that the deputy manager has the adequate powers and can accomplish his duties. The attributions and responsibilities of the deputy manager are determined by the law.

The Board, in order to get conformed to the art. 154 of the TUF and in conformity of by-law, appointed during the meeting on November 14, 2006 Mrs. Cristina Capitanio Manager executive responsible for the preparation of the Company's accounting documents.

Such choice seemed to be the most suitable because of the professional skills and abilities together with the fact that she is already Administrative Director and that the Board has full trust in her.

11.6 COORDINATION AMONG PEOPLE INVOLVED IN THE INTERNAL CONTROL SYSTEM AND RISKS MANAGING

The coordination among the different roles involved in the internal control system and risks managing is accomplished jointly by the responsible of the company affairs office together with the manager for the issue of the accounting documents.

12. RELATED PARTIES

On 12.11.2010 it was approved the "Procedure for transactions with related parties", prepared as per art. 4 of the Regulation laying down rules on related party transactions adopted by Consob with resolution no. 17221 of March 12, 2010, as amended and Article 2391 *bis* of Civil Code and art. 9.C.1. of Code of Conduct. The new procedure is effective from the 1st January 2011.

The above procedure determines the rules governing the identification, approval and enforcement of related party transactions entered into by the Company, directly or through subsidiaries, in order to ensure transparency and fairness in both substantively and procedural operations of the same.

The Company, having the dimensional requirements contained in the definition of the small companies within the meaning of Consob Regulation 17221/2010, has used the facility to establish a simplified procedure which applies equally to the operations of major and minor importance, subject to the following grounds for exclusion:

- a. transactions for smaller amounts, ie those with a value less than Euro 120,000 provided it hasn't the risk factors related to the characteristics of the operation and on the assumption that these transactions may have a significant impact on the financial position of the Company;
- b. compensation plans based on financial instruments approved by the Shareholders' meeting under art. 114 *bis* of the TUF and operations executive, especially considering the relevant shareholders' meeting and the strict reporting regime applicable;
- c. Shareholders' meeting resolutions referred to in the art. 2389, paragraph 1 of the Civil Code relating to fees payable to members of the Board of Directors as well as decisions regarding the remuneration of directors charged with special powers that are included in the total amount determined in advance by the shareholders as per art. 2389, paragraph 3 of the Civil Code and the fees payable to members of the Board of Auditors;
- d. resolutions on the remuneration of directors and advisers appointed to particular positions, other than resolutions mentioned under letter c), as well as management personnel, provided that:
 - the Company adopts a remuneration policy
 - the Board for the remuneration is involved In the definition of the above mentioned policy ;
 - a report setting out the remuneration policy has been submitted to the advisory vote of the Shareholders' meeting;

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- the remuneration is coherent with such policy.
 - e. the transactions with or between controlled companies, controlled also jointly, by Poligrafica provided that in the controlled companies by the Issuer there are significant interest in the correlated parts of the company. The interests that come from the simple share of one or more Directors or managers with strategic responsibilities between Issuer and its subsidiary companies are not qualified as significant.
 - f. the ordinary operations, i.e. those that are within the operating activity and of the connected financial activity that are accomplished according to equal conditions to those of the market or standard.

The authority to decide on the related party transactions is up to the Board that must receive, in advance, timely and complete news in relation to the characteristic features of the transactions with related parties, such as the nature of the relationship, their executive modalities, their conditions, also economic, for their achievement, the interest, and the underlying reasons and potential risks for the Company.

The Board shall act on transactions with related parties, upon the reasoned opinion of the Internal Control Committee of the Company for the transaction on the interest and convenience and fairness of its conditions. In order to issue its opinion, the Committee for Internal Control must also receive adequate and complete information about the transactions and the elements characteristic of the operations. The Audit Committee may be assisted, at the expense of the Company, by one or more independent experts who are not related.

The Board and Board of Auditors should receive full disclosure at least quarterly on the execution of transactions with related parties

If the transaction involves the interests of one of the Directors of Poligrafica, the Director who is in the condition of a related party of the operation shall immediately inform in detail the Board of the existence of the interest as per art. 2391 of the Civil Code and will not participate to the deliberations. Should the Board of Directors consider it desirable, however, to participate to the preparatory stage and to the deliberation of the Director, the same could allow, after hearing the Board of Auditors, the participation of the Director concerned, who however, should refrain from voting.

The deliberations of the Board of Directors regarding transactions with related parties shall give the reasons to justify the interest of the Company, the reasons, convenience and fairness of the same operations for the Company and the Group.

13. APPOINTMENT OF THE BOARD OF AUDITORS

The appointment of the Board of Auditors is made according to lists introduced to the shareholders in which the candidates must not be more than the auditors to be elected and are listed following a progressive order. The list is formed by two sections:

- one for the candidates for the role of effective Auditor;
- the other for the candidates to the role of alternate Auditor.

All the lists that include a number of candidates equal or superior to three must respect the criterion of genres division.

For the first renewal of the Syndicate collegium after one year of validity of the Law 120/2011, the least represented genre must be equal to at least one fifth of the total of components to be elected.

For the second and third renewal after the above indicated term, the least represented genre must be equal to one third of the components to elect.

They have the right to present the lists only to the shareholders that, alone or together with others, are shareholders with vote right and who represent at least a percentage of the capital in the entity decided by Consob with a own regulation for the appointment of the organs of administration according to art. 147 *ter* of TUF. Consob has deliberated (issue n. 18452 of 30.01.2013) that the percentage for Poligrafica must be 4.5%.

Each shareholder and all the shareholders belonging to the same group and the partners that support a Shareholders' agreement that implies shares of the issuer cannot present , also through a third person, more than one list and vote different lists.

Each candidate can be present in only one list. The candidates that have already auditors functions in other five quoted companies cannot be elected as auditors. The same for those who are Directors in the controlled or controlling companies and who have roles of administration and control beyond the limits settled by the Consob with own regulation. The outgoing auditors are re-eligible.

The undersigned lists by the partner or by the partners that present them must be registered at the company seat at least 25 days before the fixed day for the Shareholders' meeting in first call and this will be mentioned in the summoning call. Together with each list, within the above mentioned term, there are deposited:

- information concerning the identity of the partners who have presented the lists with indication of the percentage of participation totally held;
- a certification of the intermediaries in which the ownership of such partnership is shown. This certification can also be produced after the filing of the lists provided by the deadline for publication of the same ones (21 days before the date of the Shareholders' meeting).
- a declaration of the partners, different from those who hold a participation of control or of relative majority, which attests the absence of relationships of links with the latter ones as attested by the Consob;
- a fully detailed report about the personal and professional features of the candidates;
- the declarations with which the single candidates accept the appointment and attest, under their own responsibility, the insistence of causes for the ineligibility and incompatibility and the existence of the requisites settled by the norms for their positions.

The list for which the instructions here mentioned have not been observed is considered as if has not been presented.

In case at the expiring date of the presentation of the lists, only one list has been deposited, i.e. only lists presented by partners linked by them as stated in the Consob norms, there can be presented lists till the 3rd day after such date. In such case the limits implied by the chart for the presentation of the lists are reduced to half.

Here are the procedures for the auditors' election:

1) two effective members and one deputy are elected from the list that that has collected most votes, following a progressive order;

2) the remaining effective member and the deputy member are elected in a progressive order from the second list that has obtained most votes in Shareholders' meeting, among the lists presented and voted by partners that are not linked even indirectly with reference partners, as in art.148 of TUF that have presented and voted the list which resulted first for number of votes.

The effective member taken from the second list that has obtained most votes is appointed chairman of the Board.

If the division of genres criterion is not respected, the members of the least represented genre that obtained bigger quota will be instead elected for the first renewal of the board after the beginning of validity of the law 120/2011, and will be one fifth of the components to be elected.

For the second and third renewal after the above mentioned term, the members of the least representative genre will be instead elected and will be one third of the total amount of the components to be elected.

If the application of the criterion of division between the genres doesn't offer a number of components to be reserved to the least represented genre, such number is rounded to the superior unity.

In case non one from this list has obtained a major number of votes than the others, or in case more lists have obtained the same number of votes, a new voting will be immediately made between the lists that have obtained the same number of votes.

In case of substitution of one auditor, the substitute belonging to the same list of the ceased one. When the Shareholders' meeting must appoint of effective and/or substitutive auditors, necessary for the integration in the Board of Auditors, here are the proceedings:

- in case there is the substitution of the auditors elected by the majority, the appointment happens through a relative majority without list restraint;
- in case the auditors elected in the minority must be substituted, the Shareholders' meeting will substitute them with a majority vote choosing them among the candidates in the minority list to which belonged the auditor to be substituted that is in the minority list that has reported the second entity of votes.

If the application of these proceedings won't allow, for every reason, the substitution of the minority appointed auditors, the Shareholders' meeting will proceed with the voting by relative majority.

The substitution must be accomplished according to the criteria as per bill 120/2011 for the presence of the least represented genre with the limitation of the cases that are present after the first, second and third renewal of the board after one year of the validity of the above mentioned law.

14. AUDITORS (pursuant art. 123 *bis*, paragraph 2, letter d), TUF)

The present Board of Auditors, appointed by the Shareholders' meeting on April 30, 2010 that has confirmed the auditors previously on charge, will overdue in occasion of the approval of the 2012 financial statements. On that occasion was submitted only a list by Frigoli Alberto, Frigoli Giuseppe, Frigoli Emilio, Frigoli Francesco e Frigoli Giovanni who has obtained the 100% of the votes of the voting capital. Their curricula are available on Issue's website (www.psf.it – Corporate Governance – Company organs – Board of Auditors).

Name	Office	In Office since	List	Code Indep.	% part. B.o.A	Other Offices*
Bisesti Umberto 1973	Chairman	30.04.2010	Magg.	X	100	2
Bisesti Umberto 1968	Member	30.04.2010	Magg.	X	100	11

Curone Francesco	Member	30.04.2010	Magg.	X	100	16
Pelati Piergiorgio	Alternate	30.04.2010	Magg.	X	-	N.A.
Margariti Monica	Alternate	30.04.2010	Magg.	X	-	N.A.

* indicates the total number of roles occupied in the company as per book V, Title V, Chapter V, VI e VII of the Civil Code, as at 31.12.2012.

Office in other companies as at 31.12.2012

Nominativo	Carica	Società °
Bisesti Umberto (1973)	Auditor member	Linkonline S.r.l.
	Auditor member	Ks Group S.p.A.
Curone Francesco	Auditor member	Linkonline S.r.l.
	Auditor member	Gabeca S.p.A.
	Auditor member	Grandi Riso S.p.A.
	Auditor member	Gedit S.p.A.
	Auditor member	Le Pietrerare S.p.A.
	Auditor member	Silos e Magazzino del Tirreno S.p.A.
	Auditor member	Paradiso S.p.A.
	Auditor member	Magazzini e Molini del Tirreno S.p.A.
	Auditor member	Tenute Grandi e Gabana S.p.A.
	Auditor member	Marcello Gabana S.p.A.
	Auditor member	Steltronic S.p.A.
	Auditor member	Società Sportiva Gabeca Pallavolo S.p.A.
	Auditor unique	Immobiliare Margherita S.r.l.
Auditor unique	F.P. Costruzioni S.r.l.	
	Chairman of the Board of Auditors	Ks Group S.p.A.
	Auditor	San Marco Servizi coop a r.l.
Bisesti Umberto (1968)	Auditor member	La Castellana S.p.A.
	Auditor member	Immobiliare Jordan S.r.l.
	Auditor member	Gruppo Manerbiesi S.r.l.
	Auditor member	Teco S.p.A.
	Revisore contabile	Intercar S.p.A.
	Auditor member	Grumelli S.r.l.
	Auditor member	Vivi Bikes S.r.l. in liquidazione
	Auditor member	Palazzani Project S.p.A.
	Auditor member	KS Group S.p.A.
	Auditor member	BF-BS S.p.A.
Auditor member	Kiltie S.r.l.	

During the Exercise, the Auditors' Board was summoned 4 times with an average duration of about three hours for each meeting. For the current year were scheduled 4 meetings including one already held on January 11, 2013.

In the first meeting after the appointment the independence has been evaluated by using the same principles required by the code for the Directors. The remaining of the independence

requisites for its members has been also taken into consideration during the Exercise by them on April 20, 2012 and by the Board on March 9, 2012.

In case the Auditor, by himself or by others, had an interest in a determined operation of the issuer, has to inform quickly and exhaustively the other auditors and the chairman about the nature, origin and entity of his interest.

The Board of Auditors has moreover watched out about the independence of the Auditing Firm, checking the respect of the normative dispositions concerned. During the Exercise there haven't had other accounting control services for the issuer or for the controlled by the aforesaid company.

During the carrying out of the activity, the Board of Auditors had a function coordination of Internal Control Committee through an exchange of information with the person in charge of internal control internal control manager and through the participation of the chairman of Board of Auditors in every meeting.

Personal and professional features of each Auditor (art. 144 *decies* of the Issuer Regulation)

UMBERTO BISESTI (Chairman)

Born in Palazzolo sull'Oglio (BS) on March 10, 1973 where he lives.

He got his degree in Accounting at the I.T.C Einaudi of Chiari and after that the qualification for the free profession of account . Since 1999 he is member of the register of the account auditors.

Since 2001 he is associate to the "Studio Bisesti ed Associati" of Brescia. He is also auditor in the subsidiary Linkonline S.r.l..

FRANCESCO CURONE (Effective member)

Born in Lonigo (VI) on December 2, 1961 is seated in Brescia.

He got his degree in economics at the University of Brescia in 1989 and is member of the Accounts order of Brescia since 1993 and of the Accounting auditors register since 1999.

Since 1991 he is auditor in different companies, one of which is LinkOnLine s.r.l.

UMBERTO BISESTI (Effective member)

Born in Verolanuova (BS) on March 25, 1968 where he lives.

He got his degree in Accounting at the I.T.C Einaudi of Chiari and after that the qualification for the free profession of account. Since 1999 he is member of the register of the account auditors.

Since 2001 he is associate to the "Studio Bisesti ed Associati" of Brescia. He is also auditor in different companies (one of which is the controlled Litografia Spada S.r.l. and Linkonline S.r.l.) and is Managing director in the company.

15. RELATIONSHIP WITH THE SHAREHOLDERS

The Board is going to survey the shareholders' all the information and the administrative documents quickly. A continuous relationship with the market will be set out, considering the laws and norms for the communication of privileged information. The company is going to tend to avoid informative discrepancies in order to grant homogeneity in keeping the financial community informed. The Company offers its availability for all information for the financial community on the internet site www.psf.it in the area Investor Relations.

The Board on November 9, 2012 identified the responsible of the company affairs department as

responsible of the relationship with the Shareholders. Nello svolgimento del proprio compito egli si coordinerà con la Dott.ssa Anna Lambiase, *Investor Relations Manager* dell'Emittente.

16. SHAREHOLDERS' MEETING (pursuant art. 123 *bis*, paragraph 2, letter c), TUF)

Pursuant to Article 83 *sexies* of Legislative Decree No. 58/98 and art. 10 of by-laws, the right to participate in the Shareholders' meeting and the exercise of the voting right is established by a notice to the Company, carried out by the intermediary in accordance with his accounting records, in favour of the person who has the right to vote, according to the evidence at the end of the accounting day of the seventh trading day preceding the date of the Shareholders' Meeting; recordings made on credit and debit accounts after that time are not relevant to the legitimate exercise of the right to vote at the meeting. Those who are holders of shares of the Company only after that date will not be entitled to attend and vote at the Meeting. The communication of the above mentioned intermediary must reach the company by the end of the third trading day preceding the date of the Shareholders' Meeting. The entitlement to attend and vote is legitimate if all communications are received by the Company beyond that date, provided that it happens by the beginning of the meeting of the single convocation.

Those who are entitled to participate in the Meeting may appoint a representative by way of a proxy given in writing means, pursuant to the applicable laws, by signing the proxy form issued at the request of the person entitled by the authorized intermediaries or the form available at the Company's registered office, as well as on the company website, at www.psf.it.

The proxy may be transmitted to the Company by registered mail at the Company's registered office or by certified electronic mail (address specified in the notice).

If the representative delivers or transmits a copy of the proxy to the Company, he/she shall certify, under his/her own responsibility, the conformity of the proxy to the original document, as well as the identity of the delegating person.

The Company pursuant to Articles 135 *undecies* of TUF will appoint the Designated Representative as a subject to which the person entitled to vote, entitled by the law, may delegate for free with instructions to vote as long as it is received by the same person within the end of the second day of open market prior to the date of the Shareholders' Meeting, on first call. Any proxy given to Designated Representative shall not have effect with regard to those proposals, for which no voting instructions have been given. Within the same term, the proxy voting and the vote instructions are revocable.

The proxy form is available at the Company's registered office as well as on the company website at www.psf.it.

Referring to the functioning of the Shareholders' meeting, states that the Company has adopted a regulation because the rules of law and by-law and the normal procedural invitations addressed those present at the shareholders' meeting by the Chairman was considered appropriate to ensure an efficient carrying out.

During the accounting year there are not been meaningful variations neither in the capitalization of the shares market of the Issuer nor in the composition of its social structure.

17. MORE CORPORATE GOVERNANCE PRACTICES (pursuant art. 123 *bis*, paragraph 2, letter d), TUF)

The Issuer does not apply additional corporate governance practices beyond those described in the preceding paragraphs of this Report.

18. CHANGE FROM THE ACCOUNTING YEAR'S CLOSURE

There haven't been changes in the structure of corporate governance from the closure of the Exercise.