

**BOLZONI S.p.A.**

**REPORT ON CORPORATE GOVERNANCE  
AND OWNERSHIP STRUCTURE**

Pursuant to articles 123-*bis* of the Legislative Decree No. 58 of 24 February 1998 and 89-*bis* of the rules implementing Legislative Decree No. 58 of 24 February 1998 adopted by Consob Resolution No. 11971 of 14 May 1999 and subsequently amended

**FINANCIAL YEAR ENDED ON  
31 DECEMBER, 2010**

**[www.bolzoni-auramo.com](http://www.bolzoni-auramo.com)**

This report on corporate governance of Bolzoni S.p.A. was approved by the Board of Directors on  
March 16, 2011

## INDEX

GLOSSARY	pg. 1
1. PROFILE OF THE ISSUER	pg. 3
1.1 Issuer's organisation	pg. 3
1.2 The activity of the Issuer and the Bolzoni Group	pg. 4
2. INFORMATION ON OWNERSHIP STRUCTURE	pg. 5
2.1 Structure of corporate capital	pg. 5
2.2 Restrictions on transfers of securities	pg. 5
2.3 Significant shareholding	pg. 5
2.4 Securities granting special rights	pg. 5
2.5 Shareholding of Employees: mechanism to exercise voting rights	pg. 5
2.6 Restrictions on voting rights	pg. 5
2.7 Shareholders' Agreements	pg. 5
2.8 Change of control clauses	pg. 6
2.9 Delegation of power to increase the corporate capital and authorizations for the purchase of own shares	pg. 6
2.10 Direction and coordination function	pg. 6
2.10.1 Subject controlling the Issuer	pg. 6
2.10.2 Bolzoni Group structure	pg. 8
3. COMPLIANCE	pg. 10
4. BOARD OF DIRECTORS	pg. 11
4.1 Appointment and replacement of the Board of Directors	pg. 11
4.2 Composition of the Board of Directors	pg. 12
4.2.1 Maximum number of offices in other companies	pg. 14
4.3 The role and duties of the Board of Directors	pg. 15
4.4 Delegated functions	pg. 17
4.4.1 Managing Directors	pg. 17
4.4.2 Chairman of the Board of Directors	pg. 18
4.4.3 Disclosure to Board	pg. 19
4.5 Delegated powers to other directors	pg. 19
4.6 Independent directors	pg. 19
4.7 Lead Independent Director	pg. 21
5. PROCESSING OF CORPORATE INFORMATION	pg. 21
5.1 Procedure for treating inside information	pg. 21
5.2 Code of Conduct (Internal Dealing)	pg. 22
6. BOARD'S INTERNAL COMMITTEES	pg. 23
7. NOMINATION COMMITTEE	pg. 23
8. REMUNERATION COMMITTEE	pg. 23
8.1 Composition and activity of the Remuneration Committee	pg. 23
8.2 Functions of the Remuneration Committee	pg. 24
9. REMUNERATION OF DIRECTORS	pg. 25
9.1 Indemnity for directors in the event of resignation, dismissal or termination of relations following a public offer of acquisition	pg. 25
10. INTERNAL CONTROL COMMITTEE	pg. 26
10.1 Composition and activity of the Internal Control Committee	pg. 26
10.2 Functions of the Internal Control Committee	pg. 26
11. INTERNAL CONTROL SYSTEM	pg. 28
11.1 Executive director in charge of internal control system	pg. 28
11.2 Person in charge of Internal Control	pg. 28
11.3 Organizational Model ex Legislative Decree No. 231/2001	pg. 29

11.4	Audit Firm	pg. 30
11.5	Executive responsible for the preparation of company accounts	pg. 31
12.	INTERESTS OF DIRECTORS AND TRANSACTIONS WITH RELATED PARTIES	pg. 31
12.1	Operations with Related Parties - preliminary and approval	pg. 31
12.2	Operations with Related Parties performed through subsidiary companies	pg. 32
12.3	Exclusions and exemptions	pg. 32
13.	APPOINTMENT OF AUDITORS	pg. 33
14.	STATUTORY AUDITORS	pg. 35
15.	RELATIONS WITH THE SHAREHOLDERS	pg. 37
15.1	Web site	pg. 37
15.2	Investor Relations	pg. 37
16.	SHAREHOLDERS' MEETINGS	pg. 37
17.	FURTHER CORPORATE GOVERNANCE PRACTICES	pg. 39
18.	CHANGES FROM THE END OF THE YEAR OF REFERENCE	pg. 39

#### **TABLES**

TABLE 1:	Information on ownership structure	pg. 40
TABLE 2:	Structure of the Board of Directors and Committees	pg. 41
TABLE 3:	Structure of the Board of Statutory Auditors	pg. 42

#### **APPENDIXES**

Appendix 1:	Main characteristics of risk management and internal control systems existing in relation to process of financial disclosure	pg. 43
Appendix 2:	List of offices held by members of the current Board of Directors	pg. 46

## GLOSSARY

<b>Code</b>	means the Corporate Governance Code approved in March 2006 by the Corporate Governance Committee promoted by Borsa Italiana, as defined below.
<b>Borsa Italiana</b>	means Borsa Italiana S.p.A., having registered office in Milan, Piazza Affari No. 6.
<b>Borsa Rules</b>	means the rules of the markets organized and managed by Borsa Italiana in force as of the Date of the Report, as defined below.
<b>By-laws</b>	means the by-laws of the Issuer – as defined below – in force as of the Date of the Report.
<b>Consob</b>	means the <i>Commissione Nazionale per le Società e la Borsa</i> , having registered office in Rome, via Martini No. 3.
<b>Consolidated Act or TUF</b>	means the Legislative Decree No. 58 of 24 February, 1998 (so called, “Financial Consolidated Act”).
<b>Date of the Report</b>	means March 16, 2011, date in which the Report – as defined below – was approved by the Board of Directors of the Issuer.
<b>Decree 231</b>	Means the Legislative Decree No. 231 of 8 June 2001.
<b>Fiscal year</b>	means the fiscal year ended on December 31, 2010, to which this Report refers.
<b>Group o Bolzoni Group</b>	means, collectively, the Issuer and its subsidiaries, as of the Date of the Report, pursuant to article 2359 of the Civil Code.
<b>Instructions to the Borsa Rules</b>	means the Instructions to the Borsa Rules.
<b>Issuer or Company or Bolzoni</b>	means Bolzoni S.p.A., having registered office in Podenzano (Piacenza), Località Casoni, to which this Report refers.
<b>Markets Rules</b>	means the Rules implementing the Consolidated Act with reference to markets, as adopted by Consob with resolution No. 16191 of October 29, 2007, and subsequent amendments, in force as of the Date of Report.
<b>MTA</b>	means the Mercato Telematico Azionario, organized and managed by Borsa Italiana.
<b>Report</b>	means this <i>corporate governance</i> report prepared pursuant to articles 123- <i>bis</i> of Consolidated Act and 89- <i>bis</i> Regulation for Issuers .
<b>Rules for Issuers</b>	means the Rules implementing the Consolidated Act regarding the discipline of Issuers, as adopted by Consob with resolution No. 11971 of May 14, 1999 and subsequently amended, in force as of the Date of Report.
<b>Rules for Related Parties</b>	Means the Rules issued by Consob with resolution n, 17221 of March 12, 2010 regarding operations with related parties, as subsequently amended and completed.

## Premises

In compliance with the requirements by the Consolidated Act and the regulations of Borsa Italiana to the boards of directors of listed companies onto the MTA, to ensure fairness and transparency at the level of corporate information, this Report is intended to illustrate the corporate governance system of Bolzoni.

The Report has been prepared on the basis of experimental format made available to Issuers by Borsa Italiana in February 2008, recently updated in February 2010 to include the relevant modifications in the regulations which have since occurred. <sup>(1)</sup>

Bolzoni was admitted to listing on the MTA, STAR Segment, on May 15, 2006.

The Company is convinced that the alignment of its internal structure of corporate governance to that suggested by the Code represents a valid and invaluable opportunity to enhance its reliability *vis-à-vis* the market.

The Bolzoni group adheres to and complies with the Code.

---

<sup>(1)</sup> The main novelty in the regulations is represented by Legislative Decree n. 173/2008 which has incorporated in our rules the Directive 2006/46; this decree has indeed further extended the disclosure obligations of the issuers adding, in paragraph 2 of article 123-*bis* ,, information regarding: a) the corporate governance practices actually applied by the company beyond the obligations established by rules or regulations; b) the main characteristics of the risk management and internal control systems existing with regards to the financial disclosure process, also consolidated, where applicable; c) the operating mechanisms of the shareholders' meeting, its main powers, shareholder rights and how they are exercised, if different from those established by the legal and regulatory provisions applicable additionally; and d) the composition and the functioning of the administrative and control bodies and their committees.

## 1. PROFILE OF THE ISSUER

### 1.1 Issuer's organisation

The organization of the Issuer, which is based on the traditional model, complies with the provisions of the legislation applicable to listed issuers and is articulated as follows:

- The Shareholders' meeting is competent to resolve at both ordinary and extraordinary levels on the matters reserved to it by law or by the By-laws;
- The Board of Directors is vested with the broadest powers for the Company, with the right to perform all actions necessary for the achievement of corporate goals, with the exception of actions reserved - by law or By-laws - to the Shareholders' meeting;
- The Board of Statutory Auditors has the mandate to monitor (i) the compliance with the law and the By-laws and respect the principles of sound administration, (ii) the adequacy of the organizational structure of the Company, the internal control system and the accounting system, also with reference to the reliability of the latter to correctly represent the operations, (iii) the manners of implementation of corporate governance rules set forth by codes of conduct drawn up by management companies of regulated markets or associations, to which the Companies declares to comply with, through information to the public; and (iv) the adequacy of the provisions given to subsidiaries, in relation to the information to be provided, to meet the obligations of communication; and (v) the compliance of the Procedure regarding operations with related parties adopted by the Company to the Rules for Related Parties as well as the observance of the Procedure itself. It should be noted that, in accordance with the Legislative Decree n. 39 of January 27, 2010, the Board of Statutory Auditors has been assigned specific tasks with regards to financial disclosure, the internal control system and legal auditing;
- The Audit Firm: the legal auditing of the accounts is carried out by an auditing firm, enrolled in the register held by Consob, specially appointed by the Shareholders' meeting on a proposal justified by the Board of Auditors. The audit firm chosen for for Bolzoni is empowered with functions for almost all of the Group companies.

In addition to the above and in accordance with the provisions of the Code – to which Bolzoni adheres – and regulations in force, the Issuer has, *inter alia*, performed the following:

- appointment of three independent directors out of a total of ten members of the Board of Directors, eight of which are non-executive directors <sup>(2)</sup>;
- establishment of a Remuneration Committee composed of three non-executive directors <sup>(3)</sup>, the majority of which are independent, operating on the basis of an internal regulation which lays down the rules of operation (see paragraph 8);

---

<sup>(2)</sup> Mr Pier Luigi Magnelli is included among the directors eligible as non-executive. On 11 November 2009 the Board of Directors of the Company resolved to grant the director Pier Luigi Magnelli, severally and independently, all the widest powers, for the ordinary administration of the Company, save those expressly reserved by the law or by the By-laws to the competence of the Board of Directors or the Shareholders' Assembly of the Company, as well as the subjects listed below which are reserved for the exclusive competence of the Board of Directors as a body: (i) approval of strategic, industrial, economic and financial plans of the Company and the Group; (ii) approval of the annual budget of the Company and the Group; (iii) investment or divestiture operations, endorsements or grants of loans or guarantees which individually exceed the amount of 2,000,000 Euros; and (iv) operations with related parties. The Board of Directors has deemed it advisable to grant this delegation of powers to avoid, in the absence of the two executive directors namely, the Chairman of the Board and the C.E.O., there not being any other director able to ensure the execution of formalities connected to the day to day direction of the Company; in this perspective, Mr Pier Luigi Magnelli should not be considered as an executive director permanently part of the company's management structure and actively involved in the direction of the Company but rather as holding a merely interim function. .

- establishment of an Internal Audit Committee composed of three non-executive directors <sup>(4)</sup> the majority of which are independent , operating on the basis of an internal regulation which lays down the rules of operation (see paragraph 10);
- establishment of a Supervisory Body, in compliance with Law 231, assisted by a company manager with sufficient competence (see paragraph 11.3);
- adoption of a procedure for corporate information and a code of conduct (so-called ‘internal dealing’) (see paragraph 5.2);
- adoption of the new Procedure for Operations with Related Parties pursuant to article 4 of Rules for Related Parties (see paragraph 12);
- set up of the functions of responsible for internal control and investor relations and consequently appoint the persons in charge of these functions (see paragraphs 11.2 and 15);
- Adoption of a Model of Organization, Management and Control pursuant to Decree. No. 231 (see paragraph 11.3); and
- Adoption of rules for the Shareholders’ meeting.

## **1.2 The activity of the Issuer and the Bolzoni Group**

The Issuer has been active since the early fifties in the design, manufacture and marketing of equipment for forklifts and industrial handling, which is a sector belonging to the broader category of logistics.

To date, the Bolzoni Group is marketing its products in over forty countries worldwide, occupying a leadership position in the European market for equipment and forklift trucks, and is the second largest manufacturer worldwide in this area.

As at December 31, 2010, the Group shows, at consolidated level, a turnover amounting to approximately Euro 93.526 million, due to the production and marketing, either through brands owned by the Group “Bolzoni”, “Auramo”, “Brudi” and “Meyer” or unbranded, of equipment for forklifts and industrial handling intended for manufacturers of forklifts, dealers of forklift trucks and equipment for industrial handling and only marginally, to end users.

---

<sup>(3) (4)</sup> See previous note <sup>(2)</sup>.

## **2. INFORMATION ON OWNERSHIP STRUCTURE**

### **2.1 Structure of corporate capital (ex article 123-bis, paragraph 1, letter a)TUF)**

As of the Date of the Report the corporate capital of the Issuer amounts to Euro 6,498,478.75, fully subscribed and paid in.

The corporate capital is divided into no. 25,993,915 ordinary shares without par value. The shares are nominal and indivisible and give the right to one vote each.

As of the Date of the Report, Bolzoni has not issued other classes of shares or securities which are convertible into or exchangeable with shares.

As of the Date of the Report, there are no stock option plans running.

For further information on the structure of corporate capital see Table 1 in the appendix.

### **2.2 Restrictions on transfers of securities (ex article 123-bis, paragraph 1, letter b)TUF)**

To date, there is no report of any restrictions on the transfer of Bolzoni shares.

### **2.3 Significant shareholding (ex article 123-bis, paragraph 1, letter c)TUF)**

As of the Date of the Report, based on the findings of the Shareholders' ledger, and given the reports received according to article 120 of the Consolidated Act and other information received, the persons indicated in Table 1 of the appendix hold, directly or indirectly, shares of the Company to an extent equal to or greater than the 2 % of the share capital:

### **2.4 Securities granting special rights (ex article 123-bis, paragraph 1, letter d)TUF)**

As of the Date of the Report, the Company has not issued securities conferring special rights to control.

### **2.5 Shareholding of Employees: mechanism to exercise voting rights (ex article 123-bis, paragraph 1, letter e)TUF)**

As of the Date of the Report, there is a system for employee shareholding through a mechanism whereby voting right is exercised.

### **2.6 Restrictions on voting rights (ex article 123-bis, paragraph 1, letter f)TUF)**

As of the Date of the Report, there is no report of any restrictions or deadlines imposed on the exercise of voting rights. There are no financial rights which are not in conjunction with the possession of shares.

### **2.7 Shareholders' Agreements (ex article 123-bis, paragraph 1, letter g)TUF)**

As of the Date of the Report, the Issuer is unaware of the existence of relevant shareholders' agreements in accordance with article 122 of the Consolidated Act relating to shares of the Company.

## **2.8 Change of control clauses (ex article 123-bis, paragraph 1, letter h) TUF)**

The Issuer has not entered into significant agreements that become effective, or are materially modified or terminated in the event of a change of control of the Issuer itself or of the companies it controls.

## **2.9 Delegation of power to increase the corporate capital and authorizations for the purchase of own shares (ex article 123-bis, paragraph 1, letter m) TUF)**

As of the Date of the Report, there are no further authorizations for the increase in corporate capital in accordance with article 2443 of the Civil Code.

As of the Date of the Report the Company does not own, nor has it purchased, own shares. It is also specified that there are no authorisations from the Shareholders' Assembly for the purchase of own shares as provided for by article 2357 and subsequent of the Italian Civil Code.

## **2.10 Direction and Coordination Function**

### ***2.10.1 Subject controlling the Issuer***

The control over the company, in accordance with article 93 of the Consolidated Act, is exercised by Penta Holding S.r.l., holding company pursuant to article 113 of Legislative Decree No. 385, 1 September 1993.

Penta Holding S.r.l., which as of the Date of the Report has a share capital equal to Euro 8 million has registered office in Piacenza and was registered in the Companies Register of Piacenza on May 3, 2006, with registration number 01464060332. Penta Holding S.r.l., which is a mere holding company, does not exercise direction and coordination functions over the Company as provided for by article 2497 of the Civil Code.

According to article 2 of the by-laws, Penta Holding S.r.l. has the following corporate purpose: (i) the purchase, disposal and management of portion of shareholdings, shares, securities, public or private, or financial instruments and in general shareholdings in companies, consortia, associations or institutions of any kind in Italy and abroad, also listed on regulated markets, (ii) the financing, in whatever form, and the technical and administrative coordination exclusively for the benefit of companies, consortia, associations or institutions in which it participates, as well as the provision of services in favour of the same; (iii) the issuance of guarantees, patronages and other guarantees generally, real and not real, in favour and in the interest of companies, consortia, associations or organizations which it participates to. In addition, Penta Holding S.r.l. may make any financial, real estate and credit operation as well as operations on securities, which are necessary or useful to the achievement of the corporate objective (it being however expressly excluded the collection of savings from the public), as well as ancillary activities should the same allow to develop the business pursued.

Pursuant to article 7 of the by-laws of Penta Holding S.r.l., transfers of shareholdings to ascendants or descendants, spouse, brother or sister, as well as transfers of shareholdings due to death, in favour of persons other than shareholders, are free, while the shareholder who intends to transfer its shareholding, or even the sole naked property of it, to shareholders or any third party who are not shareholders, should offer such shareholding pre-emptively to other shareholders in proportion to the shareholdings held by them and with the right to increase it among themselves. If one or more shareholders exercising the right of first refusal have declared their intention to purchase the shares offered but on terms different than those

proposed by the offeror, it is possible to bring before the President pro-tempore of the Court where the company has its registered office, to ask for the appointment of an arbitrator who shall proceed to determinate the fair price and terms of payment, to be binding for the transferor and the shareholders who have declared their intention, at the time of exercise of pre-emptive right, to buy the offered shares at different conditions than those proposed by the offeror.

In determining the fair price, the arbitrator must take into account equally (i) the price of the third party, who bids in good faith, (ii) the value of quotation of the shares held by the Company, to be intended as a weighted average price of reference of such shares in the last six months, and (iii) the financial statements of the Company and its subsidiaries, also in the light of any extraordinary events.

In any case, and without prejudice to the provisions concerning the right of first refusal, the assignment in favour of a non-shareholder may be carried out only with the prior approval of the Board of Directors of Penta Holding S.r.l., which can be denied only on condition that the same Board of Directors indicates, while not accepting, another buyer to which the shares can be transferred at the same terms of pre-emption. Failing such an indication, the consent of the Board of Directors shall be presumed.

Moreover, save for the exercise of pre-emption rights and the approval of the Board of Directors, if the pre-emptive offer of one or more shareholders involves a total of more than fifty percent of the corporate capital of the Company, the recipients of the pre-emptive offer, if they do not exercise their pre-emption right, shall be entitled to obtain from the offeror that, under the same conditions, all their shares be bought. There may not be established pledges, liens or other rights of guarantee over the shares, nor may be formed on them the right to usufruct attributing voting rights to the usufruct holder, except with the prior written consent of the Board of Auditors of Penta Holding S.r.l..

As provided for by article 10 of the by-laws, the shareholders decide on matters reserved to their competence by law or by the by-laws, as well as on matters which one or more directors or shareholders representing at least a third of corporate capital submit to the shareholders' approval. Decisions by shareholders, in whatever form adopted, are made with the favourable vote of shareholders representing at least 60% of the share capital, unless otherwise mandatory provision of law pro tempore in force and save for different majorities specifically established by the by-laws for specific decisions.

No person exercises control over Penta Holding S.r.l. and, among the shareholders of it, there is no shareholders' agreement or other agreement aiming at discipline the voting rights or the circulation of shareholdings.

At the Date of the Report the share capital of Penta Holding S.r.l. is divided among Emilio Bolzoni (with a 38.05% share of the corporate capital), Luigi Pisani (with a 21.75% share of the corporate capital), Roberto Scotti (with a 18.45% share of the corporate capital), Franco Bolzoni (with a 14.50% share of the corporate capital) and Pier Luigi Magnelli (with a 7.25% share of the corporate capital).

Pursuant to article 16 of the by-laws, Penta Holding S.r.l. is managed by a Board of Directors, to which the widest powers of ordinary and extraordinary management are attributed. It is composed of five shareholders, including non-shareholders, who may be re-appointed and are subject to the non-competition obligation under article 2390 of the Civil Code. According to article 17 of the by-laws, unless otherwise decided by the majority of all shareholders entitled to vote, the appointment of the members of the Board of Directors shall be based on lists of candidates where they will be listed in consecutive order. Each candidate may be indicated in one list, failing which he/she shall be ineligible. Each list will indicate a number of candidates at least equal to the maximum number of members to be elected. Shareholders, who, individually or together with other shareholders, represent at least seven percent of the

corporate capital of the company, shall have the right to submit lists. Any person entitled to vote may submit, or concur to submit, a single list and vote for only one list.

They shall be appointed as directors the first candidate of the five lists which have received the largest number of votes. Where lists submitted for the appointment are less than five, directors shall be taken from each of them, starting with the one that won the highest number of votes, up to the five directors to be appointed. Where only one list is submitted, the five directors to be appointed shall be taken from the candidates of that list.

The Board of Directors of Penta Holding S.r.l., in charge as of Date of the Report has been appointed for an indefinite period at the time of establishment of the same Penta Holding S.r.l. and is composed of the Chairman, Emilio Bolzoni, and the directors Roberto Scotti, Pier Luigi Magnelli, Luigi Pisani and Franco Bolzoni.

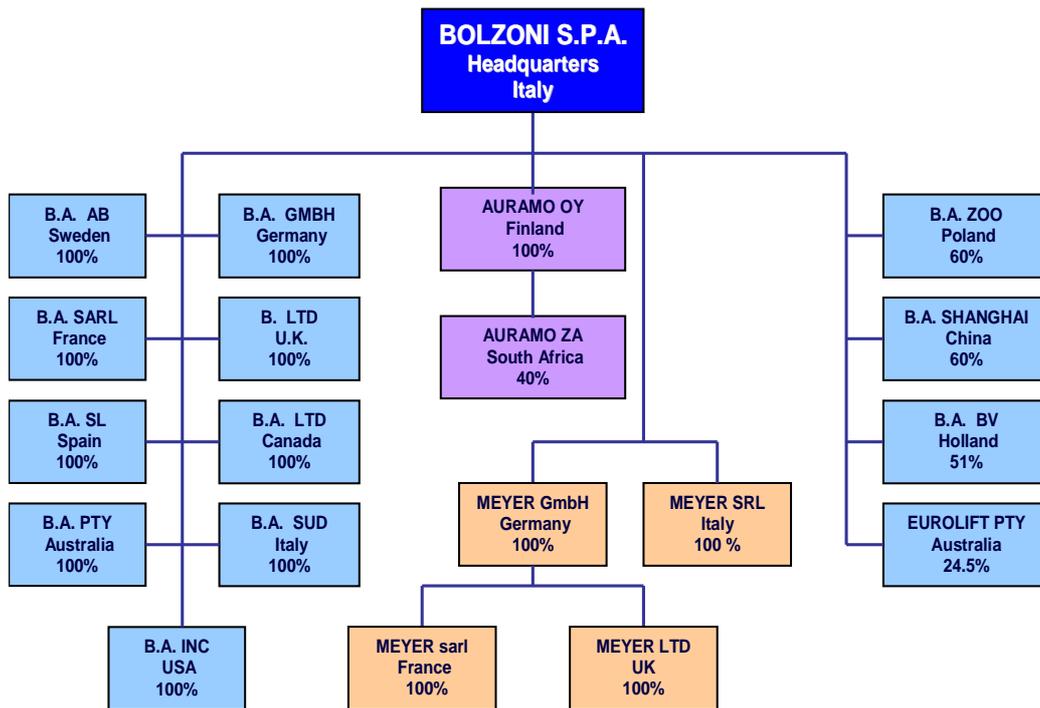
The management body is vested with the broadest powers for the ordinary and extraordinary management of Penta Holding S.r.l., without exception of any kind, with the right to perform any action, including disposals, it considers necessary for the implementation and achievement of the corporate objectives, excluding only those which are reserved by law or by-laws exclusively to the Shareholders' meeting or to the decision of shareholders.

### ***2.10.2 Structure of the Bolzoni Group***

The Issuer controls, directly or indirectly, seventeen companies, including two private limited companies in Italy, which compose the Bolzoni Group and within which the Company has the right to appoint a majority of members of the Board of Directors and control bodies, if any.

The Company, leader of the Group, carries out management of shareholdings of control held, directly or indirectly, in subsidiaries. The Company also has direction and coordination functions of the Group, pursuant to article 2497 of the Civil Code. Please note that the provisions of Chapter IX, Title V, Book V of the Civil Code (articles 2497 et seq.) include, among other things: (i) direct liability of the company directing and coordinating *vis-à-vis* the shareholders and corporate creditors of the companies subject to the direction and coordination (in cases where the company which exercises such activities - acting in their interest or in the interest of others in violation of the principles of proper corporate management – causes prejudice to the profitability and value of shareholding or causes damages, against corporate creditors, to the integrity of company assets), (ii) a liability of the directors of the company subject to the direction and coordination who fail to fulfil the publicity obligations under article 2497-*bis* of the Civil Code, for the damages *vis-à-vis* shareholders or third parties arising out of the lack of knowledge of such facts.

The following diagram gives an overview of the structure of the Bolzoni Group as of the Date of the Report.



\* \* \*

For the information required by article 123-bis, paragraph one, letter i) (indemnity to directors in the event of resignation, dismissal or termination of the relationship as a result of a public offer) and letter l) (appointment and replacement of the directors and statutory modifications) of TUF please see respectively paragraphs 9.1 and 4.1 of this Report.

### 3. COMPLIANCE

With the resolution passed by the Board of Directors on 19 May 2006, Bolzoni has adhered to the Code (available on website of Borsa Italiana at the following address [www.borsaitaliana.it](http://www.borsaitaliana.it)) and has completed the compliance to the requirements recommended by the Code itself, having as an objective the creation of a corporate governance system aimed primarily at creating value for shareholders, while acknowledging the importance of transparency on choices and decision-making, as well as the need to develop an effective internal control system.

Further measures aimed at improving the governance system are in progress and others will be evaluated to ensure the continuous updating of the system to national and international best practice.

In compliance with applicable laws, this Report describes the “Corporate Governance” system of the Issuer and indicates the practical manners of implementation by the Company of the requirements of the Code.

Neither Issuer nor any of its subsidiaries, having strategic significance, are subject to the provisions of foreign laws having an impact on the structure of corporate governance of the Issuer.

Below, are the main instruments of governance, which the Company has implemented pursuant to the latest laws and regulations, the provisions of the Code and the national and international best practice:

- By-laws;
- Code of Ethics;
- Model of Organization, Management and Control according to Legislative Decree No. 231;
- Rules of the Internal Control Committee;
- Rules of the Remuneration Committee;
- Rules of the Supervisory Body;
- Operations with related parties – new procedure adopted pursuant to art. 4 of the Rules for Related Parties;
- Regulations for the management of Inside Information and establishment of the registry of persons having access to such information;
- Internal Dealing Code; and
- Rules of Shareholders’ meetings.

These documents are available to the public on the Company’s website at [www.bolzoni-auramo.com](http://www.bolzoni-auramo.com).

#### **4. BOARD OF DIRECTORS**

##### **4.1 Appointment and replacement of the Board of Directors (ex article 123-bis, paragraph 1 letter l), TUF)**

According to article 14 of the By-laws, the Company is managed by a Board of Directors composed of a number of members ranging from three to fifteen, according to the determination of the Shareholders' meeting.

Those who are incompatible as established by law, cannot be appointed as directors, and if appointed shall cease from office. Directors shall remain in office for three years and may be re-elected.

The ordinary Shareholders' meeting shall appoint the members of the Board of Directors, on the basis of lists deposited by the shareholders and the outgoing Board of Directors in the manner described below.

The current By laws , updated on November 29, 2010 following the coming into force of the rules contained in the Legislative Decree n. 27 of January 27, 2010, implementing the EU directive on "Shareholders' Rights", establish that in addition to the outgoing Board of Directors, shareholders who, alone or together with other shareholders, hold at the time of submission of the list, a total portion of the share capital consisting of shares having voting rights in ordinary Shareholders' meeting, as identified by Consob regulation , or, failing this, equivalent to 2.5%, shall be entitled to submit a list of candidates, to be deposited at the Company's registered office within the twenty-fifth day before the date set for the Shareholders meeting called to appoint the members of the Board of Directors and made available to the public at the Company's registered office, on the Company's web-site and according to the other terms established by laws and regulations at least twenty-one days before the date of the Shareholders Meeting, save for any possible further form of publicity established by the rules and regulations in force at the time. Ownership of the number of shares necessary for presentation of lists, is determined on the basis of the number of shares recorded in favour of the shareholder on the day the lists are deposited at the Company's registered office. The related certification, issued pursuant with the provisions in force at the time, can be provided even after deposit as long as the document has reached the Company within the period established by rules and regulations in force at the time regarding the publication of the lists by the Company. The deposit, performed in accordance with the indications given above, is also valid for the second and third call, if applicable. .

Each shareholder, the shareholders belonging to a shareholders' agreement, the controlling subject, the subsidiaries and those under common control pursuant with article 93 of the Act may not submit or participate in submitting, even through a third party or trust company, more than one list. Each subject entitled to vote may vote for only one list. Each candidate may candidate to only one list, failing which he/she shall be ineligible. Lists submitted and/or votes exercised in violation of these prohibitions, shall not be accepted.

Each list must separately list candidates, ordained gradually, and must include a declaration that a sufficient number of candidates as set forth by the provisions of law possess the independence requirements prescribed in the laws and regulations in force, identifying them distinctly and entering one of them at the top of the list. Failing the above, the list may not be submitted.

Within the period indicated above, together with each list, which also contains the identity of the submitting shareholders, the following shall also be filed (i) the declarations in which each candidate accepts the candidacy and certify under own responsibility, that there are no grounds for ineligibility and incompatibility, as well as the conditions imposed by the laws, regulations and By-laws for their respective offices, and (ii) a comprehensive description of

the personal and professional characteristics of the candidate indicating, if appropriate, the suitability of the candidate to qualify as independent as defined by the law.

The appointment of directors is as follows: (i) from the list that obtains the highest number of votes in the Shareholders' meeting, based on the order they are listed in the list, all members of the Board of Directors, as from time to time resolved by the meeting, are taken, except one. To this end, in the event of a tie between different lists there shall be a new vote by the Shareholders' meeting, and the one obtaining the most votes shall be the majority list, (ii) from the list that obtains the second highest number of votes in the Shareholders' meeting, and that is not related, directly or indirectly, with the shareholders who submitted or voted for the list referred to in paragraph (i), a member of the Board of Directors is taken, in the person of the first candidate in the order of that list. To this end, in the event of a tie between different lists, there shall be new vote among the same for the appointment of the last member of the Board of Directors by the Shareholders' meeting, and the first candidate on the list that obtains the highest number of votes shall be appointed.

In case of submission of only one list of candidates, all directors will be appointed from this list, provided that such list secures a relative majority of votes. In case of failure to submit lists or where the directors are not appointed for any reason under the procedure provided above, the Shareholders' meeting decides with the majority set forth by law. In particular, for the appointment of directors outside the renewal of the entire Board of Directors, the Shareholders' meeting decides with the majority set forth by law and the By-laws, without observing the procedure above, it being understood the following.

If over the course of the year, one or more directors cease from their offices, article 2386 of the Civil Code applies, as follows: (i) The Board of Directors shall appoint the members replacing those ceased within the same list to which the ceased directors belonged and the Shareholders' meeting decides, with the majority set forth by law, respecting the same principle and ensuring, in any case, the presence within the Board of Directors of the required number of members in possession of independence requirements imposed by laws, (ii) if there are no candidates left in the list, who were not appointed previously, the Board of Directors shall replace the ceased director irrespective for what is set forth in clause (i), and so shall do the Shareholders' meeting, with the majority set forth by law, and ensuring, in any case, the presence within the Board of Directors of the required number of members in possession of independence requirements imposed by laws.

Should the majority of directors resign or cease due to other causes, the Board of Directors shall be considered ceased and the directors remained in office shall immediately call the Shareholders' meeting for renewal of appointment. The directors remained in office may in the meantime discharge ordinary administration. The directors, who are appointed during the three years, cease on the same date as those already in office at the time of their appointment.

With regards to the clauses in the By-Laws concerning statutory modifications, it should be noted that the Company By-Laws do not contain provisions other than those established by the current rules. It should also be noted that the By-Laws, in compliance with the provisions of article 2365 of the Civil Code, grants the Board of Directors the capacity to deliberate with regards to the adjustment of the By-Laws to current regulatory provisions.

#### **4.2 Composition (ex article 123-bis, paragraph 2 letter d), TUF)**

At the Date of the Report, by virtue of the resolution of the Shareholders' meeting of the Company on 21 April 2009, the Company is managed by a Board of Directors composed of ten members, mainly non-executives, whose office ends with the shareholders' meeting called to approve the financial statements for the year ended at 31 December 2011.

Currently, out of ten members of the Board of Directors of the Company, two are executive directors and eight are non-executive directors.

Under the guidance of the Rules of Borsa Italiana, in the relevant Instructions and the Code, in relation to companies with shares listed on the MTA STAR Segment, the same Shareholders' meeting of the Company, out of a total of ten members of the Board of Directors, has appointed three independent directors, Mr. Raimondo Cinti, Mr. Giovanni Salsi and Mr. Paolo Mazzoni (also in accordance with the provisions of article 147-ter, third paragraph, of the Consolidated Act).

The directors Emilio Bolzoni, Roberto Scotti, Pier Luigi Magnelli, Luigi Pisani, Franco Bolzoni, Davide Turco, Karl-Peter Staack, Raimondo Cinti and Giovanni Salsi have been taken from the majority list presented by Penta Holding S.r.l. who, at the time of the presentation of the list, owned a 50.12% share of the company's share capital.

The director Paolo Mazzoni has been taken from the minority list presented by Paolo Mazzoni himself who, at the time of the presentation of the list, owned a 6.04% share of the company's share capital.

From the date of appointment of the present Board of Directors to the Date of the Report there have not been changes in the composition of the Board of Directors.

Below information is given on personal and professional characteristics of the single members of the Board of Directors.

Mr. Emilio Bolzoni: born in Piacenza on September 25, 1952, he graduated in 1971 as a patented mechanic. He joined Bolzoni in 1972, gaining experience in various areas. He has been Director of Bolzoni since 1972, serving as chairman on the Board of Directors since 1992. From 1996 to 1999 he was a member of the Board of Cassa di Risparmio di Parma e Piacenza and for six consecutive years from 1997 to 2003, he served as vice-chairman for the Industrial Association of Piacenza. He also serves as chairman for almost all of the other companies of Bolzoni Group.

Mr. Roberto Scotti: born in Piacenza on February 13, 1951, he graduated in 1970 as a certified mechanical technician. From 1970 to 1973 he attended the Department of Mechanical Engineering at the University of Milan. From 1973 to 1979 he was director of Bolzoni and in 1980 founded Teko S.r.l. (a company then incorporated by Bolzoni) of which he was director until 1987. Since 1988 he has held the office of CEO of Bolzoni and other various Group companies.

Mr. Pier Luigi Magnelli: born in Fiorenzuola d'Arda (Piacenza) on August 9, 1941. He graduated as a certified industrial expert in 1958. After having worked as designer for Cesare Schiavi S.p.A. in Piacenza, he joined Bolzoni in 1985 as shareholder. From 1981 to 2004 he was chief technical officer of Bolzoni, for which he has been director since 1985.

Mr. Luigi Pisani: born in Piacenza on November 29, 1950, he graduated from scientific lyceum in 1969 and in 1976 he graduated in Civil Engineering from the Politecnico University of Milan. As member of the Board of Engineers of Piacenza since 1977, he has carried out professional activities in the building sector, including several through his own companies. He joined Bolzoni in 1985 as shareholder and that same year was appointed to director.

Mr. Franco Bolzoni: born in Piacenza on August 5, 1948. He is a certified accountant and in 1967 graduated from university with a degree in Psychology. He is a professor of psychotherapy at the Italian Centre for the Study and Development of Short Term Psychotherapy at the Universities of Padua and Milan, and works as a psychotherapist. He is founder of Bolzoni and has been director of Bolzoni since 1992.

Mr. Davide Turco: born in Domodossola on August 17, 1966. In 1990 he graduated in Business Administration from Bocconi University in Milan. He is a certified accountant and auditor. After brief work experience abroad, he entered the IMI-Sige group, in 1990, where he dealt with Equity Capital Market, Mergers & Acquisitions and Private Equity operations. In 1996 he entered the Merchant Banking Division of Mediocredito Lombardo where he focused on Private Equity operations. He is currently manager for the Fondo Atlante Ventures within IMI Fondi Chiusi SGR SpA (Intesa Sanpaolo group). Outside the Issuer, he holds the office of director and effective auditor in several other companies.

Mr. Peter Karl-Otto Staack: born in Parchim (Germany) on October 22, 1947. He graduated in 1965 from the High School of Solingen (Germany). After having worked as director of sales for Volvo BM Dietzenbach since 1972, in 1981 he founded the Auramo GmbH, the company acting as exclusive distributor of Auramo products in Germany, Austria, Switzerland, Holland and the Benelux countries. In 1988 he acquired Auramo OY which he expanded until its acquisition by Bolzoni in 2001. He has been a director of Bolzoni since 2001.

Mr. Raimondo Cinti: born in Costacciaro (Perugia) on 8 November 1947. In 1973 he graduated in Electronic Engineering from the University of Bologna. He specializes in organizational processes related to the strategic repositioning and competitive business and operational management of change. He currently holds the post of managing director of Seci Energia S.p.A., a company belonging to the Bologna Maccaferri group specializing in the renewable and assimilated energies. As part of his profession, which led him to hold executive positions in several national and multinational companies, he was involved in the implementation and integration of acquisitions of companies, turn-around, production relocation and start-up of new operating entities. He holds the office of director of the Issuer and several other companies. He is a director and qualifies as independent pursuant to article 148, third paragraph, of the Consolidated Act and the Code and director who qualifies as independent pursuant to applicable law in article 148, paragraph third of the Act and the Code.

Mr. Giovanni Salsi: born in Castel San Giovanni (Piacenza) on August 7, 1940. He graduated in accounting in 1959 and later joined Polenghi Lombardo S.p.A.. In January 1960 and in July 1962, he joined Bank of Piacenza where he remained until December 31, 2003. He held the office of general manager of the Bank of Piacenza from 1984 to 2003, year in which he retired. He holds the office of director of the Issuer and several other companies. He is a director and qualifies as independent pursuant to article 148, third paragraph, of the Consolidated Act and the Code.

Mr. Paolo Mazzoni: born in Pontenure (Piacenza) on May 28, 1950. He graduated as surveyor in 1969. Founding member and general manager of Hermann S.r.l., which has become one of the most important manufacturing companies not only in Piacenza but also nationally and internationally; in Hermann S.r.l. he held various offices, last of which Chairman of the Board and Managing Director. He is a director and qualifies as independent pursuant to article 148, third paragraph, of the Consolidated Act and the Code.

For further information regarding the composition of the Board of Directors of the Company see Table 2 at the end of this Report.

#### ***4.2.1 Maximum number of offices held in other companies***

The Board of Directors has not found it necessary to establish general criteria regarding the maximum number of administrative and control offices held in other companies considered compatible with an effective execution of the position as director of the Company,

notwithstanding the duty of each director to assess the compatibility of the offices as director and statutory auditor, held in other listed companies, in financial, banking insurance companies, or other companies of a considerable dimension, with the diligent execution of the duties taken on as director of Bolzoni as indicated in standard 1.C.3 of the Code.

In view of the offices held by its members in other companies, the Board of Directors of the Company has decided that the number and the quality of the offices held does not interfere and is therefore compatible with an effective execution of the office as director of the Company.

#### **4.3 Role of the Board of Directors (ex article 123-bis, paragraph 2 letter d), TUF)**

The By-laws provide that Board of Directors meetings are held at least quarterly. Over the course of 2009, the Board of Directors met ten times, with the meetings lasting an average of about two hours. At all board meetings, as provided under article 1 of the Code, documentation and information needed to discuss with knowledge on the matters under agenda have been provided with reasonable advance to the Board members.

For the financial year 2011, in addition to the meeting already held on 16th March 2011, the calendar of corporate events notified in accordance with article 2.6.2 of Borsa's Rules includes 4 meetings on the following dates: 29th April, 12th May, 25th August and 11th November 2011.

The calendar of the meetings of the Board of Directors for the year 2011 has been announced by the Company through publication on the website at [www.bolzoni-auramo.com](http://www.bolzoni-auramo.com) ("Financial Agenda").

The Board of Directors is vested with the broadest powers for the ordinary and extraordinary management of the Company and with any other powers reserved by law or by the By-laws to the Board of Directors itself. It thus has power to make all actions, including disposals, it deems necessary or appropriate for the attainment of corporate objective, excluded only those expressly reserved to the Shareholders' Meeting by law.

The Board of Directors has:

- established within itself a Remuneration Committee (see paragraph 8) and the Internal Audit Committee (see paragraph 10). Each panel works on the basis of the rules which lay down the proceedings of the committee;
- adopted the new Procedure for Operations with related parties in accordance with art. 4 of the Rules for Related Parties (see paragraph 12);
- established the corporate functions of responsible for internal control and investor relations and consequently appointed the heads for these functions (see paragraphs 11.2 and 15.2);
- adopted a procedure for the processing of inside information (see paragraph 5);
- approved a code of conduct (so called *internal dealing*) (see paragraph 5.2);
- approved a Model of Organization, Management and Control pursuant with Decree No. 231 (see paragraph 11.3);
- established a Supervisory Body (see paragraph 11.3); and
- has approved the Code of Ethics which forms an integral part of the Model of Organization, Management and Control pursuant with Decree No. 231.

As per the functions of the Board of Directors, Bolzoni has a Board of Directors which, as provided by article 19 of the By-laws, is vested of the widest powers for the ordinary and extraordinary administration of the Company, as well as any other competence reserved by law or the By-laws to the same board. Therefore, it has the power to discharge all activities, including the disposal of assets, which it deems necessary or opportune for the achievement of the corporate purpose with the exclusion of those which the law expressly reserves for the Shareholders' meeting.

In particular, the Board of Directors, as by tradition,

- examines and approves the strategic, industrial and financial plans of the Company and Group, the corporate governance system of the Company and the Group structure;
- assesses the adequacy of the organizational, administrative and accounting system of the Company and subsidiaries having strategic significance prepared by the Managing Director, with particular reference to the internal control system and the conflict of interest management;
- examines and approves, in advance, the operations of the Company and its subsidiaries when such operations are strategically, economically and financially significant for the Company itself.

In accordance with the Rules for Related Parties, the Board of Directors approves the Operations with Related Parties, as identified by the new Procedure for Operations with Related Parties approved by the Company pursuant to the Rules for Related Parties and adopted by the Board of Directors on November 29, 2010.

Please note that on March 16, 2011, the Board of Directors has positively evaluated the adequacy of the organizational, administrative and accounting system of the Company and the Group, as the criteria to which such systems are based are fully adequate to ensure the efficient and effective functioning of the internal control system.

With regard to the same article 19 of the By-laws, the Board of Directors may delegate, within the limit set by law, some of its functions to one or more of its members, save for the limits set by law and by the By-laws.

The Board of Directors, and each Managing Director, has the power to appoint attorneys *ad negotia* for specific acts within its functions.

Pursuant to the article 20 of the By-laws, the President, Vice-Presidents (if any) and Managing Directors have jointly and severally the legal representation of the Company for the execution of resolutions of the Board of Directors within the powers attributed by the Board of Directors. The Board of Directors may grant the representation and corporate signature to other directors determining their powers. At the Date of the Report no Vice Presidents or executive committees have been nominated

According to article 19 of the By-laws, at the meetings and at least every quarter, the Board of Directors and the Board of Statutory Auditors are informed, by delegated bodies, if any, also with regard to subsidiaries, on the business, general performance, its foreseeable development, financial operations and operations on assets having major significance, due to size or characteristics, as well as, if any, on transactions in which directors have an interest for themselves or third parties.

Also article 19 of the By-laws provides that Board of Directors is vested with the following powers, subject to the limits of law:

- the resolution on mergers in cases referred to articles 2505 and 2505-*bis* of the Civil Code, also with reference to the split-up under 2506-*ter*, last paragraph, of the Civil Code, in cases where such rules are applicable;

- the establishment and elimination of branches or subsidiaries;
- the identification of the directors having legal representation;
- the possible capital decrease in the event of withdrawal by a shareholder;
- the modifications of the by-laws due to regulatory provisions; and
- the transfer of the registered office within the national territory.

Over the course of the financial year , in addition to the approval of the financial statements for the year ended on December 31, 2009, the quarterly and half-yearly reports and the annual budget, the Board of Directors has resolved, *inter alia*, on the following:

- the business plan of the subsidiaries for the period 2010-2013;
- the annual report on Corporate Governance referring to the year ended on December 31, 2009;
- capital increases for the Spanish subsidiary Bolzoni Auramo S.L. and the Italian subsidiary Bolzoni Auramo S.r.l.;
- the purchase of the remaining 70% stake in Meyer Italia S.r.l.;
- the new procedures for Operations with Related Parties;
- the definition of powers for top managers and first line managers of the Company also in relation to Decree 231;
- the update of Rules for the Supervisory Board;
- the statutory modifications to the By-laws in order to adjust them to the mandatory regulations introduced by the Legislative Decree n. 27 on January 27, 2010 implementing the EU directive on “Shareholders’ Rights”.

As of the Date of the Report, there are no exceptions or waivers, either in general or preventively, to the non-competition obligations provided for in article 2390 of the Civil Code.

#### **4.4 Delegated functions**

##### **4.4.1 Managing Directors**

With the resolution passed on April 21, 2009, the Board of Directors has appointed CEO of the Company Mr. Roberto Scotti, who is granted, jointly and severally, all widest powers for the ordinary and extra-ordinary administration of the Company, of which the Board of Directors is vested according to article 19 of the By-laws and therefore, with no limitation save for those expressly reserved by the law or the By-laws to the competence of the Board of Directors or the Shareholders’ meeting of the Company, as well as the subject listed as follows which are reserved for the exclusive competence of the Board of Directors, as a body: (i) approval of the strategic, industrial, economic and financial plans of the Company and Group; (ii) approval of the annual budget of the Company and the Group; (iii) operations of investment or divestitures, endorsements or grants of borrowings or guarantees which individually exceed the amount of Euro 2,000,000; (iv) operations with related parties.

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

According to article 20 of the By-laws, the Chairman, severally and jointly with Vice Chairmen (if appointed) and the Managing Directors, has the legal representation of the Company for the purpose of executing resolutions of the Board of Directors within and for the exercise of their powers conferred by the Board of Directors itself.

The Chairman of the Board of Directors is appointed by the Board if the Shareholders' meeting has not provided so. The office of Chairman may be combined with that of CEO.

The current Chairman of the Board of Directors, Mr. Emilio Bolzoni, has been appointed by the Shareholders' meeting on April 21, 2009.

The Chairman of the Board of Directors, Mr. Emilio Bolzoni, is granted, by virtue of resolution of the same Board on April 21, 2009, all widest powers for the ordinary and extraordinary administration of the Company, of which the Board of Directors is vested according to article 19 of the By-laws and therefore, with no limitation save for those expressly reserved by the law or the By-laws to the competence of the Board of Directors or the Shareholders' meeting of the Company, as well as the subject listed as follows which are reserved for the exclusive competence of the Board of Directors, as a body: (i) approval of the strategic, industrial, economic and financial plans of the Company and Group; (ii) approval of the annual budget of the Company and the Group; (iii) operations of investment or divestitures, endorsements or grants of borrowings or guarantees which individually exceed the amount of Euro 2,000,000; (iv) operations with related parties.

The reasons of the attribution to the Chairman of the Board of Directors of operational powers is due to of the fact that Mr. Emilio Bolzoni is one of the key figures who contributed in a decisive manner to the development of the Group. Having gained a vast experience in the field of operation of the same group, granting Mr. Bolzoni an operational and important role in the management of the Company and the Group, represents a major resource.

Article 16 of the By-laws provides that the meetings of the Board of Directors are, *inter alia*, convened by the Chairman. The meeting notice must be given no later than three days before the date scheduled for the meeting. In cases of urgency, the notice may be shorter, one day, and the agenda may communicated by telephone.

To ensure an efficient management, the meetings of the Board of Directors of the Company are chaired and coordinated by the same Chairman, or, in his absence, by a member of the Board of Directors appointed by the Board itself.

The Chairman of the Board of Directors presides over the Shareholders' meeting. According to article 10 of the By-laws, the Chairman shall verify, also through appropriate delegates, the regularity of the establishment of the meeting, the identity and entitlement of those present, and the regular proceeding of the meetings, by determining the manners of discussion, vote and results of votes.

The Chairman is not the main person responsible for the management of the Company, a responsibility and function shares with the C.E.O. Mr Roberto Scotti, and is not the subject controlling the Company but the relative majority shareholder of Penta Holding S.r.l. (company controlling Bolzoni 38.05% owned by the Chairman).

As at the Date of the Report, no vice presidents have been appointed.

#### **4.4.3 Disclosure to Board**

In accordance with article 19 of the By-laws, during the meetings and in any case at least every quarter, the Board of Directors and the Board of Statutory Auditors, also through the delegated bodies and also with reference to the subsidiary companies, are updated on the activities performed, on the general trend, on the foreseeable evolution, on the more important economic, financial and capital operations, for size or features, and, if necessary, on operations in which the directors have a personal or third party interest.

Disclosure is given during the board meetings; when advisable due to particular circumstances, it can also be given in writing to the Chairman of the Board of Statutory Auditors who has the duty to report this during the next Board meeting.

#### **4.5 Delegated powers to other directors**

In addition to what described above with regard to managerial delegations attributed to the Chairman of the Board of Directors and to the CEO, the Board of Directors on November 11, 2009, resolved to grant to the director Mr. Pier Luigi Magnelli, jointly and severally, all widest powers for the ordinary and extra-ordinary administration of the Company, save for those expressly reserved by the law or the By-laws to the competence of the Board of Directors or the Shareholders' meeting of the Company, as well as the subject listed as follows which are reserved for the exclusive competence of the Board of Directors, as a body: (i) approval of the strategic, industrial, economic and financial plans of the Company and Group; (ii) approval of the annual budget of the Company and the Group; (iii) operations of investment or divestitures, endorsements or grants of borrowings or guarantees which individually exceed the amount of Euro 2,000,000; (iv) operations with related parties.

The Board of Directors has thought it advisable to grant this delegation of powers to avoid, in the absence of the two executive directors, namely the Chairman of the Board of Directors and the C.E.O., there not being any other directors able to ensure the execution of formalities connected to the day to day direction of the Company; in this view, Mr Pier Luigi Magnelli should not be considered as an executive director permanently part of the Company's management structure and active in the direction of the Company but rather as having an merely interim function.

As of the Date of the Report, no executive committee has been appointed.

#### **4.6 Independent directors**

The judgment of non-executive directors by virtue of the reputation and competence they have, assumes a significant weight in the decision-making of the Board of Directors.

The Board of Directors and the Board of Statutory Auditors, on March 16, 2011 determined, on the basis of information at its disposal and the statements made by the person involved, that three non-executive directors, Mr. Raimondo Cinti, Mr. Giovanni Salsi and Mr. Paolo Mazzoni qualify as "independents", having regard to the rules and principles contained both in the Instructions to the Rules of Borsa Italiana ,in the Code and in the Consolidated Act.

In particular, the Board of Directors has assessed the existence of the independency requirements noting , as established in the applicative standard 3.C.4 of the Code, on the basis of information provided by those concerned and on that available to the Company, the absence of situations which could be or appear to be capable of compromising the autonomy of judgement. In particular, the above mentioned independent directors have signed a

declaration stating their suitability for qualification as independent in accordance with the current regulations, in any case certifying that they themselves:

- (i) do not control the Company, directly or indirectly, not even through subsidiary companies, trust companies or through a third person; that they do not own, directly or indirectly, shares in the Company of such an entity as to exercise a considerable influence on the Company; nor have they entered into corporate governance agreements through which one or more subjects can exercise control or considerable influence on the Company;
- (ii) are not, nor have been during the past three financial years, leading figures of the Company, or of one of its strategically important subsidiaries or of a company subjected to common control with the Company, or rather of a company or a body which, even together with others through a corporate governance agreement, controls the Company or is able to exercise a considerable influence on the said Company;
- (iii) are not, nor have been during the past three financial years, directly employed by the Company, its subsidiaries, any of its related leading figures (Chairman of the Board of Directors, executive directors and managers with strategic responsibilities) or other subjects who, even with others linked together by a corporate governance agreement, control the Company; do not maintain, nor have done during the last financial year, a significant relationship of commercial, financial or professional nature with the Company, one of its subsidiaries or with any of the related leading figures or with subjects who, even with others linked together by a corporate governance agreement, control the Company;
- (iv) do not receive, nor have done during the past three financial periods, from the Company or from a company controlled by or controlling the Company, a significant additional remuneration with respect to the 'fixed' fee as non-executive director of the Company itself, including incentive plans linked to company results, even share-based;
- (v) have not been directors of the Company for more than nine years during the past twelve years;
- (vi) do not hold the office of executive director in another company where an executive director of the Company holds the office of director;
- (vii) are neither shareholders nor directors of a company or an entity belonging to the network of the company appointed as auditors of the Company; and
- (viii) are not closely related to a person who is in one of the situations described above.

It is provided that the Board of Directors shall annually assess the independence of the directors, taking into account the information given by each of them, and with the same frequency shall monitor the offices of director or Statutory Auditors, held by the members in other companies listed on regulated markets, including foreign markets, in banks, financial or insurance companies or companies of significant size.

The presence of independent and non-executive directors within the administrative body of Bolzoni is aimed at the widest protection of the good management of the Company and ensures the debate and dialectics amongst all directors. The contribution of the independent directors allows the Board of Directors *inter alia* to discuss, with sufficient independence, sensitive subjects which potentially could create conflicts of interest.

#### **4.7 Lead independent director**

Given the provisions of the Code, the Board of Directors has concluded, with the consent of the independent directors, not to proceed with the appointment of a lead independent director, and this because of the following reasons: (i) the Chairman is not the prime responsible for the management of the company, which is a shared responsibility and function with the Chief Executive Officer, Mr. Roberto Scotti, and (ii) the Chairman is not the subject who controls the Company, but only holds the relative majority shareholding of Penta Holding S.r.l. (a company that exercises control over Bolzoni of which the Chairman holds 38.05%).

### **5. THE PROCESSING OF CORPORATE INFORMATION**

#### **5.1 Procedure for treating inside information**

With resolution by the Board of Directors of March 26, 2007, and in order to uniform the procedures of the Company to best practice and the provisions of the Code, the Company has adopted a procedure regarding corporate information, while had already established by resolution of the Board of Directors on May 19, 2006, the register of people having access to inside information, in accordance with article 115-*bis* of the Consolidated Act.

This procedure provides rules on management of information flows within the Company (also with respect to the register of persons having access to inside information) and coordinating communication to the public of the so called inside information, in order to prevent that disclosure of information concerning the Company is done selectively, untimely or incompletely or inadequately.

More specifically, the above procedure concerning the regulation of flows of information includes:

- Detailed rules for the management of the register of people having access to inside information, established pursuant to article 115-*bis* of the Consolidated Act, prepared by the CEO secretariat that shall update it and inform persons registered in it, without delay;
- Confidentiality obligations borne by directors and auditors on documents and information acquired in the performance of their duties;
- Manners of approval and distribution of press releases relating to accounting data or significant facts under approval by the Board of Directors;
- That the Chairman and/ or CEO be responsible for coordinating all information flows (i) internal, (ii) inter-company and (iii) external, which have corporate value or that fall within the scope of applicability of the laws and/or regulations in force. With particular reference to the so called inside information, it is provided that the same may not be externally communicated without prior authorization from the Chairman or Chief Executive Officer;
- Confidentiality obligations by executives and employees of the Company regarding inside information which they have obtained in the performance of their duties. In particular, employees shall process such information only using authorized channels, giving immediate communication to the Chairman or the CEO of inside information they have obtained and taking all necessary caution so as to prevent that circulation

within the company of the inside information could undermine their confidentiality;  
and

- That any relationship with the press and other media (through, for instance, press releases, interviews, speeches at conferences, etc.), as well as with financial analysts and institutional investors and, more generally, with shareholders, aimed at document disclosure and dissemination of information concerning the Company, shall be expressly authorized in advance by the Chairman or the CEO of the Company.

With reference to the figure of the investor relator (see paragraph 15.2) it is to be noted that he, under the supervision of the CEO, is responsible for the “investor relation” function, namely the management of relations, in particular, with (i) institutional investors, (ii) shareholders, (iii) the press, (iv) financial analysts, and (v) the financial markets, as trading venues of financial instruments issued by the Company. The investor relator operates in accordance with the policies set forth by the CEO for external communication, as well as the existing laws/regulations in this matter. The investor relator maintains an archive of external information on corporate matters.

The investor relator also ensures compliance by the employees and/or consultants possibly involved, with the principles of fairness on the documentation and information which (even though not falling under the confidentiality obligations regarding inside information) may be subject of external communication without prior authorization from the Chief Executive Officer.

Regarding the dissemination of inside information outside, it is expected that this occurs in a complete, timely and appropriate manner, in order to prevent that the timing or the scope of disclosure might give rise to situations in a position to influence the course of negotiations or alter the fundamental symmetry of information between investors and the various operators in the market, under the responsibility of the investor relator and on the basis of directives issued by the Chairman, Vice Chairman (if appointed), or the CEO.

Finally note that, in accordance with the provisions of the Code, to the members of the management and control bodies, and to persons who perform functions of management and to executives pursuant to Rules for Issuers, it is prohibited to conduct, directly or through intermediaries, operations of purchase, sale, exchange or subscription of shares and financial instruments linked to shares, fifteen days prior to the Board of Directors meeting called to approve the accounts of the relevant period (so-called “Black-out period”). They are not subject to limitation the exercise of any stock options or of options relating to financial instruments, and, limited to shares arising from stock option plans, the connected transfer operations as long as they are performed simultaneously with the exercise. The limitations do not apply in the case of exceptional circumstances, provided that they are properly motivated to the Company.

## **5.2 Code of Conduct (Internal Dealing)**

The Company has approved the adoption of a code of internal dealing to comply with the requirements of article 114, paragraph seventh, of the Consolidated Act and its implementing provisions contained in articles 152-*bis* and following of Rule for Issuers.

As mentioned above, the Company has established a register of people having access to inside information pursuant to article 115-*bis* of the Consolidated Act, disciplining the maintenance by the CEO secretariat.

## 6. BOARD'S INTERNAL COMMITTEES

In order to increase the effectiveness and efficiency of the work of the Board of Directors, an Internal Audit Committee (see paragraph 10), a Remuneration Committee (see paragraph 8) and a Supervisory Body (see paragraph 11.3) have been established within the Board of Directors.

It should also be noted that on November 29, 2010 the Internal Control Committee was assigned the task of performing the functions of the Committee for Operations with Related Parties, in accordance with the Procedure adopted pursuant to art. 4 of the Rules for Related parties, and exercising the related powers (see paragraph 12).

As of the Date of the Report, other than the Remuneration Committee, the Internal Audit Committee, the Supervisory Body and the Committee for Operations with Related Parties, no other committees have been established within the Board of Directors.

## 7. NOMINATION COMMITTEE

Given that the current slate voting mechanism ensures a transparent appointment process and a balanced composition of the Board of Directors, allowing, in particular, the presence of an adequate number of independent directors, the Board of Directors has not considered necessary to establish a nomination committee for proposals on appointments to the Board of Directors.

## 8. REMUNERATION COMMITTEE

### 8.1 Composition and activity of the Remuneration Committee (*ex article 123-bis, paragraph 2, letter d), TUF*)

Regarding the remuneration of directors, the Board of Directors has established a committee (the "**Remuneration Committee**") charged with, in accordance with the provisions of the Code, the formulation of proposals and recommendations on the remuneration of managing director, other directors holding special offices and key executives.

As of the Date of the Report, the Remuneration Committee is composed of three directors, non-executive and independent, namely Mr. Raimondo Cinti, Mr Giovanni Salsi and Mr Pier Luigi Magnelli <sup>(5)</sup>

During the course of the financial year, the Remuneration Committee met once with all its members present and the meeting was regularly reported.

---

<sup>(5)</sup> Mr Pier Luigi Magnelli is included among the eight directors eligible as non-executive. On 11 November 2009 the Board of Directors of the Company resolved to grant the director Pier Luigi Magnelli, severally and independently, all the widest powers, for the ordinary administration of the Company, save those expressly reserved by the law or by the By-laws to the competence of the Board of Directors or the Shareholders' Assembly of the Company, as well as the subjects listed below which are reserved for the exclusive competence of the Board of Directors as a body: (i) approval of strategic, industrial, economic and financial plans of the Company and the Group; (ii) approval of the annual budget of the Company and the Group; (iii) investment or divestiture operations, endorsements or grants of loans or guarantees which individually exceed the amount of 2,000,000 Euros; and (iv) operations with related parties. The Board of Directors has deemed it advisable to grant this delegation of powers to avoid, in the absence of the two executive directors namely, the Chairman of the Board and the C.E.O., there not being any other director able to ensure the execution of formalities connected to the day to day direction of the Company; in this perspective, Mr Pier Luigi Magnelli should not be considered as an executive director permanently part of the company's management structure and actively involved in the direction of the Company but rather as holding a merely interim function.

In accordance with the provision of article 7.C.4 of the Code and in compliance with the Rules of the Remuneration Committee no director takes part in those meetings of the committee members where proposals are formulated with regards to his remuneration.

## **8.2 Functions of the Remuneration Committee**

In particular, the Committee shall (i) submit to the Board of Directors proposals for the remuneration of Managing Directors and other directors holding special offices, monitoring the implementation of decisions by the Board of Directors; and (ii) periodically evaluate the criteria adopted for the remuneration of key executives, monitor its application on the basis of information supplied by managing directors and deliver to the Board of Directors general recommendations on this matter. The Remuneration Committee, in formulating its proposals and recommendations, provides that a significant part of the total compensation of managing directors and key executives be linked to economic performance achieved by the Company and/or to achievement of specific objectives preventively set by the Board of Directors or, in the case of the above executives, by Managing Directors.

With particular reference to stock options and other incentive plans based on shares, the Remuneration Committee shall submit to the Board of Directors its recommendations in relation to the use of such systems and the relevant technical aspects associated with their implementation. In particular, the Remuneration Committee makes proposals to the Board of Directors regarding the incentive system which it considers appropriate and tracks the evolution and implementation of the plans over time.

In the performance of its functions, the members of this Committee may access information and corporate functions in order to fully perform their tasks and use outside consultants.

The Company has also adopted a regulation for the operation of this committee, under which the Remuneration Committee shall be convened at least once a year and, in any event, before the first meeting of the Board of Directors called to decide on the remuneration of Managing Directors or invested with specific powers and/or top management of the Company, as well as on any stock option plans or allocation of shares.

The establishment of this Committee ensures the widest circulation of information and transparency on compensation payable to the managing directors, as well as on the manners of determination. It is however understood that, pursuant to article 2389, third paragraph, of the Civil Code, the Remuneration Committee discharges proposition functions only while the power to determine the remuneration of directors with specific powers remains in any case in the hands of the Board of Directors, after hearing the opinion of the Board of Statutory Auditors.

Over the course of the financial year the Remuneration Committee has made a proposal to the Board of Directors to maintain the remuneration of the Directors unchanged according to the division adopted in the year 2009 whereas, as regards the possible integration of the CEO's compensation, in view of the persisting difficult economic situation and considering that the previously established criteria are not achievable, the Committee has proposed the adoption of possible new criteria linked to a considerable improvement in turnover.

## **9. REMUNERATION OF DIRECTORS**

The Board of Directors is granted the duty of determining, after having examined the proposals of the Remuneration Committee and heard the opinion of the Board of Statutory Auditors, the remuneration of managing directors and those who hold special offices, as well as the division of global compensation resolved by the Shareholders' meeting due to each member of the Board of Directors.

As for the executive directors, it should be noted that the CEO, Mr Roberto Scotti, has been given a variable compensation linked to the achievement by the Group of specific financial targets.

In the course of the financial year, in view of the continuing difficult situation for global economy, no type of variable compensation system has been adopted and no further incentive mechanisms are planned as the Company's activity is focused on limiting and cutting costs.

As for the non-executive directors, it should be noted that their remuneration is not linked to the economic results achieved by the Company. The non-executive directors are not beneficiaries of share-based incentive plans. Indeed, the remuneration of non-executive directors has been determined considering the commitment required from each one of them, taking also into account the possible involvement in one or more of the committees.

### **9.1 Indemnity for directors in the event of resignation, dismissal or termination of the relationship as a result of a public offer (ex article 123-bis, paragraph 1, letter i), TUF)**

As of the date of the Report no agreements have been drawn up between Bolzoni and the directors establishing indemnities in the event of resignation, or dismissal/removal without a just cause or in the event of the termination of the relationship as a result of a public offer.

## **10. INTERNAL CONTROL COMMITTEE**

### **10.1 Composition and activity of the Internal Control Committee (ex article 123-bis, paragraph 2, letter d), TUF)**

The Board of Directors has established a committee for the internal control which is responsible for analysing the issues and work on the control over the business (“**Internal Control Committee**”).

As of the Date of the Report, Internal Control Committee is composed of three directors non-executive and independent, namely Mr. Raimondo Cinti, Mr Giovanni Salsi and Mr Pier Luigi Magnelli<sup>(6)</sup>.

In the course of the financial year, the Internal Control Committee met four times with all its members present. The meetings lasted an average of 1 ½ hours.

For the year 2011, in addition to the meeting already held on 7 February 2011, other quarterly meetings have been scheduled. Mr Giorgio Picone, Chairman of the Board of Statutory Auditors has also been invited by the Committee to take part in the meetings, as well as Mr Marco Bisagni (C.F.O.), Mr Marco Rossi (Responsible for Internal Control) and Mr Emilio Bolzoni (Chairman).

### **10.2 Functions of the Internal Control Committee**

The Internal Control Committee has advisory and proposing functions so as to assist the Board of Directors in the following:

- definition of the guidelines of the internal control system;
- identification of an executive director responsible for overseeing the functionality of the internal control system;
- evaluation, at least once a year, suitability, of the adequacy, efficiency and the correct functioning of the internal control system; and
- description, to be provided in the report on corporate governance, the essential elements of the internal control system.

The Internal Control Committee reports to the Board of Directors on the work discharged and on the adequacy of internal control. The Committee performs in autonomy its task and is independent both in respect of Managing Directors, with regard to issues of safeguarding the integrity of company, and of the audit firm, with regard to the evaluation of results shown in the report and the suggestion letter.

---

<sup>(6)</sup> Mr Pier Luigi Magnelli is included among the eight directors eligible as non-executive. On 11 November 2009 the Board of Directors of the Company resolved to grant the director Pier Luigi Magnelli, severally and independently, all the widest powers, for the ordinary administration of the Company, save those expressly reserved by the law or by the By-laws to the competence of the Board of Directors or the Shareholders' Assembly of the Company, as well as the subjects listed below which are reserved for the exclusive competence of the Board of Directors as a body: (i) approval of strategic, industrial, economic and financial plans of the Company and the Group; (ii) approval of the annual budget of the Company and the Group; (iii) investment or divestiture operations, endorsements or grants of loans or guarantees which individually exceed the amount of 2,000,000 Euros; and (iv) operations with related parties. The Board of Directors has deemed it advisable to grant this delegation of powers to avoid, in the absence of the two executive directors namely, the Chairman of the Board and the C.E.O., there not being any other director able to ensure the execution of formalities connected to the day to day direction of the Company; in this perspective, Mr Pier Luigi Magnelli should not be considered as an executive director permanently part of the company's management structure and actively involved in the direction of the Company but rather as holding a merely interim function. .

In particular, the Internal Control Committee is responsible for:

- at the request of the executive director specifically appointed for the task, expressing opinions on specific issues related to the identification of business risks, as well as to the design, implementation and management of the internal control system;
- as instructed by the executive director specifically appointed for the task, and with the purpose of achieving an increasingly better business management, verifying strategic, business, financial and non-conformity risks, and informing the Board of the Directors;
- reporting back to the Board of Directors, at least every six months, when the annual and interim financial reports are approved, on the activities carried out as well as on the suitability of the internal control system;
- examine the work plan prepared by the person responsible for internal control as well as the periodic reports prepared by the same;
- perform other duties that are conferred to it by the Board of Directors; and
- perform the duties as the Committee for Operations with Related Parties, as in the Procedure adopted pursuant to art. 4 of the Rules for Related Parties, and exercise the related powers.

Following the coming into force of the Legislative Decree n. 39 on January 27, 2010, the functions referred to by the criteria 8.C.3, subparagraphs (d) part one, and (e) of the Code are reserved for the Board of Auditors, and no longer to the Internal Control Committee, and are namely (i) the evaluation of proposals made by the auditing firm to obtain custody of an assignment and the work plan for review; (ii) the supervision on the effectiveness of the legal auditing process on the accounts.

The Company has approved a regulation for the operation of the Internal Control Committee, under which this Committee shall meet at least twice a year and in any case, before the approval of the draft balance sheet and the half-yearly report by the Board of Directors.

In the performance of their functions, the members of the Committee may access to information and corporate functions in order to fully perform their tasks, and use outside consultants.

Over the financial year , the Internal Control Committee :

- has examined the work plan drawn up by the person in charge of internal control;
- through the examination of the periodical reports prepared by the person in charge of internal control, has inspected the monitoring activity performed by the person, and the verifications regarding the management aspects of the single companies within the Group;
- has closely examined the proposals regarding the orientation of the Internal Control System developed as instructed by the CEO and subsequently approved by the Board of Directors on November 11, 2009;
- has taken note of the company's activities for the achievement of the project 'Adjustment of the internal audit system as requested by Law 262/2005';
- together with the manager responsible for the preparation of the company accounting documents and the auditors, has assessed the correct use of the accounting principles and their applicability for the preparation of the consolidated financial statement; and
- has reported to the Board of Directors, each semester during the approval of the annual and the half year financial statements, on the activities performed and on the adequacy of the internal auditing system.

The meetings of the Internal Control Committee were regularly reported.

## **11. INTERNAL CONTROL SYSTEM**

The internal control system is the set of processes directed to monitor the efficiency of business operations, the reliability of financial reporting, compliance with laws and regulations and the protection of corporate assets.

Responsibility for the system of internal control in fact belongs to the Board of Directors which establishes guidelines and management of business risk, periodically verifying, with the assistance of the Internal Audit Committee and the responsible for internal control, the regular operation the system itself. The appointment of the Internal Control Committee does not entail waiver from the Board of Directors tasks and responsibilities, with regard to the duty of supervising general performance of management.

The internal control system satisfies the need to safeguard a healthy and efficient management of the company assets, as well as identifying, preventing and handling, as far as possible , risks of a financial and operating nature and frauds to the detriment of the Company.

Indeed, an effective internal control system contributes to ensuring the protection of the company assets, the efficiency and the efficacy of the company's operations, the reliability of financial information, the observance of laws and regulations. In view of the company's characteristics, the Board of Directors of the Company believes the current internal control system to be adequate.

The guidelines of the internal control system are defined by the Board of Directors which assures that its evaluations and decisions regarding the internal control system, the approval of financial statements and half-yearly reports and the relations between the Company and the external auditing firm are supported by an adequate investigation activity.

For further information on the main characteristics of the risk management and internal control systems existing in relation to the financial disclosure process, also consolidated, please refer to Appendix 1.

### **11.1 Executive director in charge of internal control system**

The CEO, Mr. Roberto Scotti, is charged with the duty to define the manners and means of implementing the system, pursuant to the guidelines established by the Board of Directors; the same director ensures the adequacy, the concrete functionality and adaptation to changes in operating conditions and legislative and regulatory framework. In particular, he identifies, monitors and manages business risks, which he submits to the Board of Directors.

The internal control system answers to the protection of sound and efficient management, as well as to the need of detection, prevention and management of financial and operational risks and frauds in prejudice to the Company.

The CEO, Mr. Roberto Scotti, proposed to the Board of Directors, Mr. Marco Rossi, who is the person responsible for internal control (see section 11.2).

### **11.2 Person in charge of Internal Control**

The Company has appointed as person responsible for internal control Mr. Marco Rossi and has put in place the conditions to ensure that he is independent hierarchically from any areas of operational responsibility, by reporting his work to the CEO, the Internal Control Committee and the Board of Statutory Auditors, and is equipped with the resources to effectively conduct his control function.

Mr. Marco Rossi has access to all the relevant information necessary for the performance of his duties.

During the financial year the person in charge of internal control, in addition to discharging control functions connected to management, has carried out activities for monitoring the principal risks connected to the various corporate activities and has trained personnel on the main issues regarding the Company's internal control system with the aim of making staff aware of its rules, principles and values.

The person in charge of internal control also took part in the project for the adaptation of the internal control system to the requirements established by law 262/2005, assisting the manager responsible for the preparation of the financial statements in drawing up the required accounting procedures.

The person in charge of internal control also attended, as a rule, all the meetings of the Internal Control Committee and cooperated in updating the Committee on all the internal audit activities implemented during the financial year.

The person in charge of internal control has not been assigned any financial resources as , in the performance of his duties he makes use of the corporate means and structures of the Company.

### **11.3 Organizational Model *ex* Decree No. 231/2001**

In execution of the resolution of the Board of Directors on September 20, 2007, the Company has launched over the course of 2007, and completed in the first quarter of 2008, the project for the preparation and implementation of the Organizational Model under Decree 231.

The Company has continued in its review of the sensitive business operations, in order to monitor the areas of risk in connection with the commission of crimes which are presupposed by this law. In parallel, the business functions which are more involved in such activities at risk were also identified.

The offences referred to by the Decree, which have been identified as the most important for the Company, are those mentioned in articles 24, 25 (Offences committed with the Public Administration), 25-*ter* (Corporate Offences) and 25-*sexies* (Offences of insider trading and market manipulation), 25-*septies* (Offences of manslaughter or injuries in violation of health or safety rules), 25-*octies* (Offences regarding receiving of stolen goods, laundering and use of money, goods or utilities of illegal origin) provided for in Decree 231.

The Organizational Model has been approved and, consequently, implemented with approval of the Board of Directors on March 26, 2008. Simultaneously, upon the approval of the Organizational Model, the Company has also appointed a Supervision Body, fully autonomous and independent, with the task of ensuring the effectiveness, efficiency and adequacy of the Organizational Model in relation to the actual situation of the Company.

At the Date of the Report the members of the Supervision Body, whose office lasts one year from the date of appointment, are Mr. Giovanni Salsi, Mr. Raimondo Cinti (independent directors of the Issuer) and Mr Pier Luigi Magnelli. Mr Marco Rossi, person in charge of the Company's Internal Control System assists the directors during the meetings of the Supervision Board.

In the course of the financial year the Supervision Body met five times in order to verify the adequacy of the Organisation Model following changes in the rules, legal interpretations and possible changes in the configuration of company risks.

During the meetings the Supervision Body:

- has approved the work plan prepared by Mr Marco Rossi, responsible for internal control.
- through the examination of the quarterly reports, has inspected the activities performed during the financial year by Mr Marco Rossi;
- through the examination of the quarterly reports, has inspected the activities performed during the financial year by Mr Raffaele Fusco, responsible for Prevention and Safety service, in fulfilment of the guide lines of *Confindustria* on matters of safety;
- has verified the functioning and the observance of the Organisation, Management and Control Model and has taken note that it is being updated;
- has checked the staff training process with regards to Decree 231;
- has verified the actual distribution of the 'Welcome Book' and the 'Code of Ethics' among all staff members;
- has checked the granting of proxies and powers to top/middle level managers of the Company following the Board resolution on March 12, 2010;
- has taken note that the Standards of Conduct adopted by the Company have been endorsed by the department heads;
- has taken note of the acquisition of Meyer Italia S.r.l. by the Company and has requested an analysis of potential risks in connection with Decree 231; and
- has verified the current relations with related parties and has take note that the Board of Directors has adopted measures established by Rules for Related Parties.

The meetings of the Supervision Board were regularly reported.

At the date of the Report the Supervision Body has been assigned financial resources amounting to an overall 10,000 Euros per annum.

The Organizational Model provides a set of behavioural protocols aimed to prevent the commission, or at lease reduce the risk of commission, of those crimes which are referred to by the Decree 231, in the interest or benefit of the Company, by directors, managers, employees, or employees of the Company or third parties, who are in any case subject to the supervision or control of the Company.

Lastly, the Company has adopted a Code of Ethics which will be extended to all Group companies, also abroad.

#### **11.4 Audit Firm**

The legal auditing of the accounts is performed by Reconta Ernst & Young S.p.A., a company registered under Consob, appointed for the financial years 2006-2011, by the ordinary Shareholders' meeting on March 23, 2006, on the justified proposal made by the Board of Statutory Auditors. The firm entrusted with the legal auditing of the accounts of Bolzoni has the same task in almost all the Group companies.

### **11.5 Executive responsible for the preparation of company accounts**

According to article 25-*bis* of the By-laws, the Board of Directors has appointed, after consulting the Board of Statutory Auditors, in accordance with article 154-*bis* of the Consolidated Act, the executive responsible for the preparation of company accounts, who shall have specific professional expertise in the field of administration, finance and control.

The Board of Directors, in the meeting on April 27, 2007, noted the favourable opinion expressed by the Board of Statutory Auditors and verified the existence of the requirements of professionalism provided by the By-laws, appointed Mr. Marco Bisagni as executive responsible for the preparation of company accounts under article 154-*bis* of the Consolidated Act, as amended.

Mr. Marco Bisagni is currently the Director of Finance of the Company and, in that capacity, has ample powers and resources to carry out his tasks.

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

The Procedure regarding operations with related parties ( the “Procedure”) was unanimously approved by the Company’s Board of Directors on November 29, 2010 following the positive opinion unanimously expressed by the Committee for Related Parties (identified by the Procedure with the Committee for Internal Control created pursuant to principle 8.P.4 of the Code), pursuant to art. 2391-*bis* of the Italian civil code and art.4, paragraphs 1 and 3, of the Rules for Related Parties subsequently amended by the resolution n. 17389 on June 23, 2010. The purpose of the Procedure, available on the Company’s web site, is to define the rules, the terms and the standards aimed at ensuring transparency and substantial fairness of operations with related parties performed by the Company, directly or through its subsidiaries.

### **12.1 Operations with Related Parties – inquiry and approval**

As a ‘company of minor dimensions’ in accordance with article 3, paragraph 1, letter f), of the Rules for Related Parties, the Company has chosen, as per article 10 of the Rules , to apply to Operations with Related Parties of Greater Relevance the procedure established for Operations with Related Parties of Minor Relevance described below and contained in article 5 of the Procedure.

The Company’s Board of Directors, that is to say the competent delegated body approves the Operations with Related Parties, following the non-binding and justified opinion of the Committee for Operations with Related Parties, on the interests of the Company regarding the execution of the Operation as well as the advantage and the substantial fairness of the related conditions.

In order to enable the Committee for Operations with Related Parties to provide a justified opinion on the subject:

- (i) the Responsible Function must give the Management sufficiently in advance, complete and adequate information on the Operation with Related Parties. In particular, this information must cover the nature of the correlation, the fundamental terms and conditions of the Operation, the timetable, the reasons underlying the Operation together with possible risks for the Company and its subsidiaries. The Management will take care of transmitting the information to the Committee; and

- (ii) if the Committee for Operations with Related Parties considers it to be necessary or appropriate, it can revert to one or more independent advisors or experts of its own choice. The experts should be selected among subjects known for their professional skills and competence in the specific matter, whose independency will be assessed together with the absence of conflict of interests.

The Committee for Operations with Related Parties should express its opinion in due time for the approval of the Operation with Related Parties and promptly provide the body qualified to decide on the approval of the Operation with Related Parties adequate information on the inquiry carried out on the Operation to be approved. This information should cover at least the nature of the correlation, the terms and the conditions of the Operation, timetable, the assessment procedure followed and the reasons underlying the Operation as well as possible risks for the Company and its subsidiaries. The Committee should also pass on to the body qualified to decide on the Operation any other opinions expresses in relation to the Operation.

If the Operation falls under the competence of the Board of Directors, the minutes of the approval resolutions should include adequate justification regarding the Company's interest towards the Operation being performed as well as the advantage and the substantial fairness of the related conditions.

Regarding Operations with Related Parties under the competence of the Shareholders Assembly or requiring its authorisation under article 2364, paragraph 1, n. 5 of the Italian Civil Code, for the negotiation phase, the inquiry phase and the approval phase of the proposed resolution to be submitted to the Shareholders Assembly, the provisions indicated in this article 5 are applicable.

If the Board of Directors intends submitting the Operations of Greater Relevance to the Shareholders Assembly, despite the contrary opinion or however, without taking into account the observation of the Committee for Operations with Related Parties, the Operation cannot be performed if the majority of unrelated voting shareholders votes against the Operation, provided however that the unrelated shareholders present in the Assembly represent at least 10% of the share capital with voting right.

Subsequent to the decision by the competent body with regards to the Operation, the Management informs the Responsible Function and the Committee for Operations with Related Parties of the result of this resolution without delay.

## **12.2 Operations with Related Parties performed through subsidiary companies**

Operations performed through subsidiary companies must be submitted to the prior non-binding opinion of the Committee for Operations with Related Parties, which must provide its opinion in time to allow the competent body to authorise or examine or assess the Operation.

## **12.3 Exclusions and exemptions**

Without prejudice to the cases of exemption established under article 13, paragraphs 1 and 4, of the Rules, the Procedure is likewise not applied to:

- (a) operations related to remunerations schemes based on financial instruments approved by the Shareholders' Assembly according to art. 114 bis of the Consolidated Act and related executory operations;
- (b) resolutions regarding the remuneration of directors with special offices, other than those indicated in art. 13, paragraph 1, of the Rules for Related Parties,

and of other directors with strategic responsibilities, providing that the requisites indicated in art. 13 of the Rules for Related Parties are observed;

- (c) Small Amount Operations (operations for amounts under € 60,000);
- (d) Ordinary Operations concluded at conditions equivalent to those of the market or standard (i.e, conditions similar to those usually applied towards unrelated parties for operations of corresponding nature, entity and risk, or based on controlled rates or fixed prices, or applied to subject with whom the company is obliged by law to do business at a certain consideration) as per article 13, paragraph 3, letter c) of the Rules for Related Parties within the limits therein;
- (e) Urgent operations as per article 13, paragraph 6, of Rules for Related Parties within the limits and the terms established therein;
- (f) operations with or between subsidiary companies, even jointly, of the Company, or operations with the Company's associated companies, if there are no Significant Interests belonging to other Related Parties of the Company in the subsidiary or associated companies who are counterparts in the operation;

without prejudice to the disclosure obligations applicable in accordance with art. 11 of the Procedure.

These possible exemptions are also applicable, *mutatis mutandis*, to operations performed through subsidiary companies. With specific regards to the exemption for ordinary operations, with the purpose of evaluation the ordinary nature of the operation, the activity of the subsidiary company will count, except when the subsidiary is a special purpose entity established for the execution of this Operation, in which case the verification of the ordinary nature must also be performed on at least one of the activities carried out by the Bolzoni Group.

### **13. APPOINTMENT OF STATUTORY AUDITORS**

According to article 22 of the By-laws, the Board of Statutory Auditors consists of three effective Auditors and two alternates, who may be re-elected, and operates in compliance with the law.

Those who are not eligible or do not possess professionalism, good repute and independence as required by law, may not be appointed, and if so cease from office. Without prejudice to the ineligibility prescribed by law, those who hold positions of director and audit in excess of the limits set by the law and regulation in force may not be appointed as statutory auditors, and if so cease from office. Upon appointment of the auditors, the Shareholders' meeting determines their annual remuneration. The auditors shall be reimbursed of expenses incurred in the performance of their duties.

The appointment of auditors is made on the basis of slate voting according to the following procedures aimed at ensuring the appointment of an effective auditor and an alternate auditor nominated by minority shareholders. Lists to be submitted shall be composed of two sections: one for the appointment of effective auditors and the other for the appointment of alternate auditors. The lists must contain a number of candidates not exceeding the number of members to be elected, listed in numerical order. Each candidate may appear on one list, failing which he/she shall be ineligible.

Shareholders who, alone or together with other shareholders, hold at the time of submission of the list, a total portion of the share capital consisting of shares having voting rights in ordinary Shareholders' meeting, as determined in accordance with the established by the provisions of law and regulation or, failing that, by existing By-laws, relating to election of members of the Board of Directors of the Company, shall be entitled to submit a list of candidates. Each shareholder may compete for only one list failing which the votes he/she may receive shall not be taken into account in any of the lists.

The current By laws , updated on November 29, 2010 following the coming into force of the rules contained in the Legislative Decree n. 27 of January 27, 2010, implementing the EU directive on "Shareholders' Rights", establish that the lists, undersigned by those who have presented them, must be deposited at the registered office of the Company at least twenty-five days before the date scheduled for the Shareholders' meeting on first call, summoned for the appointment of members of the Board of Statutory Auditors, unless other terms are provided by the laws and regulations, and made available to the public at the Company's registered office, on its web-site and as specified by Consob at least twenty-one days before the date of the Shareholders' Meeting.

Ownership of the minimum amount of shares required for presentation of the lists is determined on the basis of the shares registered in favour of the shareholder on the day the lists are presented at the Company's registered office. The related certification, issued according to the regulations in force at the time, may be produced even after presentation as long as it reaches the Company within the date established by the rules or regulations in force at the time with regards to the publication of the lists by the Company. Presentation is valid also for the second and third call, where applicable, when executed as above.

The lists thus presented must contain (i) information on the identity of shareholders who have submitted them, indicating the percentage of shareholding held and a certification as to the ownership of such shareholding, (ii) a statement of shareholders other than those holding, separately or jointly, a controlling shareholding or of relative majority, stating the absence of the relationships provided for by the laws with the former, and (iii) a comprehensive information on the personal and professional characteristics of the candidates, as well as a statement certifying that candidates meet the requirements set by law and their acceptance to the candidacy. Each shareholder has the right to vote for only one list.

The first two candidates on the list who receive the largest number of votes and the first candidate on the list proved to be the second by number of votes shall be appointed as effective auditors. The first candidate on the list receiving the largest number of votes and the first candidate on the list proved to be the second by number of votes, shall be appointed as alternate auditors. In case of a tie between two or more lists, candidates younger in age up to the positions to be allocated, shall be appointed as auditors.

The Chairman of the Board of Statutory Auditors is appointed by the Shareholders' meeting among the effective auditors nominated by the minority; if two or more lists receive the same number of votes, the above procedure shall apply.

Where the requirements set by law or the By-laws are not met after appointment, the Auditor ceases from office.

In the event of cease of office of an auditor, the first alternate auditor belonging to the same list as the one ceased replaces such auditor until the next Shareholders' meeting. For replacements of the Chairman, the chair is taken until the next Shareholders' meeting, by the other effective member and, failing that, by the first alternate auditor, who is drawn from the list to which the ceased Chairman belonged. If the Shareholders' meeting is called to provide under law to the appointment of effective auditors and/or alternate auditors and/or Chairman as necessary to the integration of the Board, due to the replacements above, the following procedure applies:

- Should it be needed to replace the effective auditor and/or alternate auditor appointed from the list that was second highest in terms of number of votes, candidates are respectively the effective auditor and alternate auditor, who were not appointed, listed in the relevant sections of same list as the auditor to replace. He/she, who receives the largest number of votes, is appointed;
- Should no names be proposed under the previous paragraph, and if necessary to replace effective auditors and/or alternate auditors from the list that received the highest number of votes, the provisions of the Civil Code shall apply and the Shareholders' meeting shall resolve with the majority of voters, excluding from the calculation those abstaining from voting. Where only one list is submitted, the Shareholders' meeting shall resolve with by a majority of voters, excluding from the calculation those abstaining from voting and the chair shall be given to the candidate listed at the top of the section of the list for candidates to the office of effective auditor. In the event that an auditor or the Chairman ceases from office, they are replaced by an alternate auditor and an effective auditor as indicated in progressive order in the relevant section of the list, until the next Shareholders' meeting. If the Shareholders' meeting is called to provide according by law for the appointment of effective auditors and/or alternate auditors and the Chairman, as necessary for the integration of the Board as a result of above ceases from office, the provisions of the Civil Code apply and the Shareholders' meeting resolves with the majority of voters, excluding from the calculation those abstaining from voting. The provisions of article 13 shall apply if no list is presented.

#### **14. STATUTORY AUDITORS (*ex* article 123-bis, paragraph 2 letter d), TUF)**

Pursuant to article 22 of the By-laws, the Board of Statutory Auditors is composed of three effective Auditors and two alternate Auditors, who may be re-elected, and functions in compliance with the law.

The Board of Statutory Auditors currently in office has been appointed by the Shareholders' meeting on April 29, 2010 for three financial years, until the approval of the financial statements as of December 31, 2012.

For further information on the composition of the Company's Board of Statutory Auditors please see Table 3 at the end of this Report.

It should be noted that the appointment of the Board of Statutory Auditors in office at the Date of this Report took place pursuant to the slate voting mechanism set forth by the By-laws and described in previous Paragraph 13. In this context, Mr. Giorgio Picone, Chairman of this Board, was appointed as auditor from the candidates of the minority list submitted by Banca Intesa S.p.A.; Mr. Andrea Foschi was drawn from the same list as alternate auditor.

The remaining members of the Board of Statutory Auditors, namely Mr. Carlo Baldi and Ms. Maria Gabriella Anelli (effective auditors) and Mr. Guido Prati (alternate auditor), were appointed from the list submitted by Penta Holding S.r.l.

Information on personal and professional characteristics of the professionals who are members of the Board of Statutory Auditors is given below:

Mr. Giorgio Picone: born in Eboli (SA) on April 29, 1945. In 1971 he graduated in Business Administration from the University of Parma. He is a certified accountant and auditor and continues practice at his firm in Parma.

Mr. Carlo Baldi: born in Reggio Emilia (RE) on April 29, 1939. In 1964 he graduated in Business Administration from the University of Parma. He is a certified accountant and auditor and continues to practice at his firm in Reggio Emilia.

Ms. Maria Gabriella Anelli: born in Piacenza on September 29<sup>th</sup> 1956. In 1980 she graduated in Business Administration from the University of Parma. She is a certified accountant and auditor, and continues to practice at her firm in Piacenza.

During the financial year it became necessary to adjust the duties of the Board of Statutory Auditors following the modifications introduced by the Legislative Decree n. 39 on January 27, 2010 ("Implementation of EEC directive 2006/43/CE, regarding legal auditing of annual and consolidated accounts, which modifies the directives 78/660/CEE and 83/349/CEE, and repeals the directive 84/253/CEE"). In particular this regulation assigns the Board of Statutory Auditors the responsibility of, (i) assessing the proposals made by the auditing firm in order to obtain the appointment of the related task as well as the work plan for the auditing process; and (ii) supervising the effectiveness of the process for legal auditing of the accounts.

In the course of its activity, the Board of Statutory Auditors: (i) has supervised the independency of the auditing firm, verifying both the observance of the related rules and the nature and entity of those services other than accounting audits provided by the auditing company and by its branches to the Company and to its subsidiaries and (ii) has coordinated its work with the internal audit department and the Internal Control Committee through specific meetings and (iii) together with the manager responsible for the preparation of the company accounting documents and with the external auditors, has evaluated the correct application of the accounting principles and their uniformity with regards to the preparation of the consolidated financial report.

In the course of the financial year, the Board of Statutory Auditors met nine times. The meetings lasted an average of two hours. For the financial year 2011, in addition to the meeting already held on 14 February 2011, quarterly meetings are scheduled.

Auditors act with autonomy and independence and, therefore, are not "representatives" of the majority or minority shareholders who have nominated or appointed them.

In the performance of their duties, the Auditors may, even individually, ask the directors for updates and explanations on the information they have been given and more in general, on the performance of company operations or on specific business, as well as carrying out inspections and controls at any moment. The Board of Statutory Auditors and the Audit Firm can exchange figures and information relevant to the execution of their duties. The Board of Statutory Auditors must meet at least once every 90 days.

The Board of Statutory Auditors has assessed the independency of its members after their appointment and that the independency requisites continue to be maintained. In the execution of the above assessment the Board has applied all the principles established by the Code in relation to the independency of the directors.

In the event of the Board of Statutory Auditors holding any interest, both on behalf of itself or for third parties, in conflict with those of the Company, it will report this to the Board of Directors before each resolution is passed.

## **15. RELATIONS WITH THE SHAREHOLDERS**

### **15.1 Website**

The Issuer has set up a special section (called “Investor relations”) as part of its Internet website ([www.bolzoni-auramo.com](http://www.bolzoni-auramo.com)), which is easily identifiable and accessible, where information on the Issuer that is relevant to its shareholders as to enable them to a conscious exercise of their rights, are made available.

### **15.2 Investor Relations**

The Company has appointed Mr. Marco Rossi as the person responsible for relations with institutional investors and other shareholders (*i.e.* Investor Relator), with the task of maintaining the dialogue with shareholders and institutional investors.

In any case he may not give communications on relevant facts prior to the communication to market, given that the Investor Relator is subject to the provisions governing the procedure for the processing of inside information referred to in Paragraph 5.1.

## **16. SHAREHOLDERS’ MEETINGS (ex article 123-bis, paragraph 2 letter c), TUF)**

It should be remembered that the Legislative Decree n. 27 of January 27, 2010 – which in Italy implemented the directive 2007/36/CE on Shareholders’ Rights – has considerably modified the terms for attending the Shareholders’ meetings, establishing, among other things, new rules on the how and when the meeting is called as well as the legitimation of participation and the exercise of voting right.

On November 29, 2010, with the resolution passed by the Board of Directors in accordance with art 2365, paragraph 2, of the Italian Civil Code, the Company adjusted its By-laws to the mandatory regulations dictated by the Legislative Decree n. 27 of January 27, 2010, aimed at facilitating the participation of shareholders in meetings,

Pursuant to the new provisions which have modified article 8 of the By-laws, the Shareholders’ meeting is called by means of a notice of convocation to be published on the Company’s web-site ([www.bolzoni-auramo.it](http://www.bolzoni-auramo.it)) and in the manner and within the terms set out by current regulations in addition to, where prescribed as mandatory, or in any case, each time the Board of Directors decides it is the case, in at least on of the following daily newspapers: “*Il Sole 24 Ore*” or “*Corriere della Sera*”. The notice of call must contain all the indications established at the time by current, even regulatory, legislation. The same notice of convocation may also contain the date for a possible second call and, in the cases provided by applicable law, a third call may also be fixed. If the date of the second or third call is not indicated in the notice, the second or third call of the Shareholders’ Meeting shall be convened within thirty days, of the first or second call respectively, by a notice published at least ten days before the date set for the meeting.

The notice of convocation of the Shareholders’ meeting must be published at least thirty days before the date of the meeting itself, except for meetings convened for (i) the election of the members of the company bodies, in which case the term is forty days; (ii) the approval of defensive measures in the event of public offer acquisition offer, in which case the term is reduced to fifteen days; and (iii) the approval of a reduction in share capital and the appointment of the liquidator, in which case the term is twenty-one days.

Pursuant to article 9 of the By-laws, the Shareholders’ meeting can also be called each year by the Board of Directors, or rather by the person designated by the Board, at the Company’s registered office or in another place in Italy or even abroad, as long as within the European Union, within one hundred and twenty days from the end of the financial year.

To attend or be represented in the Shareholders' meetings the provisions of law apply.

Pursuant to article 10 of the By-laws and in regard to the rules of law, the Shareholders' meeting may be attended by the owners of voting rights legitimized by notification, established in accordance with current regulation, reaching the Company within the end of the third day of open market prior to the date fixed for the Shareholder meeting (first call) or a different deadline fixed by the current applicable regulations. Attendance and voting right are still legitimate even if notification reaches the Company after the terms indicated in this paragraph but, in any case, before the start of the Shareholders' meeting of the single call. If notification is given as described above, it is also valid for the second and third call, where applicable. Once forwarded the certifications cannot be withdrawn before the Shareholders' Meeting has taken place or rather, before even the last call indicated in the notice of convocation has been declared unsuccessful.

Unless the By-laws establish differently, the Company may appoint a subject to which the subjects legitimized to exercise voting right may confer a proxy with instructions for voting on the proposals contained in the Meeting's Agenda. To further facilitate the attendance of legitimized subjects, Bolzoni today has decided not to exclude from its By-laws the appointment of the representative therefore, as of the Shareholders' meeting called for April 29, 2011, the legitimized subjects may confer a proxy to the representative designated by the Company, at no expense.

Pursuant to the new article 127-ter of the Consolidated Financial Act, shareholders may ask questions regarding the Agenda even prior to the Shareholders' meeting. Questions received before the Shareholders' meeting are given a reply during the meeting at the latest. No reply is due if the information requested is already available in the form of Q&A in a specific area of the Company's web-site.

Those with voting rights can be represented at the Shareholders' meeting, as established by law, by means of a written proxy given in compliance to the procedure laid down by the existing regulations. The proxy can be notified via computer using the specific section of the company's web site, according to the procedure indicated in the notice of convocation or by certified e-mail to the address indicated each time in the notice of convocation.

The Chairman of the Shareholders' meeting, even by means of appropriate delegates, shall verify the regularity of the constitution, the identity and entitlement of the attendees, and the holding of regular meetings work establishing manner for discussion and vote and determine the results of the vote.

All Directors shall on an ordinary basis participate at the Shareholders' meeting.

The Company has adopted, with resolution by the Shareholders' meeting on January 23, 2006, the Rules for the Shareholders' meeting to govern the conduct of ordinary and extraordinary Shareholders' meetings of Bolzoni. This regulation is available in downloadable format on the Company's website at [www.bolzoni-auramo.com](http://www.bolzoni-auramo.com).

In order to adapt the Rules to the new provisions regarding shareholders' rights, the Board of Directors has submitted to approval by the Shareholders' Meeting convened for April 29, 2011, first call and for April 30, 2011, second call, a proposal for the modification of the Rules for Shareholders' Meetings.

At least during the approval of the financial report by the Shareholders Meeting, the Board reports on the activities performed and scheduled and, in any case, each time it believes it advisable. In order to enable the shareholders to take decisions during the Shareholders' Meeting, with full knowledge of the facts, the Board of Directors publishes a detailed report on each point in the Business of the Day (for the points of its competence). This report is also available on the Company's web site at the address: [www.bolozoni-auramo.it](http://www.bolozoni-auramo.it).

**17. FURTHER CORPORATE GOVERNANCE PRACTICES (*ex article 123-bis, paragraph 2 letter a), TUF*)**

At the date of this Report no other possible corporate governance practices have been adopted other than those already indicated in this Report.

**18. CHANGES FROM THE END OF THE YEAR OF REFERENCE**

Save for what specified in the Report, from 31 December, 2010, to the Date of the Report, there have been no changes in the structure of the Issuer's corporate governance.

\* \* \*

Podenzano, 16 March 2011

on behalf of the Board of Directors

The Chairman

Emilio Bolzoni

**TABLE 1: INFORMATION ON OWNERSHIP STRUCTURE**

<b>SHARE CAPITAL STRUCTURE</b>				
	<b>N° of Shares</b>	<b>% of the corporate capital</b>	<b>Listed (indicate market)/ not listed</b>	<b>Rights and duties</b>
<b>Ordinary shares</b>	<b>25,993,915</b>	<b>100</b>	<b>MTA STAR Segment</b>	Voting rights in the ordinary and extraordinary shareholders' meeting, dividends rights and reimbursement of capital in case of liquidation.
<b>Shares with limited voting rights</b>	-	-	-	-
<b>Shares without voting rights</b>	-	-	-	-

<b>OTHER FINANCIAL INSTRUMENTS</b>				
	<b>Listed (indicate market)/ not listed</b>	<b>N° of instruments in circulation</b>	<b>Category of shares for conversion/exercise</b>	<b>N° of shares for conversion/exercise</b>
<b>Convertible bonds</b>	-	-	-	-
<b>Warrant</b>	-	-	-	-

<b>IMPORTANT SHAREHOLDERS</b>				
<b>Subject making the declaration</b>	<b>Direct Shareholder</b>		<b>% quota on the ordinary capital</b>	<b>% quota on the voting capital</b>
Paolo Mazzoni	Paolo Mazzoni		6.04	6.04
	<b>Total</b>		<b>6.04</b>	<b>6.04</b>
Intesa Sanpaolo S.p.A.	Intesa Sanpaolo S.p.A.		2.49	2.49
	<b>Total</b>		<b>2.49</b>	<b>2.49</b>
Agostino Covati	Agostino Covati		2.05	2.05
	<b>Total</b>		<b>2.05</b>	<b>2.05</b>
Tamburi Investment Partners S.p.A.	Tamburi Investment Partners S.p.A.		5.01	5.01
	<b>Total</b>		<b>5.01</b>	<b>5.01</b>
Karl Peter Otto Staack	Karl Peter Otto Staack		3.51	3.51
	<b>Total</b>		<b>3.51</b>	<b>3.51</b>
Lazard Frères Gestion	Lazard Frères Gestion		3.16	3.16
	<b>Total</b>		<b>3.16</b>	<b>3.16</b>
Penta Holding S.r.l.	Penta Holding S.r.l.		50.21	50.21
	<b>Total</b>		<b>50.21</b>	<b>50.21</b>

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

BOARD OF DIRECTORS											Internal Control Committee		Remuneration Committee	
Office	Member	In office since	In office until	List (M/m) *	Executives	Non-Execut.	Indep. acc.to Code	Indep. acc. to TUF	% **	N° of other offices ***	****	**	****	**
<b>Chairman</b>	Emilio Bolzoni	21.04.2009	Appr.Fin. Rep. at 31.12.2011	M	X				100	0				
<b>CEO</b>	Roberto Scotti	21.04.2009	Appr.Fin. Rep. at 31.12.2011	M	X				100	0				
<b>Director</b>	P. Luigi Magnelli	21.04.2009	Appr.Fin. Rep. at 31.12.2011	M		X			100	0	X	100	X	100
<b>Director</b>	Luigi Pisani	21.04.2009	Appr.Fin. Rep. at 31.12.2011	M		X			100	0				
<b>Director</b>	Franco Bolzoni	21.04.2009	Appr.Fin. Rep. at 31.12.2011	M		X			100	0				
<b>Director</b>	Davide Turco	21.04.2009	Appr.Fin. Rep. at 31.12.2011	M		X			100	6				
<b>Director</b>	Karl-Peter Staack	21.04.2009	Appr.Fin. Rep. at 31.12.2011	M		X			70	0				
<b>Director</b>	Raimondo Cinti	21.04.2009	Appr.Fin. Rep. at 31.12.2011	M		X	X	X	80	17	X	100	X	100
<b>Director</b>	Giovanni Salsi	21.04.2009	Appr.Fin. Rep. at 31.12.2011	M		X	X	X	100	2	X	100	X	100
<b>Director</b>	Paolo Mazzoni	21.04.2009	Appr.Fin. Rep. at 31.12.2011	m		X	X	X	100	5				
<b>Quorum required for presentation of lists during the last election: 2.5%</b>														
<i>Number of meetings held over the course of the year of reference</i>			<i>Board of Directors: 10</i>			<i>Internal Control Committee: 4</i>			<i>Remuneration Committee: 1</i>					

**NOTES**

- \* This column indicates M/m depending on whether member was elected from list voted by majority (M) or minority (m).
- \*\* This column shows the member's percentage of attendance to the Board meetings and Committee meetings (n° of presences/n° of meetings during the member's period of office)
- \*\*\* This column indicates the number of offices as director or statutory auditor held by the member in other listed companies, Italian and foreign, financial companies, banks, insurance companies or companies of significant dimension.
- \*\*\*\* This column indicates if the member of the Board of Directors belongs to a Committee.

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

<b>BOARD OF STATUTORY AUDITORS</b>							
<b>Office</b>	<b>Member</b>	<b>In office since</b>	<b>In office until</b>	<b>List (M/m) *</b>	<b>Indep. acc. to Code</b>	<b>(%) **</b>	<b>N° of other offices***</b>
<b>Chairman</b>	Gorgio Picone	29.04.2010	Appr.Fin. Rep. at 31.12.2012	m	X	100	15
<b>Effective Auditor</b>	Carlo Baldi	29.04.2010	Appr.Fin. Rep. at 31.12.2012	M	X	20	16
<b>Effective Auditor</b>	Maria Gabriella Anelli	29.04.2010	Appr.Fin. Rep. at 31.12.2012	M	X	100	2
<b>Alternate Auditor</b>	Guido Prati	29.04.2010	Appr.Fin. Rep. at 31.12.2012	M	X	N.A.	21
<b>Alternate Auditor</b>	Andrea Foschi	29.04.2010	Appr.Fin. Rep. at 31.12.2012	m	X	N.A.	21
<b>Quorum required for presentation of lists during last election: 2.5%</b>							
<b>Number of meetings during the year of reference: 9</b>							

**NOTES**

\* This column indicates M/m depending on whether member was elected from list voted by majority (M) or minority (m).

\*\* This column shows the member's percentage of attendance to the meetings of the Statutory Board of Auditors (n° of presences/n° of meetings during the member's period of office)

\*\*\* This column indicates the number of offices as director or statutory auditor held by the member in compliance with article 148 *bis* TUF. The complete and updated list of offices is made available by Consob, on its web site, in accordance with art. 144-*quinquiesdecies* Issuer Rules.

## APPENDIX 1

### **Paragraph on the “ Main characteristics of the risk management and internal control systems existing with regards to the financial disclosure process” in compliance with art. 123-bis, paragraph 2, letter b), TUF**

#### Introduction:

Bolzoni is continuing the process of alignment to the main models of reference and to the best practice with regards to the implementation of the internal control systems, confirming the focus the Company places on risk management and on the accuracy of financial disclosure, also in view of the continuous changes at a macro-economic level and the difficulties deriving from the persisting global crisis.

The risks are identified through a periodical risk assessment process involving the entire management : the chief operating officers, through a detailed analysis of their activities, clearly express the company risks under their control and consequently undertake to enact an appropriate risk management policy.

The risks are therefore examined and placed in order of priority according to the Company's objectives and in relation to the combination of probabilities and the potential impact of the risks themselves.

The monitoring phase completes the risk analysis process, with the purpose of invalidating the actions aimed at their prevention or the reduction of the related effects.

The mapping of risks and the implementation of procedures for application and monitoring of Bolzoni's internal control system consists in the following main points:

- Check of internal risks (operating effectiveness/efficiency, organisation);
- Check of external risks (market, rulings, political-social context);
- Check of risks inherent to financial disclosure.

As also reaffirmed in the guidelines for the internal control system updated and approved by the Board of Directors on 11 November 2009, the peculiarity of Bolzoni's internal control system is that it is based on managerial figures where the direction of the company control is inseparably combined with the concrete application of the most important aspects of the control, namely those regarding the strategic choices of the activity, the procedure for drawing up the accounting reports, the responsibility of the company's compliance to the provisions of laws and rulings and preservation of corporate assets.

With regards to financial disclosure, risk management should therefore be seen as a basic element of the entire risk management system operating in the company.

Moreover, it should be noted that the actions aimed at management of risks connected to the financial disclosure process have been more accurately organised and scheduled following the coming into effect of Law 262 of 28 December 2005, containing “Provisions for the protection of saving and rules for the financial markets” and the subsequent corrective decrees, passed by the legislator with the purpose of increasing the transparency of corporate disclosures and of strengthening the internal control system of listed issuers.

Below is a description of the main characteristics of the existing systems for the risk management and internal control with regards to financial disclosure process, i.e. the process supporting the preparation and the diffusion to the public of the “Financial Reporting”.

This risk management system is structured to guarantee a financial disclosure which is well-founded, accurate, reliable and timely.

Main characteristics of the risk management and internal control systems existing with regards to financial disclosure process

Through the Manager responsible for the preparation of the company's accounting documents, the Bolzoni Group has implemented a system of administrative and accounting procedures for the creation of the company and consolidated financial statements and the periodical financial reports.

The phases of the risk management and internal control systems existing with regards to financial disclosure process

As concerns the project for adjusting the internal control system to the dictates of Law 262/2005, it should be noted that a scoping activity was carried out in the initial phase, aimed at identifying the substantial and significant entities and accounts and their underlying processes.

Scoping is revised each year to check its suitability and the need for measures to be taken in view of the continuing corporate evolution and of the significance of the single items in the financial statement.

For each process defined in scope a number of activities have been set up, and in particular:

- Mapping of the process with identification of the risks and key checks;
- Evaluation of the structure of the checks with reference to each of the objectives highlighted above and the identification of the main gaps with respect to the targeted checks;
- Identification of remediation actions with the purpose of implementing possible compensatory checks or modifications to the process, to ensure the correct control of the areas in question; and
- Verification of the execution of the same checks carried out by the Manager in charge, in addition to the independent checks carried out by the Person in charge of Internal Control,

The results of these testing activities, duly filed in the office of the Manager in charge, are examined quarterly during a specific meeting in which the Manager in Charge and the Person in Charge of Internal Control both take part.

The analysis of the checks focuses on both the checks at a corporate level (so-called "Entity level controls") and on the overall management of the disclosure systems employed in the processes relevant to financial reporting and the related IT environment as well as the controls at each single process level.

Together with the figures for the preparation of the quarterly consolidated financial statement, the persons in charge of administration, finance and control for each subsidiary also send the Company a specific letter of statement, also signed by the Head of the Subsidiary, confirming that the figures being sent correspond to the accounting entries and results, that they are accurate and in line with the specific accounting standards, and that they comply to all the regulations.

While waiting to complete the implementation of the system described regarding the part related to the revenue cycle and inventory management, scheduled during 2011, control procedures have been finalized that guarantee nonetheless the effectiveness of the current system and the reliability of the figures received both from internal departments and also from the other Group companies (and, consequently, the consolidated figures).

As a fundamental protection of the objective regarding the reliability of figures, a management control system has been implemented based on the budget-actual mechanism with checks usually on a monthly basis (more frequently when the estimated risk requires so) and

detailed analyses of substantial variances. This system covers both Bolzoni and all the Group companies, both production and sales subsidiaries.

The level of detail and frequency of the checks is conveniently balanced between Bolzoni, the Group's production plants and the entirely commercial companies.

On the basis of the above, the Company feels it satisfies the requirements established by the rules of reference, guaranteeing that financial disclosure is complete, accurate, competent, reliable, on-time and trustworthy.

Offices and positions involved:

The risk management system regarding financial disclosure is presided over by various company bodies/functions operating with different and defined positions and responsibilities, as described below.

The sharing and the integration of all information generated in the various areas is ensured by a constant flow of information.

- *The Board of Directors:* it has nominated the Manager responsible for the preparation of the company's accounting documents, has approved the Guidelines for internal control and is periodically updated by the Internal Control Committee on its activities.
- *The Manager responsible for the preparation of the company's accounting documents:* his activity is to continuously implement and evolutionary maintain the risk management system and internal control system existing in relation to the financial disclosure process, checking each quarter the state of the activities and the results of the testing activities. Finally, he evaluates any critical situations and, in agreement with the Internal Control Officer, defines the possible necessary actions.
- *Internal Control Officer:* he collaborates with the Manager in the continuous implementation and evolutionary maintenance of the risk management and internal control systems existing in relation to the financial disclosure process and, on request and in support of the Manager responsible for the preparation of the company's accounting documents, periodically checks the state of the activities and the results of the testing activities.

Together with the Manager responsible for the preparation of the company's accounting documents, he evaluates any critical situations in the system and makes proposals for improvements.

- *Branch managers and the Officers responsible for Administration, Finance and Control of the subsidiaries controlled directly or indirectly:* they have been delegated with the responsibility for operation and quality of financial disclosure. When figures are sent for the preparation of the quarterly consolidated financial statement they also send the Company a special letter of statement confirming that the figures sent correspond to the accounting entries and results, that they are accurate and in line with the specific accounting standards, and that they comply with all the regulations..

## APPENDIX 2

### List of the offices held by the current members of the Board of Directors

#### Offices held by Mr Davide Turco

Company	Office	Status
Atos S.p.A.	Effective auditor	Effective
Igea S.p.A.	Director	Effective
Novamont S.p.A.	Director	Effective
Materbi S.p.A.	Director	Effective
Varese Investimenti S.p.A.	Director	Effective
Tethis S.p.A.	Director	Effective

#### Offices held by Mr Raimondo Cinti

Company	Office	Status
Officine Maccaferri S.p.A.	Director	Effective
Nimax S.p.A.	Chairman	Effective
Seci Energia S.p.A.	Managing Director	Effective
S.E.C.I. S.p.A.	Director	Effective
Powercrop S.r.l.	Chairman of the Board of Directors	Effective
Jesi Energia S.p.A.	Director	Effective
Enerray S.r.l.	Managing Director	Effective
Bugnara Biomasse Energy S.r.l.	Sole Director	Effective
Eco Calabria S.r.l.	Sole Director	Effective
Eco Puglia S.r.l.	Sole Director	Effective
Eco Sicilia S.r.l.	Sole Director	Effective
Ecoenergia S.r.l.	Sole Director	Effective
Elio Sicilia S.r.l.	Sole Director	Effective
Sebigas S.r.l.	Chairman of the Board of Directors	Effective
Progetto Elios S.r.l.	Sole Director	Effective
Progetto Wind S.r.l.	Sole Director	Effective
Termica Celano S.p.A.	Chairman of the Board of Directors	Effective

**Offices held by Mr Giovanni Salsi**

<b>Company</b>	<b>Office</b>	<b>Status</b>
Banca di Piacenza	Director	Effective
Istituto Centrale delle Banche Popolari Italiane	Effective Auditor	Effective

**Offices held by Mr Paolo Mazzoni**

<b>Company</b>	<b>Office</b>	<b>Status</b>
SIMA S.r.l.	Sole Director	Effective
RDB S.p.A.	Director	Effective
Cofinvest S.r.l.	Director	Effective
Airbank S.r.l.	Director	Effective
Italtherm S.r.l.	Chairman of the Board of Directors	Effective