



## **Report on Corporate Governance and the Company's Ownership Structure**

as per Article 123-*bis* of the Italian Uniform Financial Code

(conventional management and control model)

Issuer: SORIN S.p.A.

Website: [www.sorin.com](http://www.sorin.com)

Reporting year subject of the Report: 2012

Date the Report was approved: March 14, 2013

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## GLOSSARY

**Board:** The Board of Directors of Sorin S.p.A.

**Civil Code/c.c.:** The Italian Civil Code

**Code:** The Corporate Governance Code approved in March 2006 by the Committee for the Corporate Governance of Listed Companies and promoted by Borsa Italiana S.p.A., ABI, Ania, Assogestioni, Assonime and Confindustria

**Consob's Issuers' Regulations:** The Regulations applicable to issuers of securities set forth in Consob Resolution No. 11971 of 1999, as amended

**Consob's Market Regulations:** The Regulations applicable to financial markets set forth in Consob Resolution No. 16191 of 2007, as amended

**Consob's Related-party Regulations:** The Regulations published by the Consob in Resolution No. 17221 of March 12, 2010, as amended, regarding related-party transactions

**Group/Sorin Group:** Sorin S.p.A. and its direct and indirect subsidiaries

**Issuer/Company:** Sorin S.p.A., a company with registered office at 17 Via Benigno Crespi, Milan; Tax I.D., VAT and Milan Company Register entry number: 04160490969

**Report:** The report on corporate governance and corporate structure that companies are required to prepare pursuant to Article 123 *bis* of the TUF

**Reporting year:** The year subject of this Report

**Uniform Financial Code/TUF:** Legislative Decree No. 58 of February 24, 1998 (Testo Unico della Finanza)

## 1. PROFILE OF THE ISSUER

Sorin S.p.A. is a holding company leading Europe's largest group in the field of medical technologies for the treatment of cardiovascular diseases.

Sorin Group is the world's leader in systems for heart surgery (Cardiopulmonary), has an important and established presence in the area of products to repair and replace heart valves with implantable prostheses (Heart Valves) and offers a range of innovative therapies for cardiac rhythm dysfunctions (Cardiac Rhythm Management).

In November 2006, the Board of Directors of Sorin S.p.A. decided to adopt the principles and corresponding implementation criteria of the Corporate Governance Code for Listed Companies, insofar as they apply to its operations, opting for a gradual implementation approach, and to provide the relevant disclosures to the financial markets in its annual reports on corporate governance.

Sorin's corporate governance structure includes a management and control system and the Shareholders' Meeting. Pursuant to law, the accounting oversight function is performed by Independent Auditors.

Sorin adopted a management and control system that includes a Board of Directors and a Board of Statutory Auditors. Within this system, the Board, which, in addition to its management function, is responsible, acting as a whole and through special committees performing consulting and advisory functions, for verifying the implementation of the controls required to monitor the Company's performance, is supported by another governance body, separate from the Board, with independent competencies and powers, whose members are elected based on professionalism, integrity and independence requirements set forth by law and supplemented by the provisions of the Bylaws.

### ***Mission and Corporate Social Responsibility***

Consistent with its commitment to health, Sorin Group's goal is to translate the wealth of knowhow that it acquired over decades of research into innovative products for the treatment of cardiovascular diseases, which are widely recurring conditions with a significant social impact.

Since January 2010, Sorin has been engaged in a long-term partnership with "*Bambini Cardiopatici nel Mondo*" a nonprofit association that brings pediatric cardiac surgery to children in the developing countries.

Thus far, "*Bambini Cardiopatici nel Mondo*" and its 150 volunteers performed over 1,000 surgical procedures in 23 different countries, not just for purely humanitarian reasons, but also to achieve a steady reduction infant mortality rates and a growing independence from the industrialized countries.

As part of this project, the Company and its employees are supporting the association's activities with contributions in cash and in kind (life-saving medical devices).

The Group's strategic objectives include: becoming the world's leader in hemodynamics, further gains in research/innovation in the area of cardiac rhythm management, consolidation of its modern and technological image, and creation of value for its shareholders by increasing revenues and profitability.

Planned actions:

- Leverage the Group's global leadership position in Cardiac Surgery to bolster its position in other areas of the treatment of cardiovascular diseases;
- Expand its international presence, particularly in the developing countries, both organically and with carefully targeted acquisitions;
- Develop highly specialized products for rapidly growing and high margin market segments;
- Seize opportunities of synergies and economies of scale in research and development, manufacturing process and the distribution system.

## 2. INFORMATION ABOUT THE COMPANY'S OWNERSHIP STRUCTURE (as per Article 123-bis, Section 1, TUF) at December 31, 2011

### a. Structure of the Share Capital (as per Article 123-bis, Section 1, Letter a), TUF)

At December 31, 2012, the Company's share capital amounted to 478,738,144.00 euros, divided into 478,738,144. common shares, par value 1 euro each.

The shares are indivisible and fully transferable. Each share conveys the right to cast one vote at Shareholders' Meetings.

	Number of shares	% of total share capital	Where traded
Common shares	478,738,000	100.00	MTA

More detailed information about share-based incentive plans (stock grants) that could result in bonus capital increases is available in Section i) below, the relevant sections of the financial statements, the information memoranda published pursuant to Article 84-bis of the Consob's Issuers' Regulations and the Compensation Report prepared pursuant to Article 84-quarter of the Consob's Issuers' Regulations.

### b. Restrictions on Transfers of Securities (as per Article 123-bis, Section 1, Letter b), TUF)

Information about the impact on transfers of securities resulting from the Shareholders' Agreement signed by some shareholders on October 12, 2009, which went into effect on November 18, 2009, and the subsequent extension of said Agreement to November 18, 2013 is provided on the Investors page of the Company website: [www.sorin.com](http://www.sorin.com).

### c. Significant Equity Interests (as per Article 123-bis, Section 1, Letter c), TUF)

At December 31, 2012, based on the data posted to the Stock Register and the information obtained from communications received pursuant to Article 120 TUF, the following shareholder held interests greater than 2% in the share capital of Sorin S.p.A.:

**TABLE 1: INFORMATION ABOUT THE COMPANY'S OWNERSHIP STRUCTURE**

Reporting party	Direct shareholders	% interest in share capital	% interest in voting capital
<b>BIOS S.p.A</b>	BIOS S.p.A.	18.863	18.863
<b>EQUINOX TWO S.c.a.</b>	TOWER 6 BIS S.a.r.l.	6.577	6.577
<b>BANCA MONTE PASCHI SIENA S.p.A.</b>	BANCA MONTE PASCHI SIENA S.p.A.	5.736	5.736
<b>FINSOE S.p.A.</b>	UNIPOL ASSICURAZIONI S.p.A.	4.565	4.565
<b>GENERAL ELECTRIC COMPANY</b>	GE CAPITAL EQUITY HOLDINGS	6.371	6.371
<b>ZADIG GESTION LUXEMBOURG S.A.</b>	ZADIG GESTION LUXEMBOURG S.A.	3.014	3.014

### d. Securities Conveying Special Rights (as per Article 123-bis, Section 1, Letter d), TUF)

No securities conveying special rights have been issued.

**e. Employee Stock Ownership: Mechanisms for the Exercise of Voting Rights (as per Article 123-bis, Section 1, Letter e), TUF)**

There are no mechanisms for the exercise of voting rights in the event of employee stock ownership, when such right is not exercised directly by the employees.

**f. Restrictions of Voting Rights (as per Article 123-bis, Section 1, Letter f), TUF)**

Information about the impact on transfers of securities resulting from the Shareholders' Agreement signed by some shareholders on October 12, 2009, which went into effect on November 18, 2009, and the subsequent extension of said Agreement to November 18, 2013 is provided on the Investors page of the Company website: [www.sorin.com](http://www.sorin.com).

**g. Shareholders' Agreements (as per Article 123-bis, Section 1, Letter g), TUF)**

Information about agreements disclosed to the Company pursuant to Article 122, TUF, is provided on the Investors page of the Company website: [www.sorin.com](http://www.sorin.com).

**h. Change of Control Clauses (as per Article 123-bis, Section 1, Letter h), TUF)**

Pursuant to Article 123-bis, Section 1, Letter h), TUF, the Company discloses that the loan agreement with the European Investment Bank (EIB) includes terms and conditions that are standard for agreements of this type, such as a change of control clause.

Insofar as Tender Offers are concerned, please note that:

- the Company Bylaws do not provide a waiver of the passivity rule provisions of Article 104, Sections 1 and 1-bis, of the TUF;
- the Company Bylaws do not call for the adoption of the neutralization rules set forth in Article 104-bis, Sections 2 and 3, of the TUF.

**i. Powers of Attorney to Increase Share Capital and Authorizations to Buy Treasury Shares (as per Article 123-bis, Section 1, Letter m), TUF)**

On September 14, 2010, the Extraordinary Shareholders' Meeting approved a resolution by which, pursuant to Article 2443 of the Civil Code, it authorized the Board of Directors, for a period of five years from the date of the resolution, to carry out a bonus share capital increase, in one or more installments, of up to 13,000,000 euros through the issuance of up to of 13,000,000 common shares, par value 1 euros each, regular ranking for dividends, reserved for stock grants awarded to employees of Sorin S.p.A. and/or its subsidiaries, pursuant to article 2349 of the Civil Code, within the framework of the Company's current or future stock grant plans. The abovementioned capital increase must be funded with earnings or earnings reserves, as available each time in the latest approved financial statements.

On April 30, 2012, the Extraordinary Shareholders' Meeting approved a resolution by which, pursuant to Article 2443 of the Civil Code, it authorized the Board of Directors, for a period of five years from the date of the resolution, to carry out a bonus share capital increase, in one or more installments, of up to 10,000,000 euros through the issuance of up to of 10,000,000 common shares, par value 1 euros each, regular ranking for dividends, reserved for stock grants awarded to employees of Sorin S.p.A. and/or its subsidiaries, pursuant to article 2349 of the Civil Code, within the framework of the Company's current or future stock grant plans. The abovementioned capital increase shall be funded with earnings or earnings reserves, as available each time in the latest approved financial statements.

The month of March 2012 marked the expiration of the resolution by which, on September 14, 2010, the Ordinary Shareholders' Meeting, pursuant to Article 2357 of the Civil Code, authorized the Board of Directors, for a period of 18 months from the date of the resolution, to purchase in one or

more installments, up to 4,704,121 common shares, on a rotating basis (meaning by this expression the maximum number of treasury shares that may be held at any given time), or a different number of shares, corresponding to 1% of the Company's share capital, if share capital increases and/or reductions are approved and implemented while the abovementioned authorization is in effect and, in all cases, in compliance with statutory limitations. Pursuant to the abovementioned authorization, the Company acquired 3,773,600 common shares, including 1,281,787 shares earmarked for implementing the first cycle of the 2009-2013 long-term incentive plan.

On April 30, 2012, the Ordinary Shareholders' Meeting approved a resolution by which, pursuant to Article 2357 of the Civil Code, it authorized the Board of Directors, for a period of 18 months from the date of the resolution, to purchase in one or more installments a maximum number of common shares as a result of which, should the abovementioned authorization be exercised in full through its final stated deadline, the Company would hold a number of shares equal up to 10% share capital, in compliance with statutory limitations and counting the shares already held as treasury shares, for the purpose of pursuing the following objectives:

- Take action, as allowed by applicable regulations, directly or through authorized intermediaries, to stabilize trading in the Company's stock and its market price in response to distortions caused by excess volatility or insufficient trading liquidity;
- Offer shareholders an additional means of monetizing their investment;
- Purchase treasury shares for use, if appropriate, in connection with existing or future stock incentive plans reserved for Directors and/or employees and/or associates of the Company or its subsidiaries.

Under this latter plan, as of December 31, 2012, the Company acquired 135,000 shares, bringing to 2,626,813 the total number of treasury shares held by Sorin on the same date.

Additional information about the stock grant plan is provided in the notes to the consolidated financial statements and the statutory financial statements of Sorin S.p.A., as well as in the Compensation Report prepared pursuant to Article 123-*ter*, TUF, and Article 84-*quarter*, Issuers Regulations.

#### **j. Oversight and Coordination Activity (as per Article 2497 and following of the Italian Civil Code)**

Sorin S.p.A. is not subject to oversight and coordination by a company or other entity. Pursuant to Article 2497-*bis* of the Italian Civil Code, direct and indirect Italian subsidiaries designated Sorin S.p.A. as the party performing oversight and coordination activity. Such activity involves setting Group-wide general and operational strategic guidelines and involves defining and updating a governance and internal control model, publishing a Code of Conduct adopted throughout the Group and developing general policies to manage human and financial resources, the procurement of production materials and communications. Group-wide coordination also includes centralized handling of cash management, corporate, legal, accounting, internal auditing, information technology and employee training services.

Oversight and coordination provided at the Group level enables subsidiaries to benefit from economies of scale, while retaining their managerial and operational independence, by taking advantage of professional capabilities and specialized services of steadily increasing quality, while focusing their resources on operating their core businesses.

Sorin S.p.A. controls, directly and indirectly, 29 companies, including 23 companies located in countries other than Italy. None of the statutes applicable to Group companies based in countries other than Italy have an impact of any kind on the corporate governance structure of Sorin S.p.A. The information required by Article 123-*bis*, Section 1, Letter i), is provided in the Compensation Report published pursuant to Article 123-*ter* of the TUF.

The conditions referred to in Article 123-*bis*, Section 1, Letter l) of the TUF do not apply in this case.

### **3. COMPLIANCE (as per Article 123-*bis*, Section 2, Letter a), TUF)**

The corporate governance structure adopted by the Company is consistent with the recommendations and guidelines of the Corporate Governance Code of Borsa Italiana for Listed Companies, which the Company adopted. This code is available on the website of Borsa Italiana S.p.A.: [www.borsaitaliana.it](http://www.borsaitaliana.it).

## 4. BOARD OF DIRECTORS

### 4.1 Election and Replacement (as per Article 123-bis, Section 1, Letter I), TUF)

The Company is governed by a Board of Directors comprised of at least five but not more than fifteen members. The Shareholders' Meeting shall determine the number of Directors who will serve on the Board, and that number will not change until a different resolution is approved. The election of the Board of Directors shall be carried out, in accordance with the provisions governing gender parity in effect at any given time, on the basis of slates filed by shareholders in accordance with the paragraphs that follow and by the outgoing Board of Directors, in which the candidates are listed in numerical sequence.

Directors must possess the qualifications required by the laws in force at any given time and a number of them equal to the minimum required pursuant to the abovementioned laws must meet the independence requirements of Article No. 148, Section 3, of Legislative Decree No. 58/1998.

Loss of the abovementioned qualifications shall be a cause for removal from office. However, a Director who no longer meets the independence requirements defined above shall not be removed from office if said requirements are still being met by a number of Directors equal to the minimum required pursuant to the statutes in force at that time.

If the Board of Directors files its own slate of candidates, compliance with all other procedural obligations applicable under the laws and regulations in force still being required, the slate shall be filed at the Company's registered office and published in *Il Corriere della Sera* or *Il Sole 24 Ore* or *Milano Finanza* at least twenty-five days before the date of the first calling of the Shareholder's Meeting.

Slates of candidates submitted by shareholders must be filed at the Company's registered office at least twenty-five days before the date of the first calling of the Shareholder's Meeting and shall be subject to any other requirements of public disclosure that may be applicable pursuant to the laws in force at any given time.

Each shareholder, shareholders who are parties to a Shareholders' Agreement relevant pursuant to Article 122 of Legislative Decree No. 58/1998, the controlling shareholder, subsidiaries and joint ventures (as defined in Article 93 of Legislative Decree No. 58/1998), whether acting directly or through a representative or a nominee, may not file, or contribute to the filing of, more than one slate and may not vote for more than one slate, and each candidate may be included on only one slate, on penalty of losing the right to be elected. Support for the filing of a slate and votes cast in violation of this prohibition shall not be attributed to any slate.

Only shareholders who, on their own or jointly with other filing shareholders, collectively control shares representing at least 2.5% of the share capital that conveys the right to vote at Ordinary Shareholders' Meetings, or any smaller percentage thereof that may be set forth in mandatory provisions of laws and regulations, shall have the right to file slates of candidates.

Slates containing three or more candidates shall include candidates of both genders, ensuring that at least one-third (rounded up) of the candidates belong to the least represented gender.

Individual affidavits by which candidates agree to stand for election and attest, under their responsibility, that there are no issues that would make them unelectable or incompatible and that they possess the qualifications necessary to hold the office they are seeking shall be filed with each slate by the abovementioned deadline. Together with the affidavit, each candidate shall file a curriculum vitae listing his or her personal and professional achievements and indicating whether he or she qualifies to serve as an independent Director.

In addition, a certification issued by a legally authorized intermediary, attesting that, at the time the slate is being filed with the Company, the filer owned the number of shares required to file a slate, shall be filed within the deadline required by the applicable regulations for the publication of the slated by the Company.

The election of the Board of Directors shall be conducted as follows:

- a) 70% of the available seats (rounding down to the next whole number in the case of a fraction) shall be filled with Directors selected, in the sequential order in which they are listed on the slate, from the slate that receives the most votes;
- b) The remaining Directors shall be selected from the other slates as follows: The votes cast for the other slates shall be divided by one, two, three or four, depending on the number of Directors that

remain to be elected. The quotients thus obtained will be attributed progressively to the candidates on each of the slates, in accordance with the order in which they are listed on the slate. The quotients thus attributed to the candidates on the various slates will be ranked in descending order. The candidates with the highest quotients will be elected.

The use of the procedure referred to in the preceding paragraph shall always ensure the election of at least one Director drawn from a minority slate that is not connected in any way, directly or indirectly, with the parties who filed or voted for the slate referred to in Letter a) above. To achieve this goal, should it become necessary, the last candidate elected in accordance with the procedure described in Letter b) above shall be replaced with the candidate listed first in the slate that meets the abovementioned requirements that received the highest number of votes among those that were excluded by applying the procedure described in Letter b) above. However, it shall be understood that the abovementioned slate must receive a percentage of the votes that may not be less than half of the percentage required to file slates of candidates, as referred to in paragraph seven of this article.

If more than one candidate receives the same quotient, the candidate listed on a slate from which no Director has been drawn or from which the smallest number of Directors has been drawn will be elected.

If no Director has been drawn from the abovementioned slates or if the same number of Directors has been drawn from each of the abovementioned slates, the candidate who received the most votes among those listed on all of the abovementioned slates will be elected. If candidates receive the same number of slate votes and are attributed the same quotient, the Shareholders' Meeting shall cast a new vote, and the candidate receiving a simple majority of the votes will be elected.

If the candidates elected in the manner described above do not include a number of Directors who meet the independence requirements of Article 148, Section 3, of Legislative Decree No. 58 of February 28, 1998 equal to the minimum percentage of the total number of Directors required pursuant to law, the non-independent candidate who was elected last, based on the numerical sequence in the slate that received the higher number of votes, as referred to in Letter a) of the preceding paragraph, shall be replaced with the first unelected independent candidate, based on the numerical sequence in the same slate, or, otherwise, the first unelected independent candidate listed sequentially on other slates, chosen in accordance with the number of votes received by each slate. This replacement procedure shall be used until the Board of Directors includes a number of Directors who meet the independence requirements of Article 148, Section 3, of Legislative Decree No. 58/1998 equal to the minimum percentage required pursuant to law. Lastly, if this procedure fails to achieve the abovementioned result, the replacement shall be carried out by a motion approved by the Shareholders' Meeting with a relative majority, after candidates who meet the abovementioned requirements are placed in nomination.

Moreover, if with the candidates elected in the manner described above the composition of the Board of Directors does not comply with the provisions governing gender parity in effect at any given time, the candidate of the gender with greater representation elected last, based on the numerical sequence in the slate that received the higher number of votes, shall be replaced with the first unelected candidate of the least represented gender listed sequentially in the same slate. This replacement procedure shall be used until the composition of the Board of Directors is in compliance with the provisions governing gender parity in effect at any given time. Lastly, if this procedure fails to achieve the abovementioned result, the replacement shall be carried out by a motion approved by the Shareholders' Meeting with a relative majority, after candidates belonging to the least represented gender are placed in nomination.

If only one slate is filed or no slate is filed, the Shareholders' Meeting shall elect the Directors with the majorities required pursuant to law, without having to follow the procedure described above.

If the Shareholders' Meeting needs to elect Directors who, for any reason, were not nominated in accordance with the procedure described above, it shall elect such Directors with the majorities required pursuant to law.

If one or more Directors should leave the Board during the course of the fiscal year, provided the majority of those remaining were elected by the Shareholders' Meeting, they shall be replaced in accordance with the provisions of Article 2386 of the Italian Civil Code, as follows:

a) The Board of Directors shall replace the departing Director with a candidate taken from the same slate and the Shareholders' Meeting shall vote, with the majorities required pursuant to law, using the same criterion;

b) If the abovementioned slate does not contain unelected candidates or candidates who meet the necessary requirements, or if the provisions of Letter a) cannot be complied with for any other reason, the Board of Directors shall elect a new Director, as will the Shareholders' Meeting subsequently, with the majorities required pursuant to law, without a need for slate voting.

In all cases, the Board of Directors and the Shareholders' Meeting shall proceed with the election in a manner that will ensure the presence of a number of independent Directors equal to the minimum required by the laws in force at any given time and is consistent with the provisions governing gender parity in effect at any given time.

If a majority of the Directors should leave office for any cause or reason, the remaining Directors shall be deemed to have resigned and their resignation shall become effective on the date that a new Board of Directors is elected by the Shareholders' Meeting.

#### **4.2 Composition (as per Article 123-bis, Section 2, Letter d), TUF)**

Information about the composition of the Board of Directors in 2012 is provided in Table 2 below.

The following additional information is provided:

- Currently, the Company is managed by a fifteen-member Board of Directors, elected by the Ordinary Shareholders' Meeting of April 30, 2012 (except for Director Dompé, who was coopted by the Board on July 10, 2012 to replace Director Ragno, who shall stand as a candidate for election at the Shareholders' Meeting of April 30, 2013) for a term of three years, pursuant to the Bylaws. Therefore, the term of office of the Board of Directors will end on the date of the Shareholders' Meeting convened to approve the financial statements at December 31, 2014.
- Directors were elected based on the filing of the following three slates:
  - Slate No. 1, filed by Bios S.p.A., holder of 18,86% of the Sorin S.p.A. shares, which received 61.84% of the votes, resulting in the election of the first 10 of the 15 candidates:
    - **Ugo Smiraglia**
    - **Roberto Giay**
    - **Rosario Bifulco**
    - **André-Michel Ballester**
    - **Luigi Ragno, independent**
    - **Giuseppe Carteni, independent**
    - **Giovanni Pavese**
    - **Maurizia Squinzi**
    - **Andrea Bovone**
    - **Massimo Tononi**
    - Paolo Baessato
    - Giorgio Mancuso
    - Daniela Toscani
    - Alessandro Di Nardo
    - Pietro Santicoli
  - Slate No.2 filed by Zadig Gestion S.A. and FIL Investments International, both managers of mutual funds that owned in the aggregate 4.09% of the Sorin S.p.A. shares, which received 32.10% of the votes, resulting in the election of the 5 candidates:
    - **Gino Santini, independent**
    - **Luciano Cattani, independent**
    - **Laura Iris Ferro, independent**
    - **Roberto Ferri, independent**

- **Ugo Ortelli, independent**
- Slate No. 3, filed by the shareholders Selfid S.p.A., Banca Akros S.p.A., Almaf S.p.A., Enzo Ricci, Franco Vimercati and Maurizio Mauri, owners in the aggregate of 2.59% of the Sorin S.p.A. shares, which received 5.47% of the votes, resulting in the election of none of the 5 candidates
  - Maurizio Mauri, independent
  - Sergio Dompé, independent
  - Pietro Guindani, independent
  - Giorgio Fossa, independent
  - Marco Abramo Lanza, independent
- All Directors attested that they met the integrity requirements necessary pursuant to law and were not parties to any situation that would render them unelectable or incompatible, and upon agreeing to stand for election, filed their curricula vitae, which are available on the Investors page of the Company website.
- Subsequent to his election by the Shareholders' Meeting on April 30, 2012, Director Ragno, elected from a slate filed by Bios S.p.A., resigned from the Board; to replace him, the Board coopted Director Dompé, the remaining candidate from the Bios S.p.A. slate having indicated that they were no longer available for service in such capacity.
- As of the end of 2012, no other change occurred in the composition of the Board of Directors.

### **Maximum Number of Governance Posts That May Be Held at Other Companies**

The Board of Directors did not find it necessary to take a position with regard to the maximum number of posts that may be held, compatibly with the obligation to serve effectively as a Director of the Issuer, since it believes that responsibility for this decision rests, first of all, with the shareholders who nominate the Directors and, second of all, with the individual Directors, when they agree to serve on the Board.

### **Induction Program**

The Chairman, with the support of the Chief Executive Officer, developed an educational program aimed at providing Directors, both upon their election and during their term of office, with an adequate understanding of the industry in which Sorin operates and detailed information about particularly significant projects.

As part of this program, business unit managers were invited to attend meetings of the Board of Directors.

Composition of the Board of Directors in office during and at the end of 2012:

**TABLE 2: STRUCTURE OF THE BOARD OF DIRECTORS AND ITS COMMITTEES**

Board of Directors										Control and Risk Committee	Compensation Committee	Executive Committee	Related-party Transaction Committee	
Post held	Name	in office from	in office up to	Slate (*)	Executive	Non-exec.	Indep. per Gov. Code	Indep. per TUF	(%)	Number of other posts held	(%)	(%)	(%)	(%)
Chairman	Rosario Bifulco	12/30/08	12/31/14	M	X				100	(**)			X	100
Deputy Chairman	Giovanni Pavese	12/30/08	12/31/14	M		X			100	(**)	X	100		
CEO	André-Michel Ballester	12/30/08	12/31/14	M	X				100	(**)			X	100
Director	Andrea Bovone	12/30/08	12/31/14	M		X			100	(**)			X	100
Director	Giuseppe Carteni	4/30/12	12/31/14	M		X	X	X	100	(**)	X	100		X 100
Director	Luciano Cattani	4/30/12	12/31/14	m		X	X	X	100	(**)		X	100	
Director	Sergio Dompé	7/10/12	(2)	-		X	X	X	80	(**)				X 100
Director	Roberto Ferri	4/30/12	12/31/14	m		X	X	X	100	(**)				
Director	Laura Iris Ferro	4/30/12	12/31/14	m		X	X	X	100	(**)	X	100		
Director	Roberto Giay	4/30/12	12/31/14	M		X			28	(**)				
Director	Ugo Ortelli	4/30/12	12/31/14	m		X	X	X	100	(**)				
Director	Gino Santini	4/30/12	12/31/14	m		X	X	X	100	(**)				X 100
Director	Ugo Smiraglia	4/30/12	12/31/14	M		X			71	(**)				
Director	Maurizia Squinzi	4/30/12	12/31/14	M		X			100	(**)	X	100	X (3)	100
Director	Massimo Tononi	6/15/10	12/31/14	M		X			100	(**)			X (4)	100

(\*) M = majority m = minority; (-) Director not listed on any of the slates submitted to the Shareholders' Meeting and elected pursuant to Article 2386 of the Civil Code.

(\*\*) For this information, please see Annex (B) to this Report, which lists the posts held at other companies by each Director.

1) To be understood as the date when the Shareholders' Meeting will approve the financial statements at December 31, 2012.

2) Director coopted by the Board of Directors on July 10, 2012, in office until the next applicable Shareholders' Meeting.

3) from May 4, 2012.

4) Up to April 30, 2012.

The criteria provided in the Code to qualify as an independent Directors were not amended.

**TABLE 2: STRUCTURE OF THE BOARD OF DIRECTORS AND ITS COMMITTEES**

Directors out of office during the reporting year										Control and Risk Committee	Compensation Committee	Executive Committee	Related-party Transaction Committee	
Post held	Name	in office from	in office up to	Slate (*)	Executive	Non-exec.	Indep. per Gov. Code	Indep. per TUF	(%)	Number of other posts held	(%)	(%)	(%)	(%)
Director	Claudio Albertini	12/14/09	4/30/12	-	X				75	(**)				
Director	Giuliano Asperti	12/30/08	4/30/12	M	X	X	X		75	(**)	X	33		X 100
Director	Paolo Baessato	12/30/08	4/30/12	M	X	X	X		75	(**)	X	100	X 100	X 100
Director	Giorgio Fossa	12/14/09	4/30/12	-	X	X	X		100	(**)				
Director	Pietro Guindani	12/14/09	4/30/12	-	X	X	X		100	(**)		X 100		
Director	Ettore Morezzi	12/30/08	4/30/12	M	X	X	X		75	(**)				
Director	Enzo Nicoli	12/30/08	4/30/12	m	X				100	(**)				
Director	Luigi Ragno	12/14/09	7/4/12	-	X	X	X		100	(**)	X (1)	n.a.		X 100
Director	Francesco Silva	12/30/08	4/30/12	M	X				75	(**)				
Director	Claudio Zulli	12/30/08	4/30/12	M	X				50	(**)	X	66		

(\*) M = majority m = minority; (-) Director not listed on any of the slates submitted to the Shareholders' Meeting and elected pursuant to Article 2386 of the Civil Code.

(\*\*) For this information, please see Annex (B) to this Report, which lists the posts held at other companies by each Director.

1) In office from May 4, 2012 up to July 4, 2012.

The criteria provided in the Code to qualify as an independent Directors were not amended.

#### **4.3 Role of the Board of Directors (as per Article 123-bis, Section 2, Letter d), TUF)**

The Board of Directors is the governance body provided with the broadest ordinary and extraordinary management powers and is responsible for guiding the Company's governance.

The Board of Directors delegated to the Chairman, the Chief Executive Officer and the Executive Committee the task of managing the Company, providing them the appropriate proxies.

The Board established a Control and Risk Committee (hereinafter also CRC) and a Compensation Committee, both performing an advisory and consulting function. However, it did not find it necessary to establish a Nominating Committee because it believes that the current slate voting system is sufficient to ensure a transparent nominating process and a balanced composition of the Board, including, specifically, the presence of an adequate number of independent Directors.

The Board also established a Related-party Transaction Committee.

Directors are subject to statutory requirements with regard to unelectability and office forfeiture.

The members of the Board of Directors were elected based on slates of candidates filed by shareholders, consistent with the provisions of Article 2386 c.c.

Pursuant to the Bylaws, the Board of Directors meets whenever the Chairman or the party replacing him deems it necessary or when a request is made to the Chairman by at least one Statutory Auditor.

The Board of Directors meets on a regular basis, adopting an organization and operating procedure suitable for ensuring an effective discharge of its duties. The Chairman shall communicate in advance the meeting's agenda to the Directors and, when appropriate in light of the items on the agenda, ensures that the Directors and the Statutory Auditors receive the necessary information sufficiently in advance.

When an item on the meeting's Agenda requires special in-depth information, the Chairman may recommend that the Committee invite both Company manager and external parties to attend its proceedings.

In 2012, the Board of Directors held 11 meetings, each lasting about three hours on average.

As required by current regulations, the Company published the calendar of Board meetings scheduled for 2013, which is as follows:

- February 7, 2013: preliminary fourth-quarter and year-end results for 2012;
- March 14, 2013: Sorin Group's consolidated financial statements and draft statutory financial statements of Sorin S.p.A. at December 31, 2012;
- April 29, 2013: interim report on operations at March 31, 2013;
- July 30, 2013: semiannual financial report at June 30, 2013;
- September 30, 2013: 2013-2018 Strategic Plan
- October 28, 2013: interim report on operations at September 30, 2013
- December 20, 2013: 2014 Budget

Pursuant to Article 12 of the Bylaws, the Board of Directors has all of the ordinary and extraordinary powers needed to govern the Company. Consequently, it may perform all acts, including acts of disposition, that it may deem useful for the furtherance of the Company's purpose, except only those that the law expressly reserves for the Stockholders' Meeting. Pursuant to and for the purposes of Article 2365, Section Two, of the Italian Civil Code, Directors are expressly granted the power to adopt resolutions concerning mergers (in the cases covered by Articles 2505 and 2505 bis of the Italian Civil Code), the opening or closing of secondary offices, the designation of Directors empowered to represent the Company, the reduction of the Company's share capital when stockholders exercise the right to have their shares redeemed, the amendment of these Bylaws to make them consistent with statutory provisions and the transfer of the Company's registered office to any location inside Italy.

Moreover, the Board of Directors has exclusive jurisdiction with regard to the following:

- reviewing and approving the strategic, industrial and financial plans of the Company and the Group and periodically monitoring their implementation;
- defining the corporate governance system;
- based on the recommendations of the Compensation Committee and the input of the Board of Statutory Auditors, determining the compensation of Managing Directors and those who perform special functions, allocating among its members the total amount provided as compensation for the Board of Directors;
- monitoring the Group's operating performance, paying special attention to conflict of interests situations, specifically taking into account information provided by Managing Directors and the Control and Risk Committee, and comparing periodically actual and projected results;
- reviewing and approving transactions involving the Company and its subsidiaries that are material in terms of their impact on operating results, financial performance and financial position, paying special attention to transactions with related parties; in this respect, please note that the powers delegated by the Board of Directors to Managing Directors and the Executive Committee have different limitations in terms of amount depending on the types of transactions, thereby ensuring that the Board of Directors has exclusive jurisdiction over material transactions;
- verifying that the overall organizational and administrative structure of the Company and the Group established by the Managing Directors is adequate.

The Board assesses periodically the adequacy of the overall organizational, administrative and accounting structure of the Issuer and its subsidiaries, with special emphasis on the Internal Control and Risk Management System, supported in this task by the Control and Risk Committee, which, in addition to providing regular reports on significant issues, prepares every six months a report on the work it performed.

The Board evaluates periodically the Company's performance, comparing actual and projected operating and financial results, and receives extensive reports about significant management issues from the managing corporate entities.

The Board, based on the recommendations of the Compensation Committee and the input of the Board of Statutory Auditors, allocated among its members the total amount provided as compensation for the Board of Directors by the Shareholders' Meeting on April 30, 2012. Subsequently, based on the input of the Compensation Committee and the Board of Statutory Auditors, it determined the compensation of the Directors who perform special functions, in accordance with Article 2389 of the Civil Code.

On March 15, 2012, the Board was informed about the findings of the self-assessment process carried out with regard to the size, composition and activities of the Board of Directors and its Committees.

The self-assessment process is guided by the Chairman, who, with the support of internal functions, develops a questionnaire divided into several chapters through which Directors are asked to render an opinion as to the adequacy of the activities, size and composition of the Board of Directors and its Committees.

On a scale of 1 (minimum level) to 4 (maximum level), the average grade assigned by the Directors was always higher than 3.

The Company did not authorize, generally and preventively, waivers of the non-compete requirement pursuant to Article 2390 of the Civil Code.

#### **4.4 Managing Corporate Entities**

At a meeting held on May 4, 2012, the Board of Directors elected Rosario Bifulco Chairman and Giovanni Pavese Deputy Chairman, and appointed André-Michel Ballester Chief Executive Officer.

The Chairman and the Chief Executive Officer are the only Directors with executive authority.

More specifically:

- the Chief Executive Officer is the person with ultimate responsibility for managing the Company;
- there is no interlocking directorate situation;
- the Chairman is not the person with ultimate responsibility for managing the Company;
- the Chairman is not the Company's controlling shareholder.

### **Chairman of the Board of Directors**

The following tasks and functions have been assigned to the Chairman:

- coordinate the activities of the Board of Directors and Executive Committee and manage the respective secretarial offices;
- oversee the correct implementation of the rules of corporate governance;
- supervise any revisions or updates of organization charts, prior to their submission to the Executive Committee and Board of Directors for approval;
- oversee and monitor the Company's performance directly and through an ongoing interface with the Chief Executive Officer, avoiding any interference in the respective areas of authority;
- supervise the Internal Auditing Department and the implementation of the Internal Control System;
- manage the legal and corporate affairs of the Company and the Group;
- manage external relations activities and contacts with public institutions, government, external entities and third parties in Italy and abroad, the press and other media, industry associations and the scientific community;
- manage relations with the financial community, shareholders and investors.

Consequently, the following departments report directly to the Chairman and are operationally under his supervision: the Secretarial Offices of the Chairman, the Board of Directors and the Executive Committee; the Group Legal and Corporate Affairs Department, the Internal Auditing Department, the External Relations Department and the Investor Relations Department.

In order to enable him to perform the functions and tasks entrusted to him and manage the departments that report to him, the Chairman, in addition to the powers that he holds pursuant to law and the Bylaws, has been granted the power to:

- hire and fire technical, administrative and salaried employees (except for executives), determining their initial and subsequent title, tasks and compensation, subsequently informing the Executive Committee and the Board of Directors;
- grant and revoke consulting assignment of any type to professionals and external parties in general, including individuals, companies or professional associations, for annual amounts of up to 150,000.00 euros per assignment;
- buy goods and services of any type useful for the pursuit of the Company's activities for a maximum amount of 2,000,000 euros per transaction;
- negotiate and execute contracts to hedge risks from fluctuations in exchange rates and interest rates for an amount of up to 25,000,000 per transaction.

Moreover, in addition to the powers that he holds pursuant to law and the Bylaws, the Chairman has been empowered to:

- sign, with the title of *Presidente* or Chairman, any Company correspondence and any other document related to the areas over which he has been given jurisdiction or the power that he holds to act as the Company's legal representative;
- represent the Company before any judicial, civil, criminal, administrative or arbitrating authority, in any venue and at any jurisdictional level, including the Council of State, the *Corte dei Conti* and the Court of Cassation; promote and pursue legal actions on the Company's behalf, both as plaintiff and defendant, in any judicial, civil, criminal, administrative or arbitrating venue and at any jurisdictional level and, therefore, also in higher jurisdictions and before any other special magistrates, as well as in actions to void

and in third-party challenges; act as the Company's representative in out-of-court negotiations; join as third party seeking damages in criminal proceedings involving crimes that have caused injury to the Company; retain and dismiss counsel; settle disputes; and desist from actions, claims and activities, for an amount of up to 500,000 euros;

- perform, insofar as the bureaucratic and organizational issues governed by Legislative Decree No. 196/03 on the protection of personal data are concerned, all of the activities, compliance acts and controls required currently and in the future by the abovementioned legislative decree, including the task of supervising and coordinating the activities of the compliance officers, taking all required actions regarding expenses and making all necessary decisions, including those involving areas specifically under the jurisdiction of the compliance officers in case of inaction on their part;

In addition to and consistent with the existing limitations to the powers he holds pursuant to law, the Chairman, by virtue of the provisions of the Bylaws and a relevant resolution, is empowered to grant general *ad negotia* powers of attorney and special powers of attorney for individual or multiple transactions, and delegate powers to representatives, who need not be Company employees.

### **Deputy Chairman**

Pursuant to Article 10 of the Bylaws, the Deputy Chairman has been granted the power to replace the Chairman for the purpose of chairing Shareholders' Meetings, it being understood that none of the powers granted to the Chairman can be conveyed to the Deputy Chairman should the Chairman be absent and/or incapacitated for any reason.

### **Chief Executive Officer**

The Chief Executive Officer is entrusted with the task of managing the Company's day-to-day operations, with responsibility for its departments (excluding those that report directly to the Chairman), human resources, assets and facilities, and for the sound and prudent management of the Company's operations. In the performance of his duties, the Chief Executive Officer shall maintain an ongoing dialog with the Chairman, avoiding any interference in their respective areas of authority.

Consistent with the scope of the tasks assigned to him, the Chief Executive Officer has been granted the power to perform all acts necessary in the Company's ordinary operations, authorizing him to sign documents on behalf of the Company on his own, with the limits listed below. More specifically, as part of the abovementioned powers required for the Company's ordinary operations, the Chief Executive Officer has been granted (the following non-exhaustive list being provided merely by way of example) the power to:

- pursue the collection of promissory notes, issue injunctions, carry out preventive or enforcement actions, join in bankruptcy or composition with creditors proceedings, file claims for verification and assert their merit;
- hire and fire technical, administrative and salaried employees (except for executives), determining their initial and subsequent title, tasks and compensation, subsequently informing the Executive Committee and the Board of Directors;
- when VAT overpayments are used for offsetting purposes by the Company or subsidiaries included in the consolidated VAT return, provide to the tax administration the required sureties, assuming directly the full obligation to repay in their entirety the amounts that the Company and the other Group companies will use for offsetting purposes when filing the annual consolidated VAT return for the Group;
- open and close bank checking accounts and sign checking account and deposit account contracts;
- manage the Company's checking accounts, issuing checks within the limits of the available cash balances and overdraft facilities;
- collect and issue receipts for money orders, checks, payment vouchers against the government's treasury and any other public or private asset; issue, accept, guarantee, endorse, collect and issue receipts for promissory notes and acknowledgments of deposits; endorse bank checks;

- buy, sell, lease under operating or finance leases, exchange and execute any trade or transaction, including attachments, involving machinery, merchandise, materials, equipment and personal property in general;
- execute actions and transactions involving the Office of Public Debt, the *Cassa Depositi e Prestiti*, the Offices of the Treasury, the Central Bank, the Customs Administration, banks and credit institutions in general, railroads, shipping companies, transportation companies, insurance companies and any other public or private administration and/or office, with the power, among others, to collect and assign receivables under any title, receive merchandise, securities, packages, valuables and letters (including registered and insured mail), grant and remove easements and collect sums of money, payment orders, treasury bills, money orders, checks of any type and security deposits, issuing valid receipts and discharges;
- issue general *ad negotia* powers of attorney and special powers of attorney for individual transactions or types of transactions and delegate powers to representatives, who need not be Company employees, within the limits of his authority;
- sign correspondence and all documents related to the areas that are the subject of this delegation of powers, using the title of *Amministratore Delegato* or Chief Executive Officer;
- prepare and submit to the Executive Committee and the Board of Directors a draft of the annual economic and financial budget, both at the Company and consolidated level, with the relevant detailed schedules for the expense and investment budgets;
- prepare and submit to the Executive Committee and the Board of Directors a draft of the industrial, strategic, economic and financial plan and any subsequent amendments and updates, both at the Company and consolidated level, working in concert with the Chairman;
- buy goods and services of any type useful for the pursuit of the Company's activities for a maximum amount of 2,000,000 euros per transaction;
- grant and revoke consulting assignments of any type to professionals and external parties in general, including individuals, companies or professional associations up to a maximum amount of 150,000 euros a year per transaction.

Even though the underlying activities may be part of the Company's day-to-day operations, the following powers are expressly excluded from the powers granted to the Chief Executive Officer:

- power to establish companies and enter into joint venture contracts or agreements;
- power to buy, sell, exchange or otherwise dispose of or acquire equity investments, real property and intellectual property rights;
- power to buy, sell, exchange or otherwise dispose of or acquire companies or business operations and execute leases (as lessor or lessee) for companies or business operations;
- power to encumber the Company's assets, including when this is done to provide a guarantee;
- power to negotiate and execute loan or financing agreements, negotiate and accept overdraft facilities, request sureties from banks or insurance companies, and provide the corresponding endorsements and guarantees;
- power to provide guarantees for obligations of third parties;
- power to execute contracts of a financial or otherwise speculative nature.

#### **Chairman and Chief Executive Officer**

The Board granted to the Chairman and the Chief Executive Officer, acting with joint signature, the power to:

- grant and revoke consulting assignments of any type to professionals and external parties in general, including individuals, companies or professional associations, for an amount of up to 300,000 euros a year and a duration of up to 12 months;
- negotiate and execute short-term loan agreements with credit institutions, negotiate and accept overdraft facilities, request sureties from banks or insurance companies, and provide the corresponding endorsements and guarantees, for an amount of up to 10,000,000 euros for each transaction;

- provide financing to subsidiaries, as well as guarantees and sureties on their behalf, and negotiate and request sureties for their benefit, for an amount of up to 7,000,000 euros per transaction.

### **Executive Committee**

The Board of Directors also established an Executive Committee, to which it delegated some of its powers, specifically including the power to:

- hire and/or fire Company executives and middle managers, determining their initial and subsequent job description and compensation, keeping the Board of Directors duly informed;
- decide how to vote at Shareholders' Meetings of the Company's subsidiaries and affiliates, designating the Company's representatives at those Shareholders' Meetings, and providing them with instructions and recommendations regarding candidates corporate governance posts;
- buy, sell and exchange real estate and other tangible and property rights within a limit of 5,000,000 euros per transaction; acquire and give easements; allow the establishment, registration, reduction and cancellation of mortgage obligations; authorize entries in property registers, title changes, corrections and annotations and carry out any real estate transactions in general, all of the above with authority to exempt the applicable public offices and the Registrars of Property Registers from liability;
- buy and sell investments in companies, businesses and business operations within a limit of 5,000,000 euros (including assumed liabilities) for each transaction;
- execute real estate leases, including finance leases and/or leases with a term of more than nine years, provided the lease payments do not exceed 2,000,000 euros annually or a total of 20,000,000 euros over the duration of the lease for each transaction;
- grant and revoke consulting assignments of any type to professionals and external parties in general, including individuals, companies or professional associations, for amounts of up to 500,000 euros per contract and for durations of up to 24 months;
- negotiate and execute short-term loan agreements with credit institutions, negotiate and accept overdraft facilities, request sureties from banks and insurance companies, and provide endorsements and guarantees for amounts in excess of 10,000,000 euros but not larger than 25,000,000 euros for each transaction;
- provide financing to subsidiaries, as well as guarantees and sureties on their behalf, and negotiate and requests sureties for their benefit for amounts in excess of 7,000,000 euros but not larger than 15,000,000 euros for each transaction;
- purchase goods and services of any kind (including insurance contracts) useful for the pursuit of the Company's activities, for an amount of up to 5,000,000 euros per transaction;
- negotiate and execute contracts to hedge risks from fluctuations in exchange rates and interest rates;
- perform a preliminary analysis of draft budgets and industrial and/or financial plans, both at the Company and consolidated level, and any subsequent amendments;
- perform a preliminary analysis of any extraordinary transaction proposal prior to its submission to the Board of Directors for approval and final disposition;
- study and define strategic guidelines, both at the Company and consolidated level;
- perform a preliminary analysis of projects to acquire or divest significant equity investments or business operations, or any extraordinary financial transactions that will be presented to the Board of Directors, which has sole jurisdiction over decisions in this area;
- analyze and evaluate any offers by outside investors who wish to invest in the Company or its shares and make recommendations to the Board of Directors, which has sole jurisdiction over decisions in this area.

When acting within the scope of the powers it received, the Executive Committee shall report to the Board of Directors, at the next available meeting, about any resolution it adopted.

The Board of Directors, pursuant to law, may provide direct instructions to the Executive Committee and claim jurisdiction over transactions not covered by the delegated powers.

When acting within the scope of their respective powers, the Chairman and the Chief Executive Officer report to the Board of Directors, which, pursuant to law, may always provide instructions about or claim jurisdiction over transactions within the scope of the abovementioned powers.

Managing Directors must report at least quarterly to the Board of Directors and the Board of Statutory Auditors about the activities they performed within the scope of the powers granted to them, as well as about material transactions executed by the Company or its subsidiaries and transactions involving potential conflict of interest situations.

The Executive Committee held 12 meetings in 2012 lasting about three hours on average. A total of 11 meetings are planned for 2013, three of which have already been held.

#### **4.5 Other Executive Directors**

Based on the criteria defined in the Corporate Governance Code, aside from the Chairman and the Chief Executive Officer, no other Director qualifies as an Executive Director.

#### **4.6 Independent Directors**

As required by the provisions of the Corporate Governance Code, the Board of Directors, based on the information provided by the Directors in question upon their nomination and subsequently, verified that they met the independence requirements of the relevant statutes and regulations currently in force, as well as those of the Corporate Governance Code, giving prevalence to “substance over form,” and ruled that the Directors Giuseppe Carteni, Luciano Cattani, Sergio Dompé, Laura Iris Ferro, Roberto Ferri, Ugo Ortelli and Gino Santini qualified as independent.

Under the procedure followed by the Board of Directors to assess independence, Directors are required to provide an affidavit declaring their independence upon being nominated and their qualifications are reviewed by the Board of Directors at the first meeting held after their nomination by applying the criteria provided in the Corporate Governance Code. Independent Directors must also undertake to promptly inform the Board of Directors about the occurrence of situations that could impair their independence. Upon approving the Report on Corporate Governance, the Board of Directors is also required to ask the independent Directors to resubmit their qualifications and must review any new information provided. The Board of Statutory Auditors is responsible for ascertaining that the review criteria and procedures adopted by the Board of Directors to assess annually the independence of its members are properly implemented and must include the results of this activity in its report to the Shareholders' Meeting.

One meeting reserved exclusively for independent Directors was held in 2012. At that meeting, the attendees assessed the adequacy of the overall system of corporate governance and areas that offered opportunities for improvement, within the scope of the Board's activities, specifically focusing on the process of “educating” the independent Directors, which may include meetings with business unit managers. The assessment provided by the independent Directors was positive overall.

#### **4.7 Lead Independent Director**

The Board did not designate a Lead Independent Director because it felt that the requirements of the Corporate Governance Code for such an appointment did not apply to the Company.

## 5. HANDLING OF CORPORATE INFORMATION

### Internal Management and External Communication of Documents and Information About the Company

The Company has been using for some time a procedure for the internal management and external communication of documents and information about the Issuer, specifically regarding insider information.

#### Insider Register

As required by Article 115-*bis* TUF, the Board of Directors established a register of parties with access to insider information (Insider Register).

Specific provisions deal with posting entries to and updating the Register of Persons with Access to Insider Information. Register entries may be permanent or temporary. Sorin's senior managers and line managers for the areas under their jurisdiction are responsible for identifying the parties whose names should be communicated to the department charged with maintaining the Register for entry into the Register on a regular or temporary basis. The procedure also provides instructions for informing parties entered in the Register and updating and deleting their data.

All Directors and Statutory Auditors of Sorin S.p.A. have been entered in the Register on a permanent basis from the moment the Register was established and have been informed about their duties and responsibilities.

#### Internal Dealing

As required by the provisions of Article 114, Section 7, of the TUF and Articles 152-*sexies*, 152-*septies* and 152-*octies* of the Consob's Issuers' Regulations, the Board of Directors adopted rules of conduct to govern transactions involving financial instruments of the Issuer that are carried out by Significant Parties or persons closely related to them.

The following shall be deemed to be Significant Parties:

- a) Directors, Statutory Auditors, individuals who perform management functions and executives who have access to insider information on a regular basis and have the authority to make management decisions that could have an impact on the future performance and business outlook of Sorin S.p.A.
- b) Directors, Statutory Auditors, individuals who perform management functions and executives who have access to insider information on a regular basis and have the authority to make management decisions that could have an impact on the future performance and business outlook of a company controlled directly or indirectly by Sorin S.p.A., when the book value of the investment in the subsidiary in question is equal to more than 50% of the assets of Sorin S.p.A., as listed in the latest approved financial statements.
- c) Any party who holds voting shares equal to an interest of at least 10% in the share capital of a publicly traded issuer, computed in accordance with Article 118 TUF, and any other party holding a controlling interest in a publicly traded issuer.

The following individuals shall be deemed to be persons closely related to Significant Parties:

- d.1) A spouse who is not legally separated, dependent children of a Significant Party and/or his or her spouse, provided they have been living with the Significant Party at least for one year, and parents and relatives by blood or by marriage of the Significant Party.
- d.2) Legal entities, partnerships and trusts in which a Significant Party or one of the individuals listed in Letter d.1), acting either alone or jointly with others, holds management responsibilities.

- d.3) Legal entities controlled directly or indirectly by a Significant Party or one of the individuals listed in Letter d.1).
- d.4) Partnerships the financial interests of which are substantially the same as those of a Significant Party or one of the individuals listed in Letter d.1).
- d.5) Trusts established for the benefit of a Significant Party or one of the individuals listed in Letter d.1).

A communication from any of the abovementioned persons is required for transactions involving amounts in excess of 5,000 euros for each calendar year. Disclosure thereof must be provided to the Consob within five stock market trading days from the transaction date.

During certain periods of the year, the Board of Directors will have the option of barring Significant Parties from executing transactions involving Sorin securities or limiting their ability to execute such transactions.

## **6. INTERNAL BOARD COMMITTEES (as per Article 123-bis, Section 2, Letter d), TUF)**

The Company established two committees within its Board of Directors: the Control and Risk Committee and the Compensation Committee.

The jurisdiction of each Committee was defined by the Board of Directors in accordance with the guidelines provided in the Corporate Governance Code.

The function of the Committees is limited to providing consulting support to the Board of Directors and assisting it in reviewing issues that fall under each Committee's jurisdiction. Both Committees operate in accordance with their internal regulations.

Each Committees is required to adopt resolutions with an absolute majority of the votes cast by its members. In organizing its meetings, each Committee is supported by a specific Company Department. Minutes of each Committee meeting are prepared by the Committee's secretary.

Committee members are entitled to access the Company information and Departments they may need to perform the tasks entrusted to them and, should they deem it necessary, may use the support of external consultants.

Even though the Board of Directors did not approve a specific budget for each Committee, the Committees were provided on each occasion with the financial resources needed to perform the tasks assigned to them.

Each Committee reports on a regular basis to the Board of Directors about the work it performed.

Currently, the abovementioned committees are comprised of three member, the majority of whom are independent Directors.

Following the adoption by the Consob of Regulations setting forth provisions concerning transactions with related parties, adopted with Resolution No. 17221 of march 12, 2010, as amended by Resolution No. 17389 of June 23, 2010, the Board of Directors agreed to establish a Related-party Transaction Committee, comprised of three independent Directors, which is specifically responsible for:

- rendering a preemptive, binding opinion on the Related-Party Transaction Procedure (RPT Procedure) and on any amendment to the RPT Procedure, as well as on any motions submitted to the Shareholders' Meeting regarding any amendments to the Bylaws that the Board of Directors may deem necessary as part of the process of defining the RPT Procedure;
- render a detailed, binding opinion on highly material related-party transactions;
- render a detailed, non-binding opinion on less material related-party transactions.

This Committee is authorized to retain the services, at the Company's expense, of one or more independent experts of its choosing, with expense limits for less material related-party transactions and without expense limits for highly material related-party transactions.

In 2012, the Related-party Transaction Committee was asked to render its opinion only with regard to less material transactions.

Information about the Related-Party Transaction Procedure is provided in Section 12, entitled "Interests of Directors and Transactions with Related Parties."

## **7. NOMINATING COMMITTEE**

The Board did not find it necessary at this stage to establish a Nominating Committee, retaining under its jurisdiction the corresponding function, because it believes that the current slate voting system is sufficient to ensure a transparent nominating process and a balanced composition of the Board, including, specifically, the presence of an adequate number of independent Directors.

## **8. COMPENSATION COMMITTEE**

### **Composition and Activities of the Compensation Committee (as per Article 123-bis, Section 2, Letter d), TUF)**

In 2012, this Committee was comprised of three members, all Directors without executive authority, including two independent Directors and one non-independent Director, as follows:

- up to April 30, Giovanni Pavese (Chairman, non-independent), Paolo Baessato (independent) and Pietro Guindani (independent).
- from May 4, Giovanni Pavese (Chairman, non-independent), Giuseppe Carteni (independent) and Luciano Cattani (independent).

Partially disregarding implementation principle 6.P.3. of the Code, the Board of Directors appointed Mr. Pavese Committee Chairman, even though he did not meet the independence requirements, for reasons related to the opportunity of benefiting from the knowhow and experience developed by Mr. Pavese in the area of compensation policies and because of the in-depth knowledge he gained about Sorin Group during his previous term of office as a Director. In addition, Mr. Pavese has competencies and expertise in the accounting and financial fields, which the Board of Directors took into account at the time of his appointment.

The Chairman of the Board of Statutory Auditors and the Manager of the Department of Human Resource attend Committee meetings. The Chairman and the Chief Executive Officer may also attend Committee meetings to provide consulting support. When appropriate, committee meetings may also be held without the presence of the Chairman and the Chief Executive Officer. In all cases, the Chairman and the Chief Executive Officer are never present when recommendations concerning their compensation are discussed.

From time to time, Company employees and outside experts may be asked to attend Committee meetings to provide consulting support.

### **Functions of the Compensation Committee**

The Board of Directors entrusted to the Control and Risk Committee the task of providing it with consulting support, specifying that the Committee shall:

- periodically assess the adequacy, overall consistency and concrete implementation of the compensation policy for Directors and executives with strategic responsibilities, using for this purpose information supplied by the Managing Directors and submitting recommendations in this area to the Executive Committee and the Board of Directors;
- submit recommendations or render opinions to the Executive Committee and the Board of Directors regarding the compensation of Directors with executive authority and other Directors who perform special functions and the definition of performance targets tied to the variable component of their compensation; it shall also monitor the implementation of the decisions adopted by the Board of Directors, specifically verifying whether the performance targets are met.

In addition, taking also into account the evolution of the legislative and regulatory framework applicable to the compensation of Directors and executives with strategic responsibilities, working with the support of a qualified consultant, the Committee performed a review of all of the Company's compensation policies, having first ascertained the absence of any situation that could jeopardize the independent judgment of the abovementioned consultant.

The Committee submits its recommendations to the Board of Directors for approval.

The Chairman of the Board of Statutory Auditors or a Statutory Auditor designated by him attends Committee meetings. Attendance by the full Board of Statutory Auditors is permissible.

Official minutes are kept of all meetings of the Compensation Committee.

The Committee was provided with access to the information and Company Departments, as required for the purpose of performing the tasks assigned to it and was supported by external consultants.

The Compensation Committee is empowered to ask that the Board provides it with the financial resources needed to perform its assigned tasks.

In 2012, this Committee held seven meetings and numerous informal discussions to consider proposals concerning policies applicable to the fixed and variable compensation of management personnel and the management of long-term incentive plans for top management (stock grants), in addition to making recommendation to the Board of Directors, when the latter was required to adopt resolutions concerning the compensation of Directors who perform special functions, pursuant to Article 2389 of the Civil Code.

## 9. COMPENSATION OF DIRECTORS

Consistent with the recommendations of the Corporate Governance Code, a significant portion of the compensation of Executive Directors and executives with strategic responsibilities is tied to the financial results reported by the Company and/or the achievement of specific business objectives. The Board of Directors defines the targets for Directors with Executive Authority based on a recommendation by the Compensation Committee; it also defines the criteria for the targets assigned to executives with strategic responsibilities, based on recommendations by the Chief Executive Officer, with the support of the Compensation Committee.

The Chief Executive Officer and executives with strategic responsibilities are the beneficiaries of stock grant plans, running for three years and tied to the achievement of specific performance targets.

The Chairman is one of the beneficiaries of the stock grant plans.

The compensation of Directors without executive authority is not tied to the Issuer's financial performance and no share-based incentive plans benefiting these Directors have been established.

The mechanisms deployed to incentivize the Internal Auditing Manager and the Corporate Accounting Documents Officer are commensurate with the tasks assigned to them.

More detailed information about the compensation policy for Directors and executives with strategic responsibilities is available in the Compensation Report prepared pursuant to Article 123-*ter* TUF and Article 84-*quarter* of the Issuers' Regulations.

## **10. CONTROL AND RISK COMMITTEE**

### **Composition and Activities of the Control and Risk Committee (as per Article 123-bis, Section 2, Letter d), TUF)**

In 2012, the Control and Risk Committee was comprised of three members, all Directors Without Executive Authority, including two independent Directors and one non-independent Director, as follows:

- up to April 30, Claudio Agostino Zulli (Chairman, non-independent), Giuliano Asperti (independent) and Paolo Baessato (independent);
- from May 4, Giuseppe Carteni (Chairman, independent), Laura Iris Ferro (independent) and Maurizia Squinzi (non-independent).

Upon the appointment of the Committee in its current composition, which took place following the election of a new Board of Directors by the Shareholders' Meeting of April 30, 2012, an independent Director was named Chairman, consistent with implementation principle 7.P.4. of the Code

The Board of Directors always made sure that at least one Committee member possesses knowhow and experience in accounting and finance and/or risk management.

Committee Meetings may be attended by the Chairman of the Board of Statutory Auditors, or another Statutory Auditor designated by the Chairman of the Board of Statutory Auditors, and the Internal Auditing Manager. The Chairman of the Board of Directors and the Chief Executive Officer can also attend Committee meetings, if invited, but they do not vote.

From time to time, Company employees and outside experts (including the Independent Auditors) may be asked to attend Committee meetings in a consulting capacity.

This is done to ensure that the Committee's assessments and decisions concerning the Internal Control System, the approval of the annual financial statements and semiannual reports and transactions between the Issuer and the Independent Auditors are supported by adequate preparatory activities.

Based on the subjects on the meeting's Agenda and consistent with the provisions of Article 19 of Legislative Decree No. 39 of January 27, 2010, the Control and Risk Committee and the Board of Statutory Auditors may consider the possibility of holding a joint meeting.

### **Functions of the Control and Risk Committee**

The Board of Directors entrusted to the Control and Risk Committee the task of providing it with consulting support and recommendations in the following areas:

- Assess, together with the Corporate Accounting Documents Officer and with the input of the Company's Independent Auditors and the Board of Statutory Auditors, whether the accounting principles are being used correctly and, in the case of groups, whether they are being applied consistently, when preparing the consolidated financial statements.
- Provide recommendations about specific issues concerning the identification of the main business risks;
- Review the periodic reports containing assessments of the internal control and risk management system and particularly significant reports prepared by the Internal Auditing Department;
- Monitor the independence, adequacy, effectiveness and efficiency of the Internal Auditing Department;
- Ask the Internal Auditing Department to perform audits of specific operating areas, informing the Chairman of the Board of Statutory Auditors of these engagements
- Report to the Board of Directors at least every six months, when the annual and semiannual financial report are approved, about the work it has performed and the adequacy of the internal control and risk management system.

The Committee met five times in 2012. On those occasions, it reviewed the following:

- The 2011 consolidated financial statements, the 2012 semiannual financial report and interim reports on operations, and the findings of the audit performed on the annual financial statements;
- The risk ceilings and the internal procedures adopted by the Company;
- The 20102 Internal Audit Plan and its implementation progress and results;
- The work performed by the Oversight Board established pursuant to Legislative Decree No. 231/2001 with regard both to the Group's Parent Company and its Italian subsidiaries;
- The procedures adopted to manage foreign exchange and interest rate risks and their implementation;
- The main issues of a legal nature and their resulting contingent liabilities;
- The guidelines of the Internal Control System and the activities carried out to ensure compliance with Law No. 262/2005.

The Committee provided reports to the Board of Directors about its work and the adequacy and effective implementation of the Internal Control System.

Official minutes were kept of all meetings of the Control and Risk Committee.

The Committee was provided with access to the Company's information and Departments needed to perform the tasks entrusted to it and used the support of external consultants.

The Control and Risk Committee is empowered to demand that the Board of Directors provide it with the resources required to perform the tasks that have been assigned to it.

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

Sorin's Internal Control System is a comprehensive set of rules, procedures and organizational structures that are designed to prevent or minimize risks that could jeopardize the achievement of strategic and operating objectives (concerning the efficacy and effectiveness of the activities carried out to protect the corporate assets), in accordance with the applicable laws and regulations (compliance) and providing appropriate and transparent information both internally and to the market (reporting).

The Board of Directors, working with the support of the Control and Risk Committee, defines the guidelines of the Internal Control System, reviews on a regular basis the main risks faced by the Company, as identified by the Chairman and the Chief Executive Officer, and assesses, at least once a year, the adequacy, efficacy and operational effectiveness of the Internal Control System.

More specifically, the Board of Directors, when approving strategic and industrial plans, assesses their compatibility with acceptable risk levels.

The Corporate Internal Auditing Department supports the Board of Directors, the Control and Risk Committee and management in general in discharging their duties with regard to the Internal Control System and risk management activities.

Consistent with the guidance provided by the Board of Directors with the publication of guidelines and the instructions provided for the implementation of these guidelines, the managers of the individual business units or departments, acting within the scope of their respective jurisdictions, are responsible for developing, monitoring and managing the effective implementation of the Internal Control System. All employees, each within the scope of his or her function, must contribute to the effective implementation of the Internal Control System.

### **Main Features of the Existing Risk Management System and Internal Control System, as Applied to the Financial Reporting Process (as per Article 123-bis, Section 2, Letter b), TUF)**

Sorin Group's Risk Management System is an integral part of its Internal Control System. The Internal Control System ensures, through an adequate process of mapping, assessing, measuring, managing and continuously monitoring the main risks, that the Group is managed soundly, fairly and consistent with its predetermined objectives. Sorin Group's risk management system, which is fully compliant with the applicable laws and regulations, has been structured to deliver financial information that is:

- reliable, in terms of its accuracy and compliance with reference accounting principles;
- clear, complete and unbiased, so as to allow investors to make informed investment decisions and help financial analysts develop objective assessments as they research the Company's stock;
- timely, in accordance with applicable disclosure deadlines.

The Group's Internal Control System identified the CoSO Framework (Control Model developed by the Committee of Sponsoring Organizations of the Tradeway Commission) as the reference model to analyze controls and internal risks. Risks are mapped both at the legal entity level (Entity Level Control) and at the process level (Process Level Control).

The approach used by Sorin is designed to minimize control overlaps that result from different types of reviews performed by internal Functions or by entities with jurisdiction over such issues (Internal Auditing, CFO and Internal Control Officer, Compliance Officer, General Counsel, Oversight Board, etc.)

### **Description of the Main Features of the Existing Risk Management System and Internal Control System, as Applied to the Financial Reporting Process**

#### **Phases of the System**

The risk management system is based on Italian law (Law No. 262 of December 28, 2005 “Provisions for the protection of investors and the governance of financial markets”) and the CoSO framework, which makes it possible to assess and improve the Company Internal Control System. The CoSO Framework is structured into five interconnected components:

#### 1- Control Environment

- Integrity and Ethical Values, which refer to how an entity defines its perception of control. Control environment factors include the Integrity, ethical values and competence of the entity's people; management's philosophy and operating style; the way management assigns authority and responsibility and foster the development of its people;
- Organizational Structure, which contributes to the effectiveness of the internal control applied to financial reporting;
- Assignment of Authority and Responsibility to Executive Directors, with authority to subdelegate, for the purpose of facilitating an effective implementation of internal control applied to financial reporting.

#### 2- Risk Assessment

- Risk Analysis and Assessment, which is performed based on the impact and occurrence probability of an unfavorable event affecting the Group's income statement, balance sheet, financial position and image;
- Fraud Risk: the possibility that material errors may occur as a result of fraudulent activities is taken into account in the risk analysis process.

#### 3- Control Activities

- Control activities are determined based on their effectiveness in mitigating risks that could jeopardize the achievement of fairness objectives in financial reporting analysis;
- Policies and Procedures, which are defined and publicized throughout the Group to govern in detail the processes that have an impact on the financial statements;
- Information Technology: information technology systems are tested periodically by the independent auditors and the internal function in charge of control, focusing also on requirements regarding the segregation of duties.

#### 4- Information and Communication

- Internal and external communications are managed with modalities and timing defined by financial communication rules.

#### 5- Monitoring

- Continuous monitoring and separate assessments enable management to determine whether there is internal control and if it is working;
- Reports and Action Plans: deficiencies identified during internal control activities are promptly reported (and correctly identified for subsequent follow-up) to the parties responsible for taking corrective action.

## **Roles and Functions**

The relationships between the participants in the Group's governance system and the activities they perform are the cornerstones of the Internal Control System, which is the product of several preparatory phases required for its deployment: planning, verification, monitoring and updating.

The table that follows provides an overview of the roles, functions and hierarchical reporting relationships of the participants in the Internal Control System, specifically as it refers to Sorin Group's financial reporting process:

Participants in the Group's Governance	Roles and Functions un the Internal Control System (ICS)	Reports directly to
Board of Directors	It plays a key role in the ICS. Assisted by the Control and Risk Committee, it defines the System's guidelines, ensuring that the risks affecting the Issuer and its subsidiaries are correctly mapped, measured, managed and monitored. Specifically with regard to the ICS, it assesses the adequacy of the organizational, administrative and general accounting structure of the Issuer and its subsidiaries.	Shareholders' Meeting
Chief Executive Officer	He verifies the implementation of the ICS and, in collaboration with the Company departments involved, identifies the System's objectives and priorities.	BoD
Chairman/Executive Director responsible for overseeing the ICS	He ensures that the main business risks are mapped, based on the characteristics of the activities carried out by the Issuer and its subsidiaries. He implements the guidelines defined by the BoD, handling the ICS's design, implementation and management, constantly monitoring its overall adequacy, effectiveness and efficiency.	BoD
Control and Risk Committee	It assists the BoD in connection with decisions about the ICS, the approval of the annual/semiannual reports and in dealings with the Independent Auditors. It maps the main business risks, reviews the work plan of the Internal Auditing Manager and the regular reports they produce. It reports to the BoD about the effectiveness of the ICS at least semiannually, in connection with the approval of the annual report and the semiannual financial report.	BoD
Board of Statutory Auditors	It performs an oversight function, monitoring compliance with the law and the Bylaws regarding adherence to the principles of sound management and, specifically, the adequacy of the organizational, administrative and accounting structure adopted by the Company and its actual implementation. Moreover, pursuant to Article 19 of Legislative Decree No. 39 of January 27, 2010, it monitors the financial disclosure process, the ICS's effectiveness and the statutory independent audit of the financial statements.	Shareholders' Meeting
Related-party Transaction Committee	Supports the BoD in decision concerning related-party transactions. It renders a preemptive, binding opinion on the Related-party Transaction Procedure and on any amendment to this Procedure, as well as on any motions submitted to the Shareholders' Meeting regarding any amendments to the Bylaws that the BoD may deem necessary as part of the process of defining the Related-party Transaction Procedure. It renders a detailed, binding opinion on highly material related-party transactions and a detailed, non-binding opinion on less material related-party transactions.	BoD
Internal Auditing	Ensures that the ICS is adequate, fully operational and functioning at all times.	Director respons. for overseeing the ICS
Corporate Accounting Documents Officer and CFO	He verifies the adequacy and actual implementation of the administrative and accounting procedures he developed. Together with the delegated administrative bodies, he certifies the consistency of the corporate accounting documents with the data in the books of accounts and other accounting documents and their suitability to provide a truthful and fair presentation of the results from operations and financial position of the Issuer and all of the companies included in the scope of consolidation.	BoD/CEO
Investor Relations Officer	He is responsible for the consistency of the data in financial communications and handles relations with the domestic and international financial community, investors, financial analysts, the media and the market. He uses financial communication tools to manage price sensitive information and manages the Company website, where corporate governance documents are available.	Chairman
Oversight Board	It provides assurance to the BoD, the Control and Risk Committee and the Board of Statutory Auditors that the Organizational Model defined by the BoD to prevent the risks of theft/fraud subject of Legislative Decree No. 231/01 are adequate and function effectively.	BoD
Independent Auditors	During the year, they verify on a quarterly basis, or more frequently, that the Company's books of accounts are properly maintained and that its accounting records accurately reflect the results from operations. They audit the statutory and consolidated financial statements to determine if they are consistent with the data in the accounting records and any tests they performed, and if they comply with the applicable regulations.	-

In 2012, specifically in connection with the approval of the draft statutory financial statements and consolidated financial statements and the approval of the semiannual financial report, occurring on March 15 and July 30, respectively, the Board of Directors, working with the support of the Control and Risk Committee, provided a positive assessment of the adequacy, reliability and effective implementation of the Internal Control System.

### **11.1 Director Responsible for Overseeing the Internal Control and Risk Management System**

The Board of Directors delegated to its Chairman the task of supervising the Internal Auditing Department and the effective implementation of the Internal Control and Risk Management System. The Director responsible for overseeing the implementation of the Internal Control System, working with the support of the Control and Risk Committee and the Chief Executive Officer, performed the following activities:

- Working with the support of the Internal Auditing Department, he ensured that the main business risks were mapped, based on the characteristics of the activities carried out by the Issuer and its subsidiaries and submitted his findings to the Board, as part of the review of the annual Internal Auditing Plan;
- He implemented the guidelines defined by the Board, handling the design, implementation and management of the Internal Control System, constantly monitoring its overall adequacy, effectiveness and efficiency;
- He made sure that the System was updated consistent with changes in operating conditions and in the legislative and regulatory framework;
- He asked the Internal Auditing Department to perform special audits, informing the affected entities.

### **11.2 Internal Auditing Manager**

The Board of Directors assigned to Aldo Lombardi, manager of the Internal Auditing Department, the task of assessing the implementation and overall adequacy of the Internal Control System. The Internal Control Officer is not hierarchically under the control of operations area managers, including the administration and finance areas, but reports exclusively to the Chairman, the Executive Director responsible for overseeing the implementation of the Internal Control System, the Control and Risk Committee and the Board of Statutory Auditors, and has no operational responsibility. The compensation of the Internal Control Officer is determined in a manner consistent with Group management compensation policies, taking into account the input of the Compensation Committee.

The Internal Auditing Manager has access to all corporate information needed to perform the tasks entrusted to him and reports periodically to the Chairman, the Chief Executive Officer, the Control and Risk Committee and the Board of Statutory Auditors about the work he performed and, specifically, on the implementation progress of the Internal Auditing Plan.

The Internal Auditing Manager verifies that the Internal Control System is functioning effectively through the implementation of the Internal Auditing Plan, which must be first submitted to the Board of Directors for approval.

Audit reports are submitted to the Control and Risk Committee, the Board of Statutory Auditors, the Director responsible for the Internal Control Systems and the Chief Executive Officer.

The 12012 Internal Auditing Plan included the following engagements:

- Audit of the proxy systems of some subsidiaries;
  - Audit of the revenues recognition methods of some subsidiaries;
  - Mapping of clinical trials;
  - Full audit of the Sorin Group Asia subsidiary;
  - Full audit of the Sorin Group Australia subsidiary.
- 
- Follow-up

- Follow-up of the “Equipment on loan” audit;
- Review, at December 31, 2011, of the implementation of the Group policy concerning the computation of the provision for impaired trade receivables.

### **11.3 Organizational Model Pursuant to Legislative Decree No. 231/2001**

The Board of Directors has adopted an organization, management and control model that complies with the requirements of Legislative Decree No. 231/2001. This Decree established an administrative liability in connection with criminal proceedings against a company for certain crimes perpetrated by Directors, executives or other employees in the interest of or for the benefit of the Company

The model adopted by Sorin is consistent with the guidelines developed for this purpose by trade associations and represents a further step in the Company’s effort to ensure that its business operations and corporate activities are conducted fairly and transparently, with the goal of protecting the image of the Company, its subsidiaries and employees, while at the same time giving shareholders adequate assurance that the Company is being managed efficiently and fairly.

The abovementioned model defines the task of the Oversight Board, which is responsible for overseeing the proper implementation of and compliance with the model, monitoring the flow of information and managing the penalty system that applies to violations stemming from transactions with the public administration and other crimes covered by the abovementioned Decree.

As required by the provisions of Legislative Decree No. 231/2001, the Company adopted, in addition to the organizational and management model, a Code of Conduct that defines the principles, values and rules of conduct that must be observed by all members of the corporate organization: Directors, Statutory Auditors, executives and all parties in a management position, employees, agents, distributor and major suppliers.

The Board of Directors appointed an Oversight Board, which is responsible for overseeing the proper implementation of the Model and keeping it up to date, and reports once a year to the Board of Directors and the Board of Statutory Auditors. Currently, Andrea Zaglio (a statutory Auditor who serves as Chairman), the outside lawyer Luigi Ragno and Aldo Lombardi, Internal Auditing Department Manager, serve on the Oversight Board.

In 2012, the Oversight Board, working with the support of the Corporate Internal Auditing Department, updated the Organization, Management and Control Model of Sorin S.p.A. and its Italian subsidiaries due to the expansion of the scope of the Decree to include environmental crimes. In addition, the Oversight Board began mapping at-risk processes in areas related to the use of undocumented staff, corruption between private parties and unlawful inducement to give or promise benefits, recently included within the scope of the Decree.

The Boards of Directors of all Italian subsidiaries also adopted organization, management and control models.

### **11.4 Independent Auditors**

Pursuant to law, the Company’s financial statements are audited by Independent Auditors belonging to a company listed in a special register maintained by the Consob. On the occasion of the Shareholders’ Meeting convened to approve the Annual Report at December 31, 2006, as required by Law No. 262 of December 28, 2005 (Investment Protection Act), as amended by Legislative Decree No. 303 of December 29, 2006, which forbids audit assignment renewals but lengthens to nine years the duration of each assignment, the Company extended until the approval

of the financial statements at December 31, 2012 the audit assignment currently held by Reconta Ernst & Young S.p.A.

### **11.5 Corporate Accounting Documents Officer**

On June 20, 2007, pursuant to Article 13 of the Bylaws and as required by Article 154-*bis* of the TUF, the Board of Directors, acting upon a joint recommendation by the Chairman and the Chief Executive Officer and the favorable opinion of the Board of Statutory Auditors, appointed Demetrio Mauro, Sorin Group's current Chief Financial Officer, to the post of Corporate Accounting Documents Officer.

In implementing the abovementioned provision of the Bylaws, the Board of Directors assigned to the Corporate Accounting Documents Officer the task of adopting appropriate programs to monitor those aspects of the Internal Control System that apply to the preparation of the annual report and the interim financial statements. Accordingly, the Corporate Accounting Documents Officer was authorized to freely access all corporate documents to review on a regular basis the effectiveness of the programs adopted, and was provided with adequate tools and resources to perform the tasks assigned to him.

The purpose of monitoring the Accounting Control System is to guarantee with reasonable certainty that the financial information disclosed to the market provides a truthful and fair presentation of the results from operations, that the data in the supporting documents, accounting records and other documents are consistent with the Company's actions and communications and that the administrative and accounting procedures referred to in the annual report, semiannual report and other accounting information disclosed to the market are adequate and effectively applied.

The methodology and operational approach used by the Corporate Accounting Documents Officer to carry out the preparatory work needed to document and assess Sorin Group's administrative and accounting procedures are consistent with the operational guidelines of the CoSO framework "ICFR-Guidance for Smaller Public Companies."

A description of the report flows between the Corporate Accounting Documents Officer and the corporate and internal control bodies is provided below, with a description of how the activity of managing and controlling the accounting document preparation process is carried out, and of any identified issues and the effectiveness of the Internal Control System in the accounting area.

Information flows are:

- continuous to the Chairman and the Chief Executive Officer;
- periodic to the Control and Risk Committee and the Board of Statutory Auditors, which performs a preliminary review of financial reports prepared by the Corporate Accounting Documents Officer, prior to their submission to the Board of Directors for approval;
- timely to the Control and Risk Committee and the Board of Statutory Auditors and directly to the Board of Directors to provide information about facts that, because of their critical or serious nature, could require the Board of Directors to take immediate action.

The Corporate Accounting Documents Officer attends the meetings of the Board of Directors and the Control and Risk Committee.

In order to establish a beneficial flow of information about the actual implementation and reliability of administrative and accounting processes, while at the same time targeting control activities more effectively and focusing effort on more at-risk areas in response to specific requests, the Corporate Accounting Documents Officer provides reports of the work performed also to the Oversight Board established pursuant to Legislative Decree No. 231/01.

Conversely, the Board of Statutory Auditors, the Control and Risk Committee (a member of the Board of Statutory Auditors attends all of its meetings) and the Oversight Board report to the

Corporate Accounting Documents Officer any problems they may have encountered in the performance of their control activities.

Lastly, the Corporate Accounting Documents Officer interacts with the Independent Auditors with the goal of establishing a constant dialog and exchange of information about the assessment of the controls applied to the administrative and accounting processes. Upon request, the Corporate Accounting Documents Officer also provides support to the Independent Auditors in connection with the audit engagements they perform.

In 2012, the Corporate Accounting Documents Officer continued to carry out activities to test the implementation and reliability of administrative and accounting processes.

## 12. INTERESTS OF DIRECTORS AND TRANSACTIONS WITH RELATED PARTIES

On October 26, 2010, the Board of Directors, responding to changes in the regulatory framework and acting in accordance with Article 2391-*bis* of the Civil Code, the Consob Regulations setting forth provisions governing related-party transactions and Article 9.C.1 of the Corporate Governance Code, approved the Related-Party Transaction Procedure (RPT Procedure).

The RPT Procedure is posted on the Company website: [www.sorin.com](http://www.sorin.com).

A party is a related party of the Company if the party:

- (a) directly, or indirectly, including through subsidiaries, nominees or third parties:
  - (i) controls the Company, is controlled by it or is under joint control;
  - (ii) has an interest in the Company large enough to exercise significant influence over the Company;
  - (iii) exercised control over the Company jointly with other parties;
- (b) is an associate of the Company;
- (c) is a joint venture in which the Company is a venturer;
- (d) is an executive with strategic responsibilities of the Company or its controlling company;
- (e) is a member of the immediate family of any of the parties referred to in Letters (a) or (d);
- (f) is an entity that is controlled, jointly controlled or significantly influenced by, or with regard to which significant voting power (not less than 20% of the voting rights) resides with, directly or indirectly, one of the parties referred to in Letters (d) or (e) above;
- (g) the party is a mutual or individual, Italian or foreign, supplemental post-employment benefit plan for the benefit of employees of the Company, or of any company related to it.

The RPT Procedure defines the criteria, materiality indices and the relevant quantitative thresholds to identify Highly Material Transactions and Less Material Transactions.

It also defines Regular Transactions and Transactions of Inconsequential Amount, the latter being transactions of up to 50,000 euros. Regular Transactions and Transactions of Inconsequential Amount are exempt from implementation of the RPT Procedure.

In addition, the RPT Procedure defines the methods for developing and approving related-party transactions and the applicable disclosure requirements.

### 13. ELECTION OF STATUTORY AUDITORS

The Board of Statutory Auditors currently in office was elected on the basis of multiple slates of candidates filed by shareholders, in accordance with Article 19 of the Bylaws, which governs the election of the Board of Statutory Auditors.

Minority shareholders have the right to elect a Statutory Auditor, who serves as Chairman, and an Alternate.

The Statutory Auditors must meet the requirements of current laws and regulations, including those concerning the maximum number of governance posts that they may hold.

The election of the Board of Statutory Auditors shall be carried out, in accordance with the provisions governing gender parity in effect at any given time, on the basis of slates filed by shareholders in which the candidates are numbered in sequence. These slates shall consist of two sections: one for candidates to the post of Statutory Auditor and another for candidates to the post of Alternate.

Only shareholders who, on their own or jointly with others, collectively control voting shares representing at least 2.5% of the voting stock, or any smaller percentage thereof that may be set forth in mandatory provisions of laws and regulations, have the right to file slates of candidates.

Individual shareholders, shareholders who are parties to a Shareholders' Agreement relevant pursuant to Article 122 of Legislative Decree No. 58/1998, the controlling shareholder, subsidiaries and joint ventures (as defined in Article 93 of Legislative Decree No. 58/1998), whether acting directly or through a representative or a nominee, may not file, or contribute to the filing of, more than one slate and may not vote for more than one slate, and each candidate may be included on only one slate, on penalty of losing the right to be elected. Support for the filing of a slate and votes cast in violation of this prohibition shall not be attributed to any slate.

Individuals who meet the requirements of professionalism set forth in the regulations issued by the Ministry of Justice may be elected to the post of Statutory Auditor. Individuals who are not listed in the Register of Independent Auditors may serve as Statutory Auditors provided they have at least three years' experience performing the duties listed in the applicable statutes or activities involving the subjects or businesses listed in the Company's purpose.

Statutory Auditors may be reelected.

Slates of candidates submitted by shareholders must be filed at the Company's registered office at least fifteen days before the date of the first calling of the Shareholder's Meeting and shall be subject to any other requirements of public disclosure that may be applicable pursuant to the laws in force at any given time.

Compliance with all other procedural obligations applicable under the laws and regulations in force still being required, slates must be accompanied by the following information:

- a) Information regarding the identity of shareholders who filed the slates;
- b) An affidavit from shareholders who do not hold, alone or jointly, a controlling interest or a relative majority of the shares, attesting that there are no relationships connecting the with these shareholders, as defined in the current legislation;
- c) Detailed information about the professional qualifications of each candidate and affidavits by which candidates agree to stand for election and attest, under their responsibility, that there are no issues that would make them unelectable, along with a list of any governance posts held at other companies.

Any slate that does not comply with the requirements listed above shall be deemed not to have been filed at all.

Slates containing three or more candidates shall include candidates of both genders, ensuring that at least one-third (rounded up) of the candidates belong to the least represented gender.

The election of the Statutory Auditors will be carried out as follows:

1. Two Statutory Auditors and two Alternates are selected, in the sequential order in which they are listed in the respective sections of the slate, from the slate that receives the highest number of votes at the Shareholders' Meeting;
2. The remaining Statutory Auditor, who will be appointed Chairman of the Board of Statutory Auditors, and Alternate are selected, in the sequential order in which they are listed in the

respective sections of the slate, from the slate that received the second highest number of votes at the Shareholders' Meeting and that is not connected, directly or indirectly, with the shareholders that presented or voted the slate that received the highest number of votes.

With regard to the election of the Statutory Auditors referred to in Item 2 above, in case the slates obtain the same number of votes, the slate filed by the shareholders who hold the largest equity interest in the Company or, secondarily, the slate filed by the greatest number of shareholders shall prevail.

If with the candidates elected in the manner described above the composition of the Board of Statutory Auditors, not counting Alternates, does not comply with the provisions governing gender parity in effect at any given time, the necessary substitutions shall be made within the slate that received the highest number of votes, following the numerical sequence in which the candidates are listed.

If only one slate or no slate is filed, the candidates listed on that slate or those who receive a relative majority of the votes cast at the Shareholders' Meeting, respectively, shall be elected to the posts of Statutory Auditor and Alternate, in accordance with the provisions governing gender parity in effect at any given time.

If a Statutory Auditor needs to be replaced, his/her place shall be taken by the Alternate from the same slate as the Auditor who needs to be replaced. The position of Chairman will be in any case covered by an Statutory Auditor elected from the minority slate.

When it becomes necessary to elect Statutory Auditors and/or Alternates to fill vacancies on the Board of Statutory Auditors, the Shareholders' Meeting shall proceed as follows: If Statutory Auditors elected from the majority slate need to be replaced, the replacements are elected by relative majority without any slate restrictions. However, if the Statutory Auditors elected from the minority slate need to be replaced, the Shareholders' Meeting elects replacements by relative majority, selecting them, if possible, from the candidates on the slate to which the Statutory Auditors who are being replaced belonged.

In case the adoption of such procedures does not result, for any reason, in the replacement of the Statutory Auditors elected by minority shareholders, the Shareholders' Meeting will vote by relative majority. However the votes cast by shareholders who, according to information provided pursuant to current regulations, control directly or indirectly, or jointly with other shareholders who are parties to a Shareholders' Agreement relevant pursuant to Article 122 of Legislative Decree No. 58/1998, a relative majority of the votes at the shareholders' meeting, or by shareholders who control, are controlled or are subject to joint control by the abovementioned shareholders, will not be counted.

Statutory Auditors who no longer meet the qualifications pursuant to law and these Bylaws shall forfeit their office.

#### **14. COMPOSITION AND ACTIVITIES OF THE BOARD OF STATUTORY AUDITORS (as per Article 123-bis, Section 2 , Letter d) TUF)**

The Board of Statutory Auditors is the governance body responsible for ensuring that the applicable laws and the Bylaws are complied with and that sound management principles are being followed, specifically with regard to the adequacy of the Internal Control System and of the Company's organizational, administrative and accounting system and their effective implementation. In addition, it is responsible for assessing the independence and technical competencies of the Independent Auditors and, as required by Article 13 of Legislative Decree No. 39 of January 27, 2010, for submitting to the Shareholders' Meeting a reasoned recommendation about the selection of the Independent Auditors.

The Company's Board of Statutory Auditors is comprised of three Statutory Auditors and three Alternates. Its current members are:

STATUTORY AUDITORS: CESARE PIOVENE PORTO GODI - CHAIRMAN  
PAOLO GUALTIERI  
ANDREA ZAGLIO

ALTERNATES: UGO POLLICE  
ROBERTA CRESPI  
PAOLO MANDELLI

Information about the composition of the Board of Statutory Auditors in the course of 2012 is provided in the table below:

The following additional information is provided:

- Pursuant to the Bylaws, the current Board of Statutory Auditors was elected by the Ordinary Shareholders' Meeting of April 28, 2010 for a term of three years; consequently, the term of office of the Board of Statutory Auditors will end on the date of the Shareholders' Meeting convened to approve the financial statements at December 31, 2012;
- The Statutory Auditors confirmed to the Company, in 2012, that they met the independence requirements demanded of Statutory Auditors by current regulations;
- The Statutory Auditors were elected based on the filing of the following two slates:
  - Slate No. 1, filed by Bios Interbanca S.p.A., holder of 6.48% of the Sorin S.p.A. shares, which received 16.37% of the votes, resulting in the election of the candidates placed in nomination:
    - Statutory Auditors:
      - **Cesare Piovene Porto Godi**
    - Alternates:
      - **Paolo Lorenzo Mandelli**
  - Slate No. 2, filed by Bios S.p.A., holder of 19.20% of the Sorin S.p.A. shares, which received 83.36% of the votes, resulting in the election of the first 2 of the 3 candidates placed in nomination for the posts of Statutory Auditor and Alternate
    - candidates placed in nomination
      - **Paolo Gualtieri**
      - **Andrea Zaglio**
      - **Ciro Piero Cornelli**
    - Alternates:
      - **Ugo Pollice**
      - **Roberta Crespi**
      - **Ottavio Martini**

- In 2012, the Board of Statutory Auditors met 10 times. Meetings lasted an average about 1 hour and 30 minutes.
- All Statutory Auditors remained in office for the entire year.
- As of the end of 2012, no other change occurred in the composition of the Board of Statutory Auditors

The composition of the Board of Statutory Auditors in office during and at the end of 2012 was as follows:

**TABLE 3: STRUCTURE OF THE BOARD OF STATUTORY AUDITORS**

Name	Post held	In office since	Slate	Indep. as per Code (*)	% meeting attendan.
<b>Cesare Piovene</b>	<b>Chairman</b>	<b>4/28/10</b>	<b>BIOS Interbanca</b>	<b>X</b>	<b>100%</b>
<b>Paolo Gualtieri</b>	<b>Statutory Auditor</b>	<b>4/28/10</b>	<b>BIOS</b>	<b>X</b>	<b>70%</b>
<b>Andrea Zaglio</b>	<b>Statutory Auditor</b>	<b>4/28/10</b>	<b>BIOS</b>	<b>X</b>	<b>80%</b>
<b>Ugo Pollice</b>	<b>Alternate</b>		<b>BIOS</b>	<b>X</b>	
<b>Roberta Crespi</b>	<b>Alternate</b>		<b>BIOS</b>	<b>X</b>	
<b>Paolo Mandelli</b>	<b>Alternate</b>		<b>BIOS Interbanca</b>	<b>X</b>	

(\*)The criteria provided in the Code to qualify as independent were not amended.

Through regular meetings, the Company's Board of Statutory Auditors supervises the activities of the Independent Auditors.

Considering that, as mentioned earlier in this Report, the assignment to perform a statutory independent audit of the financial statements ends with the approval of the financial statements at December 31, 2012, the Board of Statutory Auditors carried out its preparatory work with the aim of submitting a reasoned opinion to the Shareholders' Meeting convened to vote on a resolution to select new statutory independent auditors.

In its work, the Board of Statutory Auditors is supported by the Corporate Secretarial Affairs Department and receives regular updates about the activities of the Internal Auditing Department.

The members of the Board of Statutory Auditors are always invited to attend meetings of the Executive Committee, the Control and Risk Committee, the Compensation Committee and the Related-party Transaction Committee. At least one member of the of the Board of Statutory Auditors attends the abovementioned committee meetings. Through this process, the Company ensures that the Board of Statutory Auditors is constantly informed about issues that are relevant to the Group and obtains an adequate knowledge of the industry in which the Company operates.

## 15. SHAREHOLDER RELATIONS

The Board of Directors is committed to making relevant information and documents promptly available to shareholders. To achieve this goal, the Company regularly updates its website, which contains a Corporate Governance page that includes, among other documents, the Corporate Governance Reports, and an Investors page. Both pages are easily accessible from the home page.

In addition, the Company relies on its representatives to maintain an active dialog with the market, while complying with the laws and regulations that govern the circulation of insider information and the procedure for the circulation of confidential information. Moreover, the Company's activities and procedures have been designed to avoid disparities in the access to information and to ensure the effective implementation of the principle that every investor and potential investor is entitled to receive the same information, so as to make informed investment decisions.

Specifically, when disclosing annual, semiannual and quarterly data, the Company organizes conference calls with institutional investors and financial analysts, which the representatives of the financial media are welcome to attend. In addition, the Company promptly informs shareholders and potential shareholders of any actions or decisions that could have a material impact on their investment and posts on its website (*www.sorin.com*) copies of its press releases and paid announcements concerning the exercise of the rights conveyed by the securities it has issued, as well as documents concerning Shareholders' Meetings and other public documents. The purpose of these activities is to provide shareholders and investors with information about issues affecting their decisions.

Moreover, journalists and qualified experts are encouraged to attend the Company's Shareholders' Meetings.

Sorin has established a department responsible for handling relations with its shareholders and has assigned to the manager of the Investor Relations Department the task of handling relations with institutional investors.

## **16. SHAREHOLDERS' MEETINGS (as per Article 123-bis, Section 2, Letter c), TUF)**

The rules governing attendance at the Shareholders' Meeting and the areas over which it has jurisdictional authority are set forth in Articles 8, 9 and 10 of the Bylaws.

Pursuant to Company Bylaws, shareholders are not required to provide the communication referred to in Article 2370 of the Italian Civil Code prior to being allowed to attend a Shareholders' Meeting.

Pursuant to the Company Bylaws, the Shareholders' Meeting is not required, in accordance with Article 2364, Section 1, No. 5, of the Civil Code, to authorize the performance of specific acts by Directors; on the contrary, Directors are expressly granted, pursuant to and for the purposes of Article 2365, Section Two, of the Civil Code, powers to adopt resolutions concerning mergers in the cases referred in Article 2505 and 2505 *bis* of the Civil Code, the opening and closing of secondary offices, the designation of the Directors authorized to represent the Company, reduction of the share capital when a shareholder withdraws from the Company, amendments to the Bylaws to comply with statutory requirements and relocation of the registered office elsewhere in Italy.

The Company has not adopted specific regulations for the handling of Shareholders' Meetings because it believes that the powers that the Meeting's Chairman enjoys under the current Bylaws give him sufficient authority to ensure the orderly conduct of the Meeting, while at the same time avoiding the problems that could arise should the Shareholders' Meeting fail to comply with formal regulations.

Shareholders' Meetings are convened by means of appropriate notices published in the manner and within the deadlines required pursuant to law.

In order to provide the shareholders with adequate information about the issues that must be taken into account for an informed opinion about the resolutions submitted to the Shareholders' Meeting, the Board of Directors prepares a report about the items on the Meeting's Agenda, which is made public within the deadline required pursuant to law.

Please note that four of the 15 Directors in office attended the Shareholders' Meeting of April 30, 2012.

At the abovementioned Shareholders' Meeting, the Chairman of the Compensation Committee provided the shareholders with a report regarding the compensation policies adopted by the Company.

**17. ADDITIONAL CORPORATE GOVERNANCE PRACTICES (as per Article 123-bis, Section 2, Letter a), TUF)**

There are no additional corporate governance practices, other than those described above, that Sorin Group applies above and beyond its legislative and regulatory obligations.

## **18. CHANGES OCCURRING AFTER THE CLOSE OF THE REPORTING YEAR**

No changes requiring disclosure occurred in the Company's system of corporate governance after December 31, 2011.

Milan, March 14, 2013

The Board of Directors

by: Rosario Bifulco

Chairman

## ANNEX A)

### LIST OF CORPORATE GOVERNANCE POSTS HELD BY STATUTORY AUDITORS

The table below lists the corporate governance posts that each member of the Board of Statutory Auditors holds at other publicly traded companies, financial institutions, banks, insurance companies and large corporations.

NAME	COMPANY	POST HELD
Cesare PIOVENE	ALCEMA SRL in liquidation	Liquidator
	ARTEMIDE SPA	Statutory Auditor
	ARTEMIDE GROUP SPA	Chairman Board Statutory Auditors
	ARTEMIDE ITALIA SRL	Statutory Auditor
	BIOS INTERBANCA SPA	Statutory Auditor
	CALCUTTA SRL	Sole Director
	DADA SPA (*)	Statutory Auditor
	GEAR WORLD SPA	Chairman Board Statutory Auditors
	MIPARK SPA	Chairman Board Statutory Auditors
	ENIPOWER SPA	Chairman Oversight Board
	POLYNT SPA	Statutory Auditor
	SIRTI SPA	Statutory Auditor
	H.I.I.T. SPA	Statutory Auditor
	PECK SPA	Statutory Auditor
	RCS LIBRI SPA	Chairman Board Statutory Auditors
	TECNOMARE SPA	Chairman Oversight Board
	AGIP KAZAKHSTAN NV	Chairman Oversight Board
	BANCA POPOLARE DI MANTOVA S.P.A.	Member Oversight Board
	BANCA POPOLARE DI MILANO S.c.a.r.l.	Member Oversight Board
	GGP ITALY S.P.A.	Chairman Board Statutory Auditors
Paolo GUALTIERI	BANCA MEDIOLANUM SPA (*)	Director
Andrea ZAGLIO	FINGRUPPO HOLDING SPA	Statutory Auditor
	EVENTI SPORTIVI SPA	Director

(\*) Listed company.

**ANNEX B)****LIST OF CORPORATE GOVERNANCE POSTS HELD BY DIRECTORS CURRENTLY IN OFFICE**

The table below lists other publicly traded companies, financial institutions, banks, insurance companies and large corporations in which the Directors of Sorin S.p.A. serve as Directors or Statutory Auditors.

<b>Name</b>	<b>Company (* = Listed company)</b>	<b>Post held</b>
<b>Rosario BIFULCO</b>	BANCA ITB S.P.A. (*)	Chairman
	DEA CAPITAL S.P.A.	Director
	ISTITUTO EUROPEO DI ONCOLOGIA S.R.L.	Director
	ITALIAN HOSPITAL GROUP S.P.A.	Director
	ITALIAN HOSPITAL GROUP 2 S.P.A.	Director
	HUMANITAS S.P.A.	Director
	BOOTES S.R.L.	Sole Director
	MENS MENSAE S.R.L.	Chairman
PIERREL S.P.A. (*)	Director	
<b>Giovanni PAVESE</b>	ARCA IMPRESA GESTIONI SGR	Chairman
	UNIVERSITÀ COMMERCIALE LUIGI BOCCONI	Director
	EDITORIALE DOMUS S.P.A.	Director
	CASA DI CURA AMBROSIANA	Director
	EQUINOX TWO S.C.A.	Chairman Advisory Committee
	IMMOBILIARE SANTA CATERINA S.R.L.	Chairman
FONDAZ. ISTITUTO SACRA FAMIGLIA ONLUS	Director	
<b>André-Michel BALLESTER</b>	CARMAT S.A.	Director
	MAUNA KEA	Director
	PIXIUM S.A.	Director
<b>Andrea BOVONE</b>	ESAOTE S.P.A.	Director
	BIOENERGIE S.P.A.	Deputy Chairman
	BIOTEDIM S.P.A.	Director
	BIOMASSE ITALIA S.P.A.	Director
	BIOMASSE CROTONE S.P.A.	Director
<b>Giuseppe CARTENI</b>	MV Agusta Motor S.p.A.	Director
<b>Luciano CATTANI</b>	ELEKTA AB STOCCOLMA	Director
	IGEA MEDICAL S.P.A.	Director

<b>Name</b>	<b>Company ( * = Listed company)</b>	<b>Post held</b>
<b>Sergio DOMPE</b>	DOMPE' FARMACEUTICI S.P.A.	Chairman
	PHILOGEN S.P.A.	Director
	ISTITUTO ITALIANO DI TECNOLOGIA	Director
	AMGEN AG Switzerland	Director
<b>Roberto FERRI</b>	-	-
<b>Laura Iris FERRO</b>	GENTIUM S.P.A. (*)	Director
<b>Roberto GIAY</b>	ARCA ASSICURAZIONI S.P.A.	Vice Chairman
	ARCA VITA S.P.A.	Vice Chairman
	COMPAGNIA ASSICURATRICE LINEAR S.P.A.	Director
	FINADIN S.P.A. Finanziaria di Investimenti	Chairman
	FINANZIARIA BOLOGNESE FI.BO. S.P.A.	Director
	LINEAR LIFE S.P.A.	Director
	PEGASO FINANZIARIA S.P.A.	Director
	PREMAFIN FINANZ. S.P.A. Holding di Partecip.	Chief Executive Officer
	SMALLPART S.P.A.	Deputy Chairman and CEO
	UNIPOL ASSICURAZIONI S.P.A.	Director
	UNISALUTE S.P.A.	Director
VIVIUM S.A.	Director	
<b>Ugo ORTELLI</b>	-	-
<b>Gino SANTINI</b>	AMAG - Boston US (*)	Director
	Horizon Pharma - Chicago US (*)	Director
	Allena Pharmaceuticals - Boston US	Director
	Collegium Pharmaceuticals - Boston US	Director
	Inspiration Biopharmaceuticals - Boston US	Director
	Finanziaria Saccharifera Italo Iberica S.P.A.	Director
<b>Ugo SMIRAGLIA</b>	Società Autostrada Tirrenica P.A.	Director
<b>Maurizia SQUINZI</b>	MITTEL Corporate Finance S.P.A.	Chairman
	EARCHIMEDE S.P.A.	Chief Executive Officer
	CASTELLO SGR S.P.A.	Director
<b>Massimo TONONI</b>	MITTEL S.P.A. (*)	Director
	PRYSMIAN S.P.A. (*)	Chairman
	ISA Istituto Atesino di Sviluppo S.P.A.	Chairman
	BORSA ITALIANA S.P.A.	Chairman
	LONDON STOCK EXCHANGE GROUP (*)	Director

## LIST OF CORPORATE GOVERNANCE POSTS HELD BY DIRECTORS WHO LEFT THEIR OFFICE DURING THE YEAR

The table below lists other publicly traded companies, financial institutions, banks, insurance companies and large corporations in which the Directors of Sorin S.p.A. serve as Directors or Statutory Auditors.

Name	Company (* = Listed company)	Post held
<b>Claudio ALBERTINI</b>	CEFLA CAPITAL SERVICES S.P.A.	Statutory Auditor
	IGD SIIQ S.P.A.	Chief Executive Officer
	FIN.P.A.S. S.P.A.	Director
	PEGASO FINANZIARIA S.P.A.	Director
	HOLCOA S.P.A.	Director
	PROTOS S.P.A.	Director
	SOFINCO S.P.A.	Director
	UGF MERCHANT S.P.A.	Director
	UGF PRIVATE EQUITY SGR	Chairman
<b>Giuliano ASPERTI</b>	BANCA IMI	Director
	INTESA PREVIDENZA	Director
<b>Paolo BAESSATO</b>	BANCA GENERALI S.P.A. (*)	Director
	CASSA DI RISPARMIO DI VENEZIA S.P.A.	Director
	MONETA S.P.A.	Deputy Chairman
	OBIETTIVO NORD EST SICAV	Deputy Chairman
	SETEFI S.P.A.	Director
	SUDAMERIS S.A.	Director
	ITAS MUTUA S.P.A.	Director
	FIN BTB S.P.A.	Director
<b>Giorgio FOSSA</b>	SILVIO FOSSA S.P.A.	Chairman and CEO
	FONDIMPRESA	Chairman
	ITALIANLINK S.P.A.	Chairman
	GIORGIOFOSSA S.R.L.	Sole Director
<b>Pietro GUINDANI</b>	VODAFONE OMNITEL N.V.	Chairman
	PIRELLI & C. SPA (*)	Director
	CARRARO S.P.A. (*)	Director
	ISTITUTO ITALIANO DI TECNOLOGIA	Member Executive Committee
	ASSOCIAZIONE ALUMNI UNIV.TA' BOCCONI	Chairman
	FONDAZIONE CIVITA	Member Executive Committee
<b>Ettore MOREZZI</b>	FONDAZIONE CASSA DI RISPARMIO TORINO	Guidance Director
	FONDAZ. ALTI STUDI CINA CONTEMPORANEA	Statutory Auditor
	FONDAZIONE GUELPA IVREA	Director
	FONDAZIONE PALAZZINA STUPINIGI	Director
<b>Dott. Enzo NICOLI</b>	FINEST SPA	Director

<b>Name</b>	<b>Company ( * = Listed company)</b>	<b>Post held</b>
<b>Luigi RAGNO</b>	AIR FOUR S.P.A.	Director
	METHORIOS CAPITAL S.P.A.	Director
	SANTA GIULIA S.R.L.	Deputy Chairman
	CASCINA RUBINA S.R.L.	Deputy Chairman
<b>Francesco SILVA</b>	ECPI S.P.A.	Chairman
<b>Claudio Agostino ZULLI</b>	O.M.F.B. S.P.A. – HYDRAULIC COMPONENTS	Statutory Auditor
	RIELLO GROUP S.P.A.	Chairman Board Statutory Auditors
	RIELLO S.P.A.	Statutory Auditor
	LOMBARDINI HOLDING S.P.A.	Chairman Board Statutory Auditors
	LONATI S.P.A.	Statutory Auditor
	LR S.R.L.	Chairman Board Statutory Auditors
	SANTONI S.P.A.	Statutory Auditor
	SIDERURGICA INVESTIMENTI S.R.L.	Statutory Auditor
MONTINI S.P.A.	Chairman Board Statutory Auditors	