



***CORPORATE GOVERNANCE ANNUAL REPORT  
YEAR 2008***

**Approved by IRCE's Board of Directors on 16<sup>th</sup> March 2009**

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## **1. Company's profile**

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

With the present report, arranged according the law in force, Italian Stock Exchange Rules Instructions, we would like herewith explain accomplished to the investors community, from year to year, the corporate governance model adopted from the company and his concrete fulfilments formalisaties.

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

## **2. Informations on Owner Structure**

### **a) Share capital**

The share capital consists of registered shares whose ownership involves the social statute and to the Shareholders' Meeting resolutions; the share capital comes to € 14.626.560 consisting of n.28.128.000 shares with a value of € 0,52 each, the shares are fully paid and without rights, privileges and ties on dividends distribution and capital refund.

### **b) Relevant profit on capital**

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

### **c) Authorization to buy and to transfer owened shares**

On 23<sup>rd</sup> April 2008 the Shareholder's Meeting has deliberated the authorization to buy and to transfer owened shares according to art.2357 Civil Code.

The authorization will be effective for 18 months started from 29<sup>th</sup> August 2008 when the previous authorization will be expired. The maximum number of purchasable shares can not exceed the tenth part of share capital. The purchase price can not be lower than 80% and higher than 120% of the price registered by Italian Stock Exchange during the session preceding the purchase.

## **3. The Board of Directors**

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

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

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

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

The Board of Directors can also decide on mergers and acquisitions, according to art.2505 and 2505 *bis* code civil, incorporation and suppression of branch office, statute's adjustment to

provision of the law, as well as on the share capital's reduction in case of partner's withdrawal and according to art.2446 code civil.

The actual Board of Directors, that will be in charge until the approval of balance-sheet 2009, consists from 5 Directors, whose 2 executives, 1 not executive and 2 independent according to the art. 3 of the Code of Conduct for Listed Companies.

Name	Position	From	List	Exec.	Not Exec.	Indep.	Participation	Other task
Casadio Filippo	Chairman	19.04.07	n/a	X			100%	
Gandolfi Colleoni Francesco	Director	19.04.07	n/a	X			100%	
Sepriano Gianfranco	Director	19.04.07	n/a		X		100%	
Calisi Gianpaolo	Director	19.04.07	n/a			X	100%	1
Senese Fabio	Director	19.04.07	n/a			X	100%	1

The actual Remuneration Committee and Internal Control Committee consist from:

Name	Position	From	R.C	Participation R.C	I.C	Participation I.C
Sepriano Gianfranco	Chairman	19.04.07	P	100%	P	100%
Calisi Gianpaolo	Member	19.04.07	M	100%	M	100%
Senese Fabio	Member	19.04.07	M	100%	M	100%

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

We highlight that:

- Mr. Gianpaolo Calisi is also Director of the company SIGC Investimenti S.p.A and of the company Microgame S.p.A;
- Mr. Fabio Senese is also Director of the company AFIR Srl.

These company are not part of IRCE Group.

#### 4. The role of Board of Directors

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

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

on Statutory arrangement basis:

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

on consolidated praxis basis

- reports to the shareholders at Shareholder's Meeting.

foreing part the statutory notion of ordinary and extraordinary management

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

Are exclusive decisional competence of the Board of Directors the operations with an important economic, patrimonial and financial aspects, with a particular care at the operations with correlatives parts (point e) art.1.2 from the Code), therefore the following powers are not appointed: purchasing of sharing and/or firm or branch firm for an amount, including the financials debts on the sharing and/or firm or branch firm bought-out, higher to € 6.000.000,00 and the selling of sharing and/or firm or branch firm with a value, including the financials debts on the sharing and/or firm or branch firm sold, higher to € 6.000.000,00 and the release of warranties and real rights or similar bonds regarding company properties that are not on company interest and/or connected to the ordinary management for an amount higher to € 6.000.000,00 and the previously approve of the transaction with related parties (Resolution of the Board from 28<sup>th</sup> March 2008).

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

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

The social statute has no minimum meetings number: during the year 2008 the Board of IRCE gathered six times.

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

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

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

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

## 5. Delegate Organs

In order to obtain a better functionality of company management and corporate governance, the Board has delegated part of his powers to the Chairman (Resolution of the Board from 28<sup>th</sup> March 2008).

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

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

## 6. Independent Directors

A Director does not appear independent in the following events:

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

In accordance with this statement the Board of Directors has considered that Mr. Gianpaolo Calisi and Mr. Fabio Senese are qualified like "independents".

## 7. Price sensitive informations

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

The Investor Relations Office informed by the top management of important facts regarding the company or the subsidiaries, compares itself with the Legal Office to verify law duties and in particular to check if the information should be considered price sensitive. If the information is price sensitive the Investor Relations Office defines the communication contents through a press release and with the help of the Legal Office assures that the press release has got the provide qualifications by the law in force.

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

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

The press release will be made public also on the internet website [www.irce.it](http://www.irce.it).

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

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

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

## 8. Internal Committee

### Internal Control Committee

The Board of Directors, with resolution on 19<sup>th</sup> April 2007, according to art.10 Code of Conduct, has renewed the internal control committee, with the task of giving advice and making proposal.

At the moment the Committee, that being in charge until the approval of balance-sheet 2009, are made up of Mr. Gianfranco Sepriano, non-executive director, Mr. Fabio Senese and Mr. Gianpaolo Calisi both independents directors.

The Internal Control Committees has the competences indicated on art.10.2 Code of Conduct.

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

During the year 2008 the Internal Control Committees has held one meeting.

The activity carried on during the year 2008 by the committee has focused on the course of the analysis of the information flow used by the management process control for monitoring the company activity and on report patterns to supply the management. Moreover the analysis of the processes defining the economic patrimony and investment budget and the suitability and reliability concerning the process for the management of credit insolvency and the process of the copper price fluctuation's risk is continued.

The committee meetings are entered in the minutes

### **Remuneration Committee**

The Board of Directors, with resolution on 19<sup>th</sup> April 2007 has renewed the remuneration committee.

At the moment the Committee, that being in charge until the approval of balance sheet 2009, are made up of Mr. Gianfranco Sepriano, non-executive director, Mr. Fabio Senese and Mr. Gianpaolo Calisi both independent directors.

The Committee shall:

- a) submit proposals to the Board of Directors on the remuneration of the managing directors and of those directors who are appointed to particular positions and, on the indication of the managing directors, on the criteria for determining the remuneration of the company's top management;
- b) value periodically the principles adopted for the remuneration of managers with strategic responsibilities, verify the application on the basis of informations received from managing directors and propose to the Board of Directors the general recommendations.

During the year 2008 the remuneration committee has not held meeting.

## **9. Internal Control**

According to the Code of Conduct, the Board of Directors has got the company internal control responsibility (resolution of the Board from 28<sup>th</sup> March 2001).

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

## **10. Person in charge of internal control**

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

## **11. Organization Model adopted pursuant to legislative decree no. 231/2001**

On 28/03/2008 the Board of Directors has adopted an organization model as requested by legislative decree no.231/2001.

The Committee of inspection, who have to watch the working and the observance of the organization model, appointed by the Board of Directors on 28/03/08, are made up of:

- Mr Fabio Senese (independent member of Board of Directors)
- Mr Piffanelli Gianluca (group financial controller)



- Lawer Alberto Padovani (external consultant)

During the year 2008 the Committee of inspection has held three times.

The activity carried on concerning the updating of the Organization Model and the Ethical Code with the processes and protocols formalization. This activity should terminate by next first four-month 2009.

## **12. Auditing of accounts**

On 19/04/2007 has been conferred to the company Reconta Ernst & Young the task of auditors of accounts until the annual balance sheet as of 31/12/2010.

## **13. The manager responsible for preparing the company financial statements**

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

## **14. Transactions with related parties**

According to article 150, paragraph 1, of Legislative Decree n. 58/1998 (Consolidated Law on Financial Intermediation), with a periodicity at least quarterly, the Directors should report to the Member of the Board of Auditors about developed activities, greatest financial economic and patrimonial operations effected from the company or by subsidiaries companies and regarding operations with a potential clashing interests. In particular the Board of Directors of IRCE has predisposed a procedure that defines the persons and transactions involved in the flow of information directed to the Board of Auditors with regard to transactions with related parties.

On the above-mentioned procedure is established that the Board of Directors, after consulting with the internal control committee, who previously approves the transactions with related parties, receives from the Directors or from the responsables executives managers, an adequate information about the nature of relation, the executive formality of transaction, the conditions, also economics, the procedure adopted, the interest and the below reason and possible risk for the company.

In particular to conform the new code 2006, the procedure has been modified with the introduction of the internal control committee's advice.

In case of the relation is with a Director or with a related part through a Director, the Director who have an interest promptly inform the Board in detail of the existence of the interest and of the related circumstances and abandon the board meeting when the issue is discussed.

## **15. The Board of Auditors**

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

IRCE Statute establishes that the members of the Board of Auditors appointments should take place based on shareholders lists, deposited at the headquarters at least 10 days before the term fixed for the meeting, with voluntary praxis, with the curriculum vitae of the candidate enclosed.

The lists can be issued by the shareholders holders of quota of shares capital according to Consob's Rule.

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

Nowadays the Board of Auditors being in charge up to annual balance-sheet 2007 is composed by:

Name	Position	From	Participation	Other task
Leonello Venceslai	Chairman	20.04.2005	100%	1
Stupazzini Franco	Active Auditor	20.04.2005	100%	
Zappi Gianfranco	Active Auditor	20.04.2005	100%	1
Garuti Massimo	Temporary Auditor	20.04.2005		
Ravaccia Mario Stefano Luigi	Temporary Auditor	20.04.2005		

During the year 2008 the Board gathered six times.

## 16. Relations with Shareholders

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

In order to guarantee a complete and uninterrupted communication with the shareholders all press release and all the periodic financial statements are available on the internet website [www.irce.it](http://www.irce.it)

## 17. The Shareholders' Meeting

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

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

Imola 16<sup>th</sup> March 2009