

S O P A F

SOPAF S.p.A.

Foro Buonaparte 24, Milan

Share capital EUR 80,094,836.72

Milan Register of Companies no. and tax code 05916630154

**ANNUAL BOARD OF DIRECTORS' REPORT ON CORPORATE GOVERNANCE  
AS AT 31 DECEMBER 2007**

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## ***Introduction***

The aim of this report is to provide a description of the characteristics and structure of the corporate governance model adopted by the Company.

## ***1. Information on ownership structure as at 31 December 2007***

The subscribed and paid share capital is equal to EUR 80,001,850.64, divided into n. 421,796,809 ordinary shares without par value.

On 6 May 2005, the extraordinary meeting of the shareholders passed a resolution to increase the share capital, through a divisible and progressive transaction, by a maximum nominal amount of €28,104,600, with the issue of a maximum of 56,209,200 ordinary shares with no par value, reserving such increase for the holders of 28,104,600 “SO.PA.F. 2005 - 2011 Ordinary Share Warrants”, issued upon the substitution, following the incorporation of LM ETVE into SO.PA.F., of the pre-existing 1,860 “LM ETVE 2005 – 2011 Ordinary Share Warrants”. Each of said “SO.PA.F. 2005 - 2011 Ordinary Share Warrants” attributes the right to subscribe two ordinary shares with no par value at the price of €0.50 each, barring adjustment that might be necessary following capital transactions, if any, as provided by special rules. The capital increase, considering it is divisible and progressive, may be subscribed through one or more transactions, starting from 18 March 2006 to and including 31 December 2011, in conformity with, and at the terms and conditions of, the special rules, it remaining understood that the capital shall be increased for the amount actually subscribed as of 31 December 2011, should the increase be only partially subscribed.

By virtue of a resolution passed on 6 May 2003, the extraordinary meeting of the shareholders' vested the Board of Directors with the powers:

- a) in accordance with Article 2443 of the Italian Civil Code, to effect a paid capital increase through one or more transactions to be carried out within five years of the date of the resolution, for a maximum nominal value of €100,000,000 (one hundred million), with the power to set any share premium, in accordance with the means as specified hereunder, through the issuance of ordinary and/or savings shares having the same characteristics as the shares outstanding;
- b) in accordance with Article 2420 of the Italian Civil Code, to issue bonds, including with purchase or subscription rights and/or convertible into ordinary and/or savings shares, including the company's own shares or shares of third parties held, through one or more transactions to be carried out within five years of the date of the resolution, for a maximum nominal amount of €50,000,000 (fifty million), within the limits as set from time to time by Article 2410 of the Italian Civil Code, establishing the conditions therefore, including the term, the interest rate, the timing and ratios for any reverse split or conversion, and the consequent capital increase to service the conversions and/or the exercise of warrants that would be needed, all in respect of the option right.

In acting on the powers so conferred, the Board of Directors shall have the authority:

1. to set aside for the employees of the company and/or subsidiary companies, pursuant to the last paragraph of Article 2441 of the Italian Civil Code, newly issued shares and/or convertible bonds, within the limits allowed;

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2. to establish any share premium for the shares to be issued, as well as those which will be assigned upon conversion of the bond(s) referenced in the preceding letter b).

In establishing any share premium, the Board of Directors shall take into account the capital being contributed for the shares to be issued, the trend of the company's earnings, the capacity to remunerate the shares to be issued, as well as the performance of the stock market in general, and in particular, the performance of the related SOPAF securities during the most recent six-month period.

The capital may be increased in the ways, and within the limits, allowed by law. The capital increases may also occur through the transfer of assets in kind or receivables, in the ways, and within the limits, allowed by law. The administrative body may be delegated to effect the increases approved, in the ways, and within the limits, allowed by law.

In execution of powers granted by the shareholders' meeting of 6 May 2003, on 29 June 2007 the Board of Directors resolved to increase share capital by a maximum EUR 50,000,000 (fifty million) through the immediate issue of a maximum 77,000,000 (seventy-seven million) ordinary SOPAF shares without a par value, to cover a bond loan convertible to new issue SOPAF shares offered on option to shareholders.

As at 31 December 2007, the significant equity investments pursuant to art. 120, Italian Legislative Decree no. 58 of 24 February 1998 were as follows:

SHAREHOLDERS	NO. OF ORDINARY SHARES	% OF ORDINARY SHARE CAPITAL
Ramius Capital Group	10,577,000	2.508
Fidelity International Limited	8,450,000	2.003
Majest Invest Corp.	37,900,000	8.985
Caam sgr	8,618,000	2.043
Aldo Magnoni	16,680,097 Of which 16,108,097 (3.818%) in the name of a trust	3.954
Giorgio Magnoni Through Alfabravo s.r.l.	24,705,000	5.857
Through Acqua Blu srl	109,314,992	25.916
Ruggero Magnoni	27,500,200	6.520
San Paolo Fiduciaria (for registration of shares on behalf of third parties)	19,273,097	4.57
Renato Martignoni Through Immob. Nord Ovest srl	13,163,962	3.121
Anima s.g.r.p.a. (Anima Europa and Fondattivo fund manager)	12,163,657	2.884

On 27 November 2007 and pursuant to art. 2357 of the Italian Civil Code, the ordinary shareholders' meeting resolved to approve the purchase, in one or more stages

over a period of eighteen months from 27 November 2007, of a maximum 5,200,000 ordinary Sopaf S.p.A. shares without par value, in any event for a maximum EUR 2,700,000 and without prejudice to the restrictions of article 2357 et seq of the Italian Civil Code, with a minimum outlay of no less than 5% and a maximum of no more than 5% of the average listed price on Borsa Italiana's screen-based system in the three trading sessions prior to each individual transaction.

In this respect, the shareholders' meeting also resolved to confer separate powers upon the Chairman of the Board of Directors and the Deputy Chairman and CEO, acting on behalf of the Board of Directors and through delegates as appropriate, to proceed with the acquisition of SOPAF S.p.A. shares under the above terms, in stages as considered appropriate in the interests of the Company, through regulated markets and in observance of the provisions of art. 144-*bis*, subsection 1, paragraph b) of the Regulation on Issuers.

At year end on 31 December 2007, the Company's treasury shares in portfolio totalled 390,263, equal to approximately 0.1% of Company share capital.

It should be mentioned that the Company is aware of no shareholders' agreements pursuant to art. 122, Italian Legislative Decree 58/1998.

## **2. Compliance**

On 12 December 2007 the Company adopted the Corporate Governance Code prepared by the Committee for the Corporate Governance of Listed Companies (the "**Corporate Governance Code**"). On 20 July 2006 the Company also updated its corporate governance system in line with indications contained in the new March 2006 version of the Code.

Specifically, comparing the Company's corporate governance system with recommendations of the Corporate Governance Code, the Company:

- appointed a sufficient number of independent directors, pursuant to art. 3.P.1 of the Corporate Governance Code, namely Guidalberto Guidi, Renato Cassaro, Adriano Galliani and Francesco Micheli (resigned);
- adopted a procedure for the internal management and external disclosure of non-public information, pursuant to art. 4.C.1 of the Corporate Governance Code, particularly with regard to inside information;
- established the fees committee, pursuant to art. 7.P.3 of the Corporate Governance Code, and appointed as its members Francesco Micheli (resigned), Renato Cassaro and Guidalberto Guidi;
- established the internal audit committee, pursuant to art. 8.P.4 of the Corporate Governance Code, and appointed as its members Guidalberto Guidi, Renato Cassaro and Adriano Galliani;
- appointed LPR Management Consulting di Giuseppe Mario Ruscio & C. s.a.s. as Internal Auditor responsible for internal audit of the Company, pursuant to art. 8.C.8 of the Corporate Governance Code;

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- adopted the best execution guidelines for infragroup and related party transactions, pursuant to art. 9.P.1 of the Corporate Governance Code;
- appointed an Investor Relator, responsible for relations with institutional investors and other shareholders, pursuant to art. 11.C.2 of the Corporate Governance Code, namely Maria Barelli;
- adopted a shareholders' meeting regulation to govern the orderly and functional conduct of shareholders' meetings, pursuant to art. 11.C.5 of the Corporate Governance Code.

In addition, the Board of Directors:

- has adopted an internal dealing code to identify persons subject to obligations and their disclosure obligations to the Company with regard to transactions they perform on financial instruments issued by the Company or its subsidiaries;
- has adopted a procedure for the keeping and management of the register of persons with access to insider information;
- has adopted a procedure to comply with obligations pursuant to art. 150 of the Consolidated Law on Finance governing the content, timing and methods for reports to the Board of Statutory Auditors on activities performed, transactions of significant impact on the economic, financial and equity position of the Company, transactions potentially involving conflict of interest and atypical or unusual transactions;
- has approved the general principles of the organizational model pursuant to Italian Legislative Decree 231/2001 (regarding the administrative liability of companies for offences committed by key officers or employees), a model that reflects a structured system based on specific Company needs and characteristics that implements all reasonable measures to avoid the risk of offences and to highlight any situation that fails to comply with procedures established in the organizational models;
- has adopted a Code of Conduct for directors, employees and collaborators acting on behalf of the Company to establish a set of conduct rules that defines the Company's relations with personnel, stakeholders, the market and the community in general, and the implementation procedures for company business;
- has adopted the Organization, Management and Control Model of Italian Legislative Decree 231/2001 and has appointed Adriano Galliani, Giuseppe Ruscio and Paolo Marsigli as members of the Supervisory Body.

On 25 January 2007, Italian Legislative Decree no. 303 of 29 December 2006 entered into force, which coordinates regulations contained in the Consolidated Law on Banking and the Consolidated Law on Financial Intermediaries in enactment of Italian Law no. 262 of 28 December 2005 (the "**Law on Investments**"). Certain measures of the Consolidated Law on Financial Intermediaries, as amended by both the Law on Investments and

legislative decree 303/2006, were later implemented by special enactment Regulations issued by Consob. On 27 November 2007 the Company therefore amended its articles of association and corporate governance system to meet the requirements of the new regulatory measures introduced by Italian Legislative Decree no. 303 of 29 December 2006 and Consob enactment regulations, in accordance with their specified transitional deadlines.

### **3. *Management and coordination***

As at 31 December 2007 the Company is not subject to management and coordination pursuant to art. 2497 of the Italian Civil Code.

### **4. *The Board of Directors***

#### **4.1. Appointment and replacement of the Board of Directors**

Article 17 of the corporate by-laws provides that the Company is to be administered by a Board of Directors consisting of between 3 and 15 members. The members of the Board of Directors remain in office for the period established at the time of their appointment (with the term of office not to exceed three years) and may be re-elected.

It is also envisaged that appointment to the office of Director is subject to the possession of requisites as defined by current legal and regulatory provisions. Of these, a number equal to the minimum established by such provisions must meet independence requirements pursuant to art. 148, subsection 3 of Italian Legislative Decree 58/1998.

The Board of Directors is appointed by the shareholders' meeting on the basis of lists in which no more than 15 candidates may be indicated, each of whom is assigned a progressive number.

Only shareholders who, alone or with other shareholders, hold shares representing at least 2.5% (two and one-half percent) of the share capital, or any lower amount as established by mandatory provisions of the law or regulations, are entitled to present the lists.

Any shareholder, as well as the shareholders belonging to a single group, and the shareholders who are parties to a shareholder agreement, may not directly present, or present through a third party or fiduciary company, more than one list, nor may they vote for different lists. Each candidate may be presented on one list only; otherwise, the candidate shall not be eligible for election.

The lists presented, accompanied by information about the personal and professional credentials of the candidates and signed by the shareholders who presented them, with the certification of their status as shareholders, must be filed with the company's registered office at least 15 days prior to the date scheduled for the first session of the shareholders' meeting, and mention of such requirement shall be provided in the meeting notice. Statements in which the individual candidates indicate the acceptance of their candidacy and certify, under their own responsibility, the non-existence of any cause of ineligibility or incompatibility contemplated by the law, as well as their satisfaction of the ethical requisites and, if applicable, the requisites for independence, prescribed by prevailing



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regulations, shall also be filed at least 10 days prior to the date scheduled for the first session of the shareholders' meeting.

Any lists for which the aforementioned provisions are not observed shall be considered as not presented.

The shareholders filing the lists must deliver the documentation proving their status as shareholders at least two calendar days before the date of the shareholders' meeting.

Upon the completion of the voting, the votes obtained by the lists are divided by progressive whole numbers from one to the number of directors to be elected. The quotients thus obtained are assigned to the candidates on each list, in the order listed.

The quotients assigned to the candidates on the lists are ordered on a single list in descending order. The candidates with the highest quotients are elected for the number of directors established by the shareholders' meeting. However, the candidate listed at the top of the list obtaining the second highest number of votes which is not related in any manner, including indirectly, with the list which obtained the greatest number of votes or with the shareholders who presented or voted for the list obtaining the greatest number of votes, shall also be elected as a director. Should the aforementioned candidate not have obtained the quotient needed for being elected, the candidate on the first list obtaining the lowest quotient shall not be elected, and the Board of Directors will be rounded out with the appointment of the candidate listed at the top of the list obtaining the second highest number of votes.

Where the appointment of Directors in possession of the requisites of independence necessary for statutory auditors, pursuant to art. 148, subsection 3 of Italian Legislative Decree no. 58 of 28 February 1998, cannot guarantee to meet the minimum number established by law for the total number of Directors, the non-independent candidate elected last on the list receiving most votes will be replaced by the first independent candidate not elected appearing on that same list or, if none, by the first independent candidate not elected on the list receiving the second highest number of votes, and so on. This replacement procedure will continue until the Board of Directors is composed of a number of members in possession of the requisites pursuant to art. 148, subsection 3, Italian Legislative Decree 58/1998 and reaches at least the minimum number prescribed by law. Lastly, if this procedure fails to guarantee the above result, replacement will be made by majority vote by the shareholders' meeting, provided the candidates possess the above-mentioned requisites.

Should two or more candidates having obtained the same quotient be eligible for the last director's position, the candidate to be elected is the one on the list that does not yet include any elected director or that has the smaller or smallest number of directors elected.

Should none of such lists include an elected director or should all of the lists include the same number of directors, the candidate from such lists to be elected is the one who obtains the highest number of votes. In the event of equal number of list votes and equal quotients, the shareholders shall proceed to vote again, with the candidate obtaining the simple majority being the candidate elected.

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Should only one list be presented, the shareholders shall vote on the list, and in the event in which such list secures a relative majority, the candidates listed in progressive order shall be elected for the number of directors established by the shareholders.

Should there be no lists, the Board of Directors is to be appointed by the shareholders on the basis of the majorities established by the law.

When the shareholders' meeting has to arrange for the appointment of directors necessary for supplementing the Board of Directors, the procedure is as follows: whenever it is necessary to substitute directors elected from the majority list, the appointment occurs through the relative majority vote, without any list limitations; instead, when it is necessary to substitute directors designated by the minority shareholders, the shareholders' meeting substitutes them with a relative majority vote, choosing them, whenever possible, from the candidates indicated on the lists which included the director to be replaced.

Pursuant to Article 22 of the by-laws, the Board of Directors is vested with the broadest powers for the ordinary and extraordinary administration of the Company.

To the extent permitted by law, the Board of Directors has the power to decide on mergers by incorporation into Sopaf S.p.A. or spin-offs in favour of Sopaf S.p.A. of companies in which Sopaf S.p.A. holds at least 90 per cent of shares, reduction of share capital in the event of shareholder withdrawal, amendment of the articles of association in line with regulatory provisions, transfer of company offices within Italy or beyond the national frontiers, and the setup or closure of branch offices.

Amongst other things, the Board will also have the right to purchase, sell or exchange real estate, transfer real estate to other existing or future companies, accept responsibility for investments or interests, allow the registration, cancellation and endorsement of mortgages, waive legal mortgages and exempt real estate register holders from liability, reach agreements and compromises also through arbitrators in amicable composition, authorise and perform any transaction through public debt offices and the Italian deposit and loan bank and through all other public or private offices, and to issue guarantees.

The Board of Directors may delegate part of its powers to one or more of its members to whom the title of managing director shall be assigned, and it may also set up an Executive Committee, establishing the terms and powers therefore within the limits set by Article 2381 of Italian Civil Code (Article 23 of the by-laws). In any event, if an Executive Committee is appointed, the following persons shall be members of the committee: the Chairman of the Board of Directors (who shall serve as the committee chairman), the Vice Chairman and the Managing Directors.

With specific reference to reports from delegated bodies, art. 23 of the articles of association envisages that reports should be submitted on a quarterly basis to the Board of Directors and Board of Statutory Auditors on general business performance and outlook, and with regard to significant transactions, in terms of their size or nature, implemented by the Company and its subsidiaries.

Legal representation of the Company with respect to third parties and in legal proceedings is the responsibility of the Chairman or, in his absence, by the Deputy

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Chairman acting on his behalf. Also responsible for legal representation are managing directors, if appointed (art. 25, Articles of association).

## 4.2. Composition of the Board of Directors

As at 31 December 2007 the Board of Directors was composed of 11 members, one of which had resigned.

The Company Board of Directors will remain in office until approval of the financial statements as at 31 December 2009.

Following the resignation of Francesco Micheli on 24 December 2007, on 29 February 2008 the Board of Directors arranged his replacement by the appointment of Mario Rey as a member of the Board. Mario Rey will remain in office until approval of the 2007 financial statements.

As at 31 December 2007, the composition of the Board of Directors was as follows:

<b>BOARD OF DIRECTORS</b>				
		date of appointment	expiry on approval of the financial statements	Notes
<i>Chairman</i>	Giorgio Cirila	04/05/2007	31.12.2009	non-executive
<i>Deputy Chairman and CEO</i>	Giorgio Magnoni	04/05/2007	31.12.2009	executive
<i>Director</i>	Giancarlo Boschetti	04/05/2007	31.12.2009	non-executive
<i>Director</i>	Renato Cassaro	04/05/2007	31.12.2009	non-executive/ independent
<i>Director</i>	Guidalberto Guidi	04/05/2007	31.12.2009	non-executive/ independent
<i>Director</i>	Adriano Galliani	04/05/2007	31.12.2009	non-executive/ independent
<i>Director</i>	Luca Magnoni	04/05/2007	31.12.2009	executive
<i>Director</i>	Giovanni Jody Vender	04/05/2007	31.12.2009	non-executive
<i>Director</i>	Marco Stella	27/11/2007	31.12.2009	executive
<i>Director</i>	Renato Martignoni	27/11/2007	31.12.2009	non-executive
<i>Director</i>	Francesco Micheli (resigned)	04/05/2007	No longer in office	non-executive/ independent

Provided below is a short curriculum vitae for each director, indicating the corporate management skills and experience matured.

**Giorgio Cirila.** Born in Lanzo d'Intelvi (Como) on 29 February 1940. Appointed Chairman of SOPAF in November 2006. Before that, from 1997 to 2006 he was CEO of

Interbanca S.p.A.. He is currently the Chairman of the Board of Directors of CIPA S.p.A and member of the Board of Directors of IMMSI S.p.A., Finalgo S.p.A. and Italgo S.p.A.. His long career in the financial sector developed whilst CEO of Arca Merchant S.p.A. from 1987 to 1997, and he covered various managerial roles for Banco Lariano between 1960 and 1987. He has been Director and Chairman of several listed companies and of companies in the banking, financial and insurance sectors in Italy and abroad.

**Giorgio Magnoni.** Graduated in Law at the University of Milan in 1963. Appointed Deputy Chairman and CEO of SOPAF after the merger with LM ETVE S.p.A. of which he was the founder member and CEO from 2002. Before that, from 1995 to 2001 he was Managing Director of ITI B.V., a specialist finance company in the High Net Worth Individuals segment. Previously he was Managing Director and majority shareholder of Pragma (later merged into Cogis), a leader in the international project financing and consulting sector. He also had a long career in the investment banking sector: from 1972 to 1982 as Deputy Chairman and Director of Dillon Read and Co. Inc. and Dillon Read Overseas Corp., later merged into SG Warburg.

**Guidalberto Guidi.** Born in Modena on 5 August 1941. Graduated in Law at the University of Modena. Appointed director of SOPAF in 2007. Before that he was a director of Finmeccanica and Autostrade S.p.A., and Chairman of Il Sole 24 Ore. He has also covered the roles of Chairman of Confindustria Emilia Romagna, Deputy Chairman of the Confindustria Research Centre when Giorgio Fossa was Chairman, and Deputy Chairman of Confindustria – Industrial Relations and Social Affairs when Antonio D’Amato was Chairman. He has been the Chairman and CEO of Ducati Energia S.p.A. since 1985. He is currently a director of Banca Antonveneta S.p.A., Interbanca S.p.A., Lloyd Adriatico and Air Liquide Italia S.r.l. He is also Chairman of Confindustria ANCMA, EICMA and the Road Safety Foundation, and is a member of the Board of Directors, Executive Committee and the Chair Council of Confindustria.

**Giancarlo Boschetti.** Born in Turin on 14 November 1939. Held several offices for the FIAT Group from 1964 until his appointment as CEO of FIAT Auto S.p.A. from 2002 to 2003, after covering the same role for IVECO S.p.A. from 1991 to 2001. From 1989 to 1990 he was Deputy Executive Chairman of the IVECO S.p.A. Trucks Division, where from 1982 to 1988 he was Deputy Chairman of the sales sector and in 1981 Deputy Chairman of the purchasing division. Between 1978 and 1979 he was the Manager of IVI, a FIAT subsidiary operating in the paint products industry. From 1976 to 1978 he was Manager of IVECO S.p.A.'s planning and marketing division.

**Renato Cassaro.** Born in Tripoli (Libya) on 21 July 1940. Appointed director of SOPAF in 2005. Before that he was Chairman of the Board of Directors of Stream S.p.A. from 2001 to 2004. From 1997 to 2000 he was CEO of Credito Fondiario e Industriale S.p.A., and Chairman and CEO during the reorganization of Belelli S.p.A. from 1995 to 1997. From 1993 to 1995 he was CEO of IRITECNA S.p.A. and later of FINTECNA S.p.A. Previously, he was the financial manager of IRI group companies including IRI S.p.A. from 1981 to 1993, S.M.E. S.p.A. from 1978 to 1981 and Autostrade S.p.A. from 1964 to 1978.

**Adriano Galliani.** Born in Monza on 30 July 1944. Appointed director of SOPAF in 2005. Currently also Acting Deputy Chairman and CEO of AC Milan since 1986, Chairman of the Italian Football League since 2002 and an F.I.G.C. board member. Previously he was CEO of Mediaset S.p.A. and Chairman and CEO of R.T.I. S.p.A., the company responsible for the management of TV channels Canale 5, Italia 1 and Retequattro, up to 1998. From 1979, as proposed by Silvio Berlusconi, he developed a plan to generate a nationwide television broadcasting network, therefore contributing to the creation of Canale 5 in 1980, Italia Uno in 1982 and Rete 4 in 1984. He began his entrepreneurial career in 1975 with the company Elettronica Industriale, manufacturer of TV signal reception devices, creating repeater networks for foreign channels (TMC-TV, Svizzera Italiana, Telecapodistria) in Italy.

**Francesco Micheli.** Born in Parma on 19 October 1937. Graduated in Political Science. During his financial and entrepreneurial career, after intense activity in the merchant banking and asset management sectors, he was among the first in Italy to see the strong, strategic development options available from high technology and telecommunications and created e.Biscom-Fastweb. He continues to work in the biotechnologies and nanotechnologies fields through Genextra, of which he is Chairman and CEO. He is a member of the board of directors in several companies, including RAS, Interbanca, Longanesi and various cultural and charity associations such as the Fondazione Teatro alla Scala, Milano Musica, Fondazione Amici della Scala, Italian Chamber Orchestra, Fondazione Teatro Parenti, Fondazione CERBA, Vidas, Neuroscience Foundation, Fondazione Basso and Fondazione Mazzotta. He is the Chairman of "MITO TorinoMilano Settembre Musica". Through the foundation named after his father, musician and Conservatory professor, he launched the "Umberto Micheli" International Piano Competition, chaired by Luciano Berio until his recent decease, and organized by Maurizio Pollini and Enzo Restagno.

**Luca Emilio Alessandro Magnoni.** Born in Milan on 11 January 1970. Graduated in Political Science at the University of Milan in 1995. Appointed director of SOPAF with responsibility for investments in financial and insurance services from 2005. Before that, from 2001 to 2004 he was assistant to the CEO-Chairman of Totobit Informatica. From 2000 to 2001 he was Chief Executive Officer of Quantum 2 – Intek Group. From 1998 to 2000 he worked as an associate for Booz-Allen & Hamilton in their Rome, Barcelona and Riyadh offices. Previously, from 1995 to 1996 he was a financial analyst for Ramius Capital Group in New York. He began his career as assistant to the CEO of Cogis Trading Company in Milan.

**Giovanni Jody Vender.** Born in Milan on 17 September 1950. Graduated in Business Economics at Bocconi University, Milan. In 1975 he founded SOPAF which, as CEO, he led to its listing on Borsa Italiana's MTA market in 1984. From 1979 to 2004 he was Professor of Finance at the Luigi Bocconi Business School in Milan. Currently and in the past he has held the office of director in important companies such as Rinaldo Piaggio, Buitoni, Zanussi, Mondadori, Banca Nazionale dell'Agricoltura, Recordati, Sasib and G1 M-Generale Industrie Metallurgiche.

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**Marco Stella.** Born in Milan on 18 February 1954. Graduated in Economics at the Sacro Cuore Catholic University, Milan. Appointed director of SOPAF in November 2007. Before that, from 2001 to 2007 he was general manager of Lazard Ltd. and from 1993 to 1998 was head of the Corporate & Institutional Banking Division of Deutsche Bank S.p.A. Again in the investment banking sector, he also worked at Paribas Finanziaria S.p.A. and Banca d'America e d'Italia (Bank of America Group).

**Renato Martignoni.** Born in Pisticci (Matera) on 8 February 1954. Appointed director of SOPAF in November 2007. He has worked in the real estate sector for over twenty years. He was director of the construction company CO.E.MI scarl, FORMA URBIS S.p.A. and is currently Chairman of Gladstone S.p.A.

Listed below are the directorships held by Company Board Members in other companies listed on Italian and foreign regulated markets, in finance companies, banks or insurance companies or other large companies as at 31 December 2007.

<b>Name and surname</b>	<b>Office</b>	<b>Office held in companies other than the Issuer</b>
Giorgio Ciria	Chairman	Chairman of the Board of Directors, CIPA S.p.A. Chairman of the Board of Directors, IGI SGR S.p.A. Director, IMMSI S.p.A. Director, Italgo S.p.A. Director, Finalgo S.p.A. Director, Valvitalia S.p.A. Director, Valvitalia Finanziaria S.p.A. Director, Valvitalia Holding S.p.A.
Giorgio Magnoni	Deputy Chairman and CEO	Chairman of the Board of Directors, Acqua Blu S.r.l. Director, LM LS S.p.A. Director, Piaggio S.p.A. Supervisory Body Member, Management & Capitali S.p.A.
Guidalberto Guidi	Director	Chairman, G.M.G. Group s.r.l. Chairman, F.G.F. Finanziaria Generale Felsinea S.p.A. Director, Banca Antonveneta S.p.A. General partner, Finconsulting s.a.s. di G. Guidi & c. Director, Interbanca S.p.A. Director, Allianz S.p.A. Director, IGI SGR S.p.A.
Giancarlo Boschetti	Director	Director, Azimut - Benetti S.p.A.
Renato Cassaro	Director	Chairman of the Board of Directors, IVRI Direzione S.p.A. Chairman of the Board of Directors, FINAP S.r.l.
Adriano Galliani	Director	Acting Deputy Chairman and CEO, AC Milan S.p.A. Chairman of the Board of Directors, Milan Entertainment S.r.l. Chairman of the Board of Directors, Milan Real Estate S.p.A.
Francesco Micheli	Director	Chairman of the Board of Directors and CEO, Genextra S.p.A.

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		Director, Allianz S.p.A. Director, Interbanca S.p.A.
Luca Emilio Alessandro Magnoni	Director	Chairman of the Board of Directors, Multiethnic Assistance S.r.l. CEO, Acqua Blu S.r.l. Sole Director, Alfabravo S.r.l. Director, Banca Network Investimenti S.p.A. CEO, Essere S.p.A. Director, Essere Tutela S.r.l.
Giovanni Jody Vender	Director	Sole Director, Ven.Fin. S.p.A. Sole Director, Jove Invest S.r.l. Director, Humanitas S.p.A. Director, Coeclerici S.p.A. Director, LM LS S.p.A. Director, Astor Investment Advisors S.r.l.
Renato Martignoni	Director	Chairman of the Board of Directors, Magenta sgr S.p.A. Director, Polis Fondi S.g.r.p.a. Director, Gladstone S.p.A. Director, Sviluppo Bonfadini S.r.l.

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### 4.3. Role of the Board of Directors

The articles of association envisage that the Board of Directors meets at least once a quarter (art. 20). During the year ending 31 December 2007, 13 meetings were held and at least 10 are planned for the next financial year. The overall percentage attendance of Directors at the meetings was approximately 75%, and for Independent Directors around 65%.

The Board of Directors has primary responsibility for determining and pursuing the Company's and the Group's strategic objectives.

In particular, the Board of Directors:

- a) examines and approves the Company's and the Group's strategic, business and financial plans, the Company's corporate governance system and the Group's structure;
- b) evaluates the adequacy of the organizational, administrative and general accounting structure of the Company and of the strategically important subsidiaries, with particular reference to the internal controls system and to the management of conflicts of interest;
- c) assigns and revokes the powers of the Managing Directors and the Executive Committee (if established) establishing the limits thereof and the means for exercising the same;
- d) determines, after having examined the proposal of the Fees Committee and having consulted the Board of Statutory Auditors, the compensation of the Managing Directors and of other Directors who have special responsibility, as well as the subdivision of the total compensation to the members of the Board of Directors should the latter not be resolved by the shareholders meeting;

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- e) evaluates the general trend of operations, taking into consideration, in particular, the information received from the persons with delegated authority, and periodically comparing the results achieved with those planned;
- f) examines and approves in advance any transactions considered significant with respect to earnings, capital and financial position, paying particular attention to situations in which one or more Directors may have interests for his/their own account or the account of third parties and, more in general, to transactions with related parties;
- g) effects periodic evaluations about the size, the membership and the running of the Board of Directors and the Board committees.

In accordance with Article 21 of the by-laws and the procedures for compliance with the obligations provided by Article 150, Paragraph 1 of the Legislative Decree n. 58 of 24 February 1998, the Board of Directors and the Board of Statutory Auditors are informed at least quarterly, including by persons with delegated authority, about the general trend of operations, the outlook for operations, the most significant transactions carried out by the Company and the subsidiaries in terms of the impact on the earnings, financial position and capital, and any atypical or unusual transactions, transactions with related parties, or transactions involving a potential conflict of interest, with the inclusion of adequate information so as to be able to price such transactions.

The procedure for compliance with obligations pursuant to art. 150, subsection 1, Italian Legislative Decree no. 58 of 24 February 1998 is available on the web site [www.sopafgroup.it](http://www.sopafgroup.it).

On 12 December 2005 the Company also established a Code of Conduct, the text of which can be found on the web site [www.sopafgroup.it](http://www.sopafgroup.it), amended slightly on 20 July 2006 with regard to related party transactions, including infragroup transactions. The principles adopted aim to guarantee material and procedural transparency in such transactions, providing the Board of Directors with adequate support information for related decisions.



## 4.4. **Delegated bodies**

### 4.4.1. *Chairman*

Pursuant to Article 25 of the by-laws, the legal representation of the Company with respect to third parties and the courts is vested with the Chairman of the Board of Directors.

The current Chairman of the Board of Directors, Giorgio Cirila, has not been vested with any operating authority and therefore, qualifies as a Non-Executive Director, but not an Independent Director, as provided by Articles 2 and 3 of the Code.

### 4.4.2. *Executive Committee*

Pursuant to Article 23 of the by-laws, the Board of Directors is empowered to set up an Executive Committee, setting the term and powers thereof within the limits set by Article 2381 of the Italian Civil Code.

At present, there is no Executive Committee.

### 4.4.3. *Other Delegated Bodies*

On 14 May 2007, the Board of Directors resolved, amongst other things:

- to grant the following separate signatory powers to Board Member, Luca Magnoni, within the consumer credit sector, and therefore referring only to associated companies Delta S.p.A. and Essere S.p.A.:
  1. to subscribe share capital increases in Essere S.p.A. associated companies, exercising related option rights also for any options not exercised by other shareholders; to make payments, including outright payments, with regard to Essere S.p.A. associated companies, all up to a maximum EUR 1,500,000 per transaction;
  2. to incorporate temporary joint ventures, consortiums, joint ventures and business combinations in any legal form, also based on non-Italian law, establishing the related articles of association, agreements, regulations, clauses and terms, appointing corporate bodies, executing all related transactions and signing all documents, contracts, agreements and other necessary documents;
  3. to act as legal representative and perform all action required by Public Administrations, Public Authorities and Institutions;
  4. to sign all declarations and documents required to perform all activities and comply with all legal obligations of the Company with regard to Consob, Borsa Italiana, Bank of Italy, Italian Exchange Control, Antitrust Authorities and Chambers of Commerce;
  5. to maintain all relations with trade unions, stipulating specific and collective agreements and resolving any individual disputes;
  6. to sign ordinary Company correspondence;
  7. to appoint proxies to perform one or more actions or action categories within the scope of his delegated powers, and to cancel such appointments.

On 13 December 2007, the Board of Directors resolved, amongst other things:

- to grant the following separate signatory powers to the Deputy Chairman and CEO, Giorgio Magnoni:
  1. to incorporate companies and consortiums in any legal form, also based on non-Italian law, joint ownerships and collective undertakings, establishing the related articles of association,

- agreements, regulations, clauses and terms, appointing corporate bodies, executing all related transactions and signing all documents, contracts, agreements and other necessary documents; all of which up to a maximum EUR 3,000,000 per transaction;
2. to establish and invest in placement and guarantee consortiums, all up to a maximum of EUR 3,000,000 per transaction;
  3. to subscribe share capital increases in associated companies, exercising related option rights also for any options not exercised by other shareholders; to make payments, including outright payments, with regard to associated companies, all up to a maximum EUR 7,000,000 per transaction;
  4. to purchase and sell investments in companies and consortiums, units of collective undertakings, executing all related transactions and signing all documents necessary, all up to a maximum EUR 3,000,000 per transaction;
  5. to attend ordinary and extraordinary shareholders' meetings and meetings of decision-making bodies of companies, temporary joint ventures, consortiums, collective undertakings and in general of all public and private organizations and associations in which the Company holds an investment, or in relation to which the Company has the right to attend and/or vote; to appoint proxies also with full freedom to vote;
  6. to stipulate with appropriate clauses, amend or cancel contracts concerning the purchase, disposal and leasing of companies and business units, and the purchase and disposal of contracts, debts and/or loans, all up to a maximum of EUR 3,000,000 per transaction;
  7. to incorporate temporary joint ventures, consortiums, joint ventures and business combinations in any legal form, also based on non-Italian law, establishing the related articles of association, agreements, regulations, clauses and terms, appointing corporate bodies, executing all related transactions and signing all documents, contracts, agreements and other necessary documents;
  8. to allocate and receive interest-free or interest-bearing loans to and from Company subsidiaries, all up to a maximum EUR 7,000,000 per transaction;
  9. to request guarantees in favour of the Company and its subsidiaries from banks and insurance companies, negotiating all terms and conditions, all up to a maximum EUR 7,000,000 per transaction;
  10. to issue guarantees, including letters of patronage and sureties, solely in the interests of Company subsidiaries and associated companies. To pledge and accept pledges with regard to investments in companies, or other financial instruments. All up to a maximum EUR 7,000,000 per transaction;
  11. to stipulate with appropriate clauses, amend, cancel, transfer and accept on transfer and terminate due to withdrawal preliminary and final real estate purchase and sale agreements and exchanges, all up to a maximum EUR 5,000,000 per transaction;
  12. to stipulate with appropriate clauses, amend, cancel, transfer and accept on transfer and terminate due to withdrawal, preliminary and final commodity and asset purchase, sale and swap agreements, including registered commodities and assets, all up to a maximum EUR 5,000,000 per transaction;
  13. to stipulate with appropriate clauses, amend, cancel, transfer and accept on transfer and terminate due to withdrawal, preliminary and final agreements concerning: (i) appointment under sub-mandate or sub-assignment for the execution, wholly or in part, of mandates and/or assignments conferred upon the Company, (ii) the commissioning of public works contracts or services in general, (iii) the purchase of marketing, promotion and advertising services in general, (iv) the purchase of professional services, (v) the acceptance or granting of real estate leases, including leases with a duration of more than 9 years, or real estate on free loan, (vi) the establishment of active and passive rights of use, surface areas and easements, (vii) the

- insurance of persons, property and effects in general against all forms of damage or risk, all up to a maximum EUR 5,000,000 per transaction;
14. to consent to restrictions, cancellations and endorsement of mortgages, privileges, loans and other real guarantees, exempting all related holders of registries from all liability with regard to the execution of related formalities, all up to a maximum EUR 5,000,000 per transaction;
  15. to undersign insurance claims, request quotes and expert reports, appoint experts, represent the Company in adversarial processes with insurance companies and technical experts, to pay insurance premiums, to agree and accept, also as settlements, the value of damages and indemnities, collect sums paid as compensation and issue related receipts;
  16. to act as legal representative and perform all action required by Public Administrations, Public Authorities and Institutions;
  17. to arrange payment of settlements, duties, taxes, interest on arrears, penalties, fines, sanctions and levies;
  18. to receive or pay sums on deposit or as guarantees, confirmation deposits and deposits in general;
  19. to perform any credit or debit transaction with banks, i.e.: (i) the opening and closure of current or transaction account, demand deposits, restricted deposits and savings deposits with banks and finance companies, post offices and other organizations, (ii) to order transactions on Company current accounts, also with regard to overdraft withdrawals provided these are within the limits of credit allocated, and to issue promissory notes and drafts, (iii) to negotiate and demand bills of exchange, promissory notes, cheques, bonds, mandates, warrants, pledges and any other trade-related security or effect, signing related documents, endorsements and receipts, (iv) to pay sums into current or deposit accounts held by the Company with banks, finance companies, post offices and other organizations, (v) to endorse cheques, bills of exchange and drafts, warrants, credit notes and other securities for collection or discount by banks, (vi) to contest cheques, effects and other securities;
  20. to manage subscribed and existing loan agreements, negotiate and implement interest rates and periods;
  21. to claim and collect or withdraw credit, interest, profits and dividends, cash sums and securities, and to issue related receipts;
  22. to request and obtain from banks, financial companies and similar, mortgages, loans, lines of credit in any form, e.g. credit line opening, advances, credit limits, banking discounts, all up to a maximum EUR 15,000,000 per transaction;
  23. to perform all documents and transactions with regard to fiscal, currency, anti-money laundering and tax matters with central and branch offices of State Financial Administration authorities, and to represent the Company in such matters before Tax and Appeal Tribunals, all of which with full power to act in terms of the submission of claims and documents, instigation of proceedings, appeals and challenges, the negotiation and definition of each case, also with regard to controls performed by finance departments and adoption of their requirements, claims for reimbursement, and the signing of all related documentation;
  24. to sign all declarations and documents required to perform all activities and comply with all legal obligations of the Company with regard to Consob, Borsa Italiana, Bank of Italy, Italian Exchange Control, Antitrust Authorities and Chambers of Commerce;
  25. to recruit and dismiss employees, decide upon employee salaries, and appoint managers;
  26. to comply with all current labour law requirements, particularly with regard to insurance, indemnities, contributions, duties, tax and similar;

27. to sign all documentation regarding the completion of formalities in the management of social security, health and welfare services;
  28. to maintain all relations with trade unions, stipulating specific and collective agreements and resolving any individual disputes;
  29. to sign proceedings papers, claims, appeals, declarations, requests, accompanying letters to pension claims and other documents for the Istituto Nazionale per l'Assicurazione contro gli Infortuni sul Lavoro (INAIL, Accident Insurance Authority), Istituto Nazionale Previdenza Sociale (INPS, Social Security), the Italian National Health Service and other insurance and welfare organizations, also representing the Company in matters of social liability insurance with express powers to reach agreements and conciliate;
  30. to participate in all civil, penal and administrative disputes on labour, employment, social security, welfare, accident insurance and occupational health matters and, as required, represent the Company before any legal authority, constitutional court, provincial and regional employment offices, conciliation and arbitration chambers, and all other relevant authority, also in conciliation attempts, with full power to reach agreements and conciliate;
  31. to exercise the right to instigate legal proceedings, submit claims and counterclaims and to bring civil action during criminal proceedings;
  32. to submit third party declarations pursuant to art. 547 of the Code of Civil Procedure or oral or written testimony pursuant to art. 244 et seq of the Code of Civil Procedure to legal authorities;
  33. to agree transactions and defer settlement of disputes to arbitration, instigate voluntary arbitration proceedings, accept conciliations, represent the Company in Italy and abroad in any case or proceedings, including executive and preliminary proceedings, before any legal authority of any level of jurisdiction, also before Courts of Appeal, taking all action necessary to further such cases or proceedings and thereby appointing lawyers, representatives ad litem and arbitrators, in cases of ritual arbitration, amicable settlement, voluntary and equity arbitration; to implement and accept waiver of legal proceedings; to levy protests and request legal foreclosure, seizure and distraint, to represent the Company in any bankruptcy proceedings, submit creditor claims in executive and bankruptcy proceedings, confirm the true and real existence of sums owing to the Company, to lay legal claim to preferential repayment of sums owing to the Company, to take action and vote on arrangements in all bankruptcy proceedings, and to elect special domicile;
  34. to sign ordinary Company correspondence;
  35. to appoint proxies to perform one or more actions or action categories within the scope of his delegated powers, and to cancel such appointments.
- to grant the following joint signatory powers to the Chairman of the Board of Directors, Giorgio Cirila, between either the Chairman and the Deputy Chairman and CEO, Giorgio Magnoni, or between the Chairman, Deputy Chairman and CEO Giorgio Magnoni and Board Member Marco Stella, for exercise in emergency situations and after consulting the Chief Operating Officer, Giovanni Caruso:
1. to incorporate companies and consortiums in any legal form, also based on non-Italian law, joint ownerships and collective undertakings, establishing the related articles of association, agreements, regulations, clauses and terms, appointing corporate bodies, executing all related transactions and signing all documents, contracts, agreements and other necessary documents; all of which up to a maximum EUR 5,000,000 per transaction;
  2. to establish and invest in placement and guarantee consortiums, all up to a maximum of EUR 5,000,000 per transaction;

3. to subscribe share capital increases in associated companies, exercising related option rights also for any options not exercised by other shareholders; to make payments, including outright payments, with regard to associated companies, all up to a maximum EUR 10,000,000 per transaction;
  4. to purchase and sell investments in companies and consortiums, units of collective undertakings, executing all related transactions and signing all documents necessary, all up to a maximum EUR 5,000,000 per transaction;
  5. to stipulate with appropriate clauses, amend or cancel contracts concerning the purchase, disposal and leasing of companies and business units, and the purchase and disposal of contracts, debts and/or loans, all up to a maximum of EUR 5,000,000 per transaction;
  6. to allocate and receive interest-free or interest-bearing loans to and from Company subsidiaries, all up to a maximum EUR 10,000,000 per transaction;
  7. to request guarantees in favour of the Company and its subsidiaries from banks and insurance companies, negotiating all terms and conditions, all up to a maximum EUR 10,000,000 per transaction;
  8. to issue guarantees, including letters of patronage and sureties, solely in the interests of Company subsidiaries and associated companies. To pledge and accept pledges with regard to investments in companies, or other financial instruments. All up to a maximum EUR 10,000,000 per transaction;
  9. to appoint proxies to perform one or more actions or action categories within the scope of the delegated powers, and to cancel such appointments.
- to grant the following joint signatory powers to the Chairman of the Board of Directors, Giorgio Cirila, and Deputy Chairman and CEO, Giorgio Magnoni, for exercise after consulting the Chief Operating Officer, Giovanni Caruso:
1. to dispose of and, more in general, transfer investments in companies with securities traded on Regulated Markets, and investments in companies holding only securities in listed companies, all to a maximum of EUR 50 million per transaction, and provided that the internal rate of return (IRR) of the Company is at least equal to 15% of the capital invested;
  2. to appoint proxies to perform one or more actions or action categories within the scope of the delegated powers, and to cancel such appointments.

#### **4.5. Executive Directors**

The Company's Board of Directors is composed of Executive and Non-Executive Directors. For the definition of Executive Director, reference should be made to the provisions of art. 2 of the Corporate Governance Code.

As at 31 December 2007, the Non-Executive Directors (Giorgio Cirila, Giancarlo Boschetti, Renato Cassaro, Adriano Galliani, Francesco Micheli (resigned), Guidalberto Guidi, Renato Martignoni and Giovanni Jody Vender) are, in terms of numbers (eight out of eleven) and influence, sufficient to guarantee significant weight being given to their opinion in decisions of the Board of Directors.

The Executive Directors are Giorgio Magnoni, Marco Stella and Luca Magnoni.

#### **4.6. Independent Board Members**

The Company's Board of Directors is composed of independent and non-independent Directors. For the definition of Independent Director, reference should be made to art. 3 of

the Corporate Governance Code and to art. 147-ter, subsection 4, Italian Legislative Decree no. 58 of 24 February 1998.

As at 31 December 2007, board members Guidalberto Guidi, Renato Cassaro, Adriano Galliani and Francesco Micheli (resigned) are Independent Directors, and the Board has arranged the periodic monitoring of related independence requisites.

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

The Company has not appointed a lead independent director, pursuant to art. 2.C.3. of the Corporate Governance Code, as the Chairman of the Board of Directors is a non-executive director, without a controlling interest in the Issuer.

### **5. *Treatment of corporate information***

On 12 December 2005 the Board of Directors adopted guidelines on the internal control and external disclosure of non-public information. It should also be mentioned that on 27 September 2006, the Board of Directors adopted extensive external communications and internal control procedures with regard to non-public information, including inside information as defined in art. 181, Italian Legislative Decree no. 58 of 24 February 1998. This procedure is available on the web site [www.sopafgroup.it](http://www.sopafgroup.it).

In compliance with the provisions of art. 115-bis, Italian Legislative Decree no. 58 of 24 February 1998, the Company has also set up the Register of persons with access to inside information. A special procedure governs register-keeping and data management criteria.

Again pursuant to art. 114, subsection 7, Italian Legislative Decree 58/1998, the Company has adopted an Internal Dealing Code governing the management, treatment and disclosure of information on share-related transactions and on other financial instruments implemented by relevant persons. The text of the Internal Dealing Code can be found on the web [www.sopafgroup.it](http://www.sopafgroup.it).

### **6. *Board of Directors Internal Committees***

#### **6.1. Appointments Committee**

The Company has not established an Appointments Committee from within the board of directors, pursuant to art. 6.P.2. of the Corporate Governance Code as it is considered that, given the share structure of the Company, there is no risk of problems in identifying candidates for appointment to directorships, and the compulsory list voting procedure, also specified in the Issuer's articles of association, guarantees transparency in the process of selecting and appointing directors.

#### **6.2. The Fees Committee and the Internal Audit and Corporate Governance Committee**

In compliance with the Code, on 12 December 2005 the Board of Directors established the Fees Committee and the Internal Audit and Corporate Governance Committee to cover a consulting and proactive role. The duties and composition of these

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Committees were updated by Board of Directors resolution of 20 July 2006, also in adaptation to the new March 2006 version of the Code.

As at 31 December 2007, the Fees Committee is composed of three Non-Executive and Independent Directors: Guidalberto Guidi, Renato Cassaro and Francesco Micheli (resigned).

The Fees Committee's responsibilities include:

- the presentation to the Board of Directors of proposals covering the compensation to be paid to the Managing Director and other Directors having specific responsibilities, including the Chairman, monitoring the application of the decisions taken by the Board;
- the periodic assessment of the criteria adopted for the compensation of managers with strategic responsibilities; the monitoring of the application of such criteria on the basis of information supplied by the Managing Director; and the formulation of general recommendations on the subject to be given to the Board of Directors;
- with specific reference to stock options and other incentives programs based on share payments, the Fees Committee presents its recommendations to the Board in relation to the use of such programs and all of the significant technical aspects related to their formulation and application. In particular, the Committee makes proposals to the Board about the incentive program deemed most appropriate (stock option plans, other share-based plans) and monitors the development and the application over time of the plans approved by the shareholders after being proposed by the Board.

The following rules apply regarding the make-up and the functioning of the Fees Committee:

- The committee consists of Non-Executive Directors only (no less than three and the majority of whom are Independent Directors) who select a chairman, and a secretary, the latter of whom may or may not be a member of the committee;
- The Board of Statutory Auditors and the Managing Director participate in the committee's meetings. The foregoing applies without prejudice to the Managing Director's commitment to leave the meetings in the event of any conflicts of interest.

The Fees Committee meets whenever the Chairman deems it appropriate or another member or the Managing Director requests the Chairman to convene a meeting.

During the year ending 31 December 2007, a meeting of the Fees Committee was held on 19 July. On this occasion, the Fees Committee met to assess and submit proposals to the Board of Directors on the following topics: (i) appointment of Guidalberto Guidi as Committee Chairman, (ii) proposed fees payable to the Chairman Giorgio Cirila, to the Deputy Chairman and CEO Giorgio Magnoni and to Board Member Luca Magnoni for the specific offices held.

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As at 31 December 2007, the Internal Audit and Corporate Governance Committee is composed of three Non-Executive and Independent Directors, at least one of which with adequate experience in accounting and financial matters. The members of this Committee are Guidalberto Guidi, Renato Cassaro and Adriano Galliani.

The Board of Directors, with the assistance of the Internal Controls and Corporate Governance Committee,

- a) defines the guidelines for the internal controls system, so that the main risks related to the Company and its subsidiaries are correctly identified, as well as adequately measured, managed and monitored, determining in addition the criteria of compatibility of such risks with proper and prudent business management;
- b) identifies a director to head up the oversight of the operability of the internal controls system; to date, such function has been vested with the Chairman of the Board of Directors Giorgio Cirila;
- c) evaluates, at least annually, the adequacy, efficacy and effective running of the internal controls system;
- d) describes in the corporate governance report, the essential elements of the internal controls system, rendering its opinion on the overall adequacy of the same.

In addition to assisting the Board of Directors with the tasks listed in the preceding letters a), b), c) and d), the Internal Controls and Corporate Governance Committee:

- I) evaluates, together with the executive responsible for the preparation of the Company's accounting documents and the independent auditors, the proper use of the accounting principles and their uniformity as far as the preparation of the consolidated financial statements is concerned;
- II) upon the request of the director responsible therefore, expresses opinions about specific aspects inherent to the identification of the main business risks as well as inherent to the planning, construction and management of the internal controls system;
- III) examines the work plan prepared by the internal control managers, as well as the period reports prepared by the same;
- IV) evaluates the proposals drawn up by the independent audit firms for the purpose of securing the audit mandate, as well as the work plan prepared for the audit and the results set out in the audit report and in the letter of recommendations, if any;
- V) oversees the effectiveness of the audit process;
- VI) carries out other tasks assigned by the Board of Directors;



VII) reports to the Board of Directors, at least every six months (at the time of the approval of the annual and semi-annual financial statements), with regard to both the activity carried out and the adequacy of the internal controls system.

The following rules apply regarding the make-up and the functioning of the Internal Controls and Corporate Governance Committee:

- The committee is made up of Non-Executive and Independent Directors only (no less than three), who appoint a chairman and a secretary, who may or may not be a member of the committee;
- The committee meets at least semi-annually (prior to the Board of Directors meetings convened for approving the annual and semi-annual financial statements), and at any time when the chairman deems it appropriate or when a meeting is requested by another member of the committee or by the person responsible for overseeing the operability of the internal controls system. The meetings are also attended by the Chairman of the Board of Statutory Auditors or another statutory auditor designated by him, and any other persons who are invited to the meeting inasmuch as their attendance is considered necessary or appropriate in relation to the matters to be discussed.

During the year ending 31 December 2007 the Internal Audit and Corporate Governance Committee met on 29 March to examine the annual corporate governance report and the report to the Board of Directors on tasks completed and on the adequacy of the internal audit system.

On 6 June 2007, a further meeting of the Internal Audit and Corporate Governance Committee was held to assess and submit proposals to the Board of Directors on the appointment of Renato Cassaro as Committee Chairman.

On 12 September 2007 the Internal Audit and Corporate Governance Committee met to assess the correct application of accounting standards and the reliability of related accounts for the purpose of drafting the consolidated financial statements.

Lastly, at the meeting held on 13 November 2007, the Internal Audit and Corporate Governance Committee examined the organizational model adopted pursuant to Italian Legislative Decree 231/2001.

## **7. *Directors Fees***

With regard to Directors Fees, art. 18 of the Articles of association state that, in addition to the fee established by the shareholders' meeting, Directors are entitled to the reimbursement of expenses incurred for official duties. Where the shareholders' meeting does not establish a global amount of fees payable to Directors, including those with special office, in addition to the individual fees established by the shareholders' meeting and reimbursement of expenses for official duties, the latter are entitled to the additional amount, decided by the Board of Directors according to the proposal of the Fees Committee and after consulting the Board of Statutory Auditors.

On 4 May 2007 the Company shareholders' meeting established the sum of EUR 30,000 as the gross fee payable per year to each Board Member, without prejudice to additional fees as permitted under art. 2389, subsection 2 of the Civil Code for Directors holding special office.

For an analytical identification of fees paid to Directors with special office during the year ending 31 December 2007, reference should be made to the explanatory notes to the financial statements as at 31 December 2007.

It should also be mentioned that no incentive schemes were envisaged for CEOs and General Managers for the year ending 31 December 2007.

## **8. *The internal audit system***

The internal controls system consists of all of the rules, procedures, and organizational structures aimed at facilitating (via an appropriate process for identifying, measuring, managing and monitoring key risks) the sound and proper operation of the business consistent with pre-established objectives.

On 20 July 2006 the Board of Directors appointed Giorgio Cirila as the director responsible for supervision of the internal audit system.

Acting on the proposal of the director in charge of overseeing the running of the internal control systems and the opinion of the Internal Controls and Corporate Governance Committee, the Board of Directors appoints, and revokes the appointment of, one or more persons in charge of internal controls and defines the compensation in relation thereto on a basis consistent with the Company's policies. It is noted in this regard that on 12 May 2006, the Board of Directors passed a resolution to commission LPR Management Consulting, a part of Giuseppe Mario Ruscio & C. S.a.s., to handle the internal audit and to act as the head of the internal controls.

The director in charge of overseeing the running of the internal controls system:

- is responsible for identifying the Company's main risks, taking into account the characteristics of the activities carried out by the Company and its subsidiaries, and submitting them periodically for examination by the Board of Directors;
- implements the strategies defined by the Board of Directors, arranging for the planning, realization and management of the internal controls system, constantly verifying the overall adequacy, effectiveness and efficiency thereof; takes care of adapting the system to changes in operating conditions and in laws and regulations;
- submits proposals to the Board of Directors for the appointment, revocation of the appointment, and compensation of one or more persons to head up internal controls.

The persons heading up the internal controls:

- a. are charged with verifying that the internal controls system is always adequate, and fully operational;

- b. are not responsible for any operational area, and do not report to any manager of any operational area, including the administration and finance area;
- c. have direct access to all information useful for the execution of their mandate;
- d. have adequate means for the fulfilment of the function assigned to them;
- e. report on their work to the Internal Controls and Corporate Governance Committee and the Board of Statutory Auditors. In particular, they report on the means with which the management of risks is handled, as well as on the respect of plans defined for containing risks; express an opinion on the extent to which the internal controls is suitable for achieving an acceptable total risk profile.

The Internal Controls and Corporate Governance Committee and the Board of Directors believe, including on the basis of information supplied by the Board of Statutory Auditors, that the internal controls system is essentially adequate and therefore, it is suitable for protecting the Company's interests and for the purposes for which it was set up.

## **9. *Organizational Model, Italian Legislative Decree 231/2001***

On 27 December 2006 the Board of Directors approved the General Principles of the Organizational Model pursuant to Italian Legislative Decree 231/2001 (regarding the administrative liability of companies for offences committed by key officers or employees), a model that reflects a structured system based on specific Company needs and characteristics that implements all reasonable measures to avoid the risk of offences and to highlight any situation that fails to comply with procedures established in the organizational models. The Board also approved the Code of Ethics on the same date. The text of the General Principles of the Organizational Model 231/2001 and the Code of Ethics are published on the web site [www.sopafgroup.it](http://www.sopafgroup.it).

On 13 November 2007 the Board of Directors approved the Organizational Model 231/2001 as published on the Company web site [www.sopafgroup.it](http://www.sopafgroup.it) and appointed Adriano Galliani, Giuseppe Ruscio and Paolo Marsigli as members of the Supervisory Body.

## **10. *Independent Auditors***

On 7 May 2002, the Company's ordinary shareholders' meeting appointed independent auditors Deloitte & Touche S.p.A. to perform audits for the three-year period 2002-2004, later extended to include the financial years 2005-2007 by resolution of the shareholders' meeting of 28 October 2004.

Pursuant to art. 8, subsection 7 of Italian Legislative Decree 303/2006, on 4 May 2007 the ordinary shareholders' meeting expressed opinion in favour of extending the Deloitte & Touche S.p.A. assignment to audit of the separate and consolidated financial statements for the years 2007-2009.

## **11. *Executive responsible for the preparation of corporate accounting documents***

In compliance with art. 154-*bis*, Italian Legislative Decree no. 58 (introduced by art. 14, Italian Law no. 262 of 28 December 2005), on 10 November 2006 the ordinary shareholders' meeting approved the introduction of a special clause in the articles of association (art. 26) envisaging the Board of Directors appointment, subject to opinion in favour from the Board of Statutory Auditors, of the executive responsible for the preparation of corporate accounting documents, granting sufficient powers and means to perform the assigned duties.

On 18 June 2007 the Board of Directors appointed Alberto Ciaperoni, the Company's Chief Financial Officer as executive responsible for the preparation of corporate accounting documents until expiry of the current Board of Directors, after having verified his possession of the professional requisites established by current regulations on such matters.

## **12. Shareholders' Meetings**

Article 13 of the corporate by-laws provides that an ordinary meeting of the shareholders is convened at least once a year, on or before 120 days from the end of the fiscal year. Should the Company be required to prepare consolidated financial statements or should special needs in relation to the Company's structure and purpose so require, the aforementioned term may be increased to up to 180 days. The meetings of the shareholders are to be held in the municipality in which the Company has its registered office and in the place established in the meeting notice, or in another municipality and place established in the meeting notice, provided in Italy. The shareholders' meetings are convened by the directors through a notice containing an indication of the day, time and place of the meeting and the list of the matters to be covered. The meeting notice is to be published in the Official Gazette of the Republic of Italy or in the daily newspaper "Il Sole-24 Ore" within the terms specified by the law.

Shareholders with voting rights who have deposited their shares or the related certification at the company's registered office or at the banks indicated in the meeting notice, at least two business days prior to the meeting and who have not withdrawn them prior to the meeting being held, are entitled to participate in the meeting (Article 14 of the by-laws).

Pursuant to Article 16 of the by-laws, the shareholders' meetings are validly established and may deliberate on business if they meet the quorum set by the law.

On 10 November 2006, the Ordinary Shareholders' Meeting approved the shareholders' meeting regulation governing the conduct of meetings, the text of which is published on the web site [www.sopafgroup.it](http://www.sopafgroup.it).

## **13. Directors' investments and related party transactions**

The execution of infragroup and related party transactions is subject to prior approval of the Board of Directors, after consulting the Internal Audit and Corporate Governance Committee, except in cases where such transactions are considered typical, normal and are concluded under standard conditions.

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Typical or normal transactions are those which, due to their reason or nature, do not fall outside the boundaries of normal Company affairs and those not giving rise to particularly critical elements as a result of their characteristics or risks relating to the nature of the counterparty or their timing. Standard transactions are those concluded under the same conditions applied by the Company to third parties.

The Board of Directors receives adequate information on the nature of the relation, the underlying interest and on the execution methods of transactions (including the economic terms and conditions for their implementation), particularly with regard to the adopted assessment procedures.

Where necessary due to the nature, value or other characteristics of the transaction, in order to ensure that the agreed terms of the transaction are no different from those that would be applied if negotiated between unrelated parties, the Board of Directors arranges for the transaction to be concluded with support from independent experts to value the assets and for financial, legal or technical consulting.

For infragroup and related party transactions not submitted to the Board of Directors, being typical, normal and concluded under standard conditions, without prejudice to compliance with the special procedure indicated in art. 150, subsection 1 of Italian Legislative Decree no. 58 of 24 February 1998, adequate information on the nature of the relation, the execution method and valuation method of the transaction is recorded.

Also via its delegated bodies, the Board of Directors therefore issues a quarterly written report (the “**Report on Disclosures**”) to the Board of Statutory Auditors on, amongst other things, related party transactions other than infragroup transactions.

Specifically, with regard to related party transactions other than infragroup transactions, the underlying interest is emphasised and the execution method of the transactions is illustrated (including the economic terms and conditions for their implementation), particularly the valuation methods adopted.

Taken into account as related party transactions for the purpose of this procedure are those implemented by Sopaf or its subsidiaries with the following:

- a. direct and indirect parties to shareholders’ agreements regarding the exercise of voting rights, pursuant to art. 122, subsection 1 of the Consolidated Law on Finance, if such agreements result in their having overall control;
- b. Sopaf associated companies pursuant to art. 2359, subsection 3 of the Italian Civil Code;
- c. entities with direct or indirect possession of an interest equal to or more than 10% of share capital represented by Sopaf ordinary shares;
- d. entities which, though directly or indirectly in possession of an interest lower than that indicated under point c. above, could appoint, via shareholders' agreements and either alone or in concert with other parties to the agreements, the majority of members of the Sopaf Board of Directors;

- e. entities which, though directly or indirectly in possession of an interest lower than that indicated under point c. above, hold, via shareholders' agreements and either alone or in concert with other parties to the agreements, the majority of votes exercisable at Sopaf ordinary shareholders' meetings;
- f. members of the Board of Directors, Sopaf Standing Auditors, General Managers and all persons reporting directly to the CEOs or General Managers;
- g. close family members of natural persons indicated in points c, d, e and f above.  
Close family members are those potentially able to influence, or be influenced by, a natural person linked to Sopaf in relations with the Company, including cohabiting partners. In any event a close family member includes a spouse if not legally separated, close relatives and blood relatives up to twice removed;
- h. companies in which the entities indicated under points c to g above possess a direct or indirect interest equal to or more than 10% (if a listed company) or 20% (if unlisted) of the share capital represented by shares with voting rights at the ordinary shareholders' meeting;
- i. companies in which entities indicated in points c to g above, though directly or indirectly in possession of an interest lower than that indicated under point h. above, could appoint, via shareholders' agreements and either alone or in concert with other parties to the agreements, the majority of members of the Board of Directors of that company;
- j. companies in which entities indicated in points c to g above, though directly or indirectly in possession of an interest lower than that indicated under point h. above, hold, via shareholders' agreements and either alone or in concert with other parties to the agreements, the majority of votes exercisable at the ordinary shareholders' meetings of that company;
- k. companies in which the entities indicated in points c to g above hold a strategic management post, and their subsidiaries;
- l. companies for which the majority of directors are in common with those of Sopaf.

Transactions of more than EUR 500 thousand and, even if the value is lower, those concluded under non-standard conditions executed directly or through third parties with Sopaf related parties are subject to disclosure.

#### ***14. Appointment of Statutory Auditors***

The Board of Statutory Auditors is normally composed of three Standing Auditors and two Alternate Auditors. Again to encourage the participation of minority investors in the life of the company, appointment of the Board of Statutory Auditors is based on lists that may be submitted by all shareholders in possession, individually or jointly, of at least 2.5% of share capital with voting rights at the ordinary shareholders' meeting. These lists must be filed with the registered office of the Company at least fifteen days before the date

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established in first call for the shareholders' meeting. The election of one Standing Auditor and one Alternate Auditor is therefore reserved to minority interests.

Appointment as Chairman of the Board of Statutory Auditors falls to the first candidate on the list obtaining the highest number of votes.

If only one list is filed, the Board of Statutory Auditors will be appointed by majority vote based on the candidates included in that list. The Chairman of the Board of Statutory Auditors would in this case be the first candidate on that list.

## **15. Auditors**

The Board of Statutory Auditors is currently composed of three Standing Auditors and three Alternate Auditors.

On 10 November 2006 the shareholders' meeting appointed Giovanni Sala (Chairman), Paolo Gualtieri and David Reali as Standing Auditors. Francesco Dori, Riccardo Ronchi and Marco Salvatore were appointed Alternate Auditors. The current Board of Statutory Auditors will remain in office until approval of the financial statements as at 31 December 2008.

On 30 November 2007 Paolo Gualtieri resigned from office as standing auditor, and on that same date Riccardo Ronchi (former alternate auditor) took his place.

<b>Name and surname</b>	<b>Office</b>	<b>Address</b>
Giovanni Sala	Chairman of the Board of Statutory Auditors	Corso Matteotti 8, Milan
Paolo Gualtieri	Standing Auditor	Via San Pio V 5, Milan
David Reali	Standing Auditor	Via Giovanni da Procida 5, Milan
Francesco Dori	Alternate Auditor	Corso Matteotti 8, Milan
Riccardo Ronchi	Alternate Auditor	Via Conca del Naviglio 29, Milan
Marco Salvatore	Alternate Auditor	Corso Italia 46, Milan

The overall attendance of Auditors at the Board of Statutory Auditors meetings was 100%, and approximately 72% attendance at Board of Directors meetings.

Provided below is a short curriculum vitae for each member of the Board of Statutory Auditors, indicating the skills and experience matured.

**Giovanni Sala** Born in Genoa on 14 April 1938. Entered on the register of freelance members of the Italian accounting profession in Milan and Lodi since 1965, and since then has always provided independent chartered accounting services. He has also been registered on the List of Auditors since 1995.

**Paolo Gualtieri.** Born in Naples on 20 July 1961. Full professor of Economics for Financial Intermediaries in the Banking, Financial and Insurance Department of the Catholic University in Milan. He has published numerous books and papers on intermediary economics and the financial markets. He has been consultant for many Italian and foreign banks and companies, and for organizations for financial, asset-related and

corporate economic difficulties. From 2004 to 2006 he was a director of CDC Point S.p.A., and from 1992 to 1996 director and Executive Committee member of Interbanca S.p.A.. In different periods between 1987 and 1993 he held the office of director and Executive Committee member for financial intermediaries including ING-Sviluppo Investimenti SIM S.p.A. and ING-Sviluppo Fiduciaria S.p.A.. In 1994 he was also appointed by the Italian Treasury as Ministerial Commissioner of Liranova SIM S.p.A., of CS Elvigest Fiduciaria S.p.A. in 1995 and of Parin SIM S.p.A. in 1996. The Bank of Italy appointed him as liquidator of Global SIM S.p.A. in 1998, a member of the Fincrea SIM S.p.A. Supervisory Committee in 1997, of Global SIM in 1998 and the Cassa di Risparmio di Volterra in 2002.

**David Reali.** Born in Forlì on 21 January 1966. Graduated at Luigi Bocconi University in Milan in 1988, is included on the register of the Italian accounting profession since 1989 and the List of Auditors since 1995. He is a partner of Studio Chiaravalli, Reali e associati - Chartered Accountants. Specialised in accounting, taxation, corporate affairs and financial statements, he has also published several articles on tax matters, amongst other things as a collaborator of the Italia Oggi daily newspaper, and Il Fisco and Rivista dei Dottori Commercialisti magazines. He has been a speaker at conferences organized by the Italian accounting Profession of Milan and by the Bocconi Business School. He is a tax consultant for companies in the industrial, commercial, financial and services sectors and has for many years been a member of the teaching staff in the Industrial and Business Economics Institute of Bocconi University in Milan.

**Francesco Dori.** Born in Milan on 7 April 1962. Graduated in Economics and Banking Science at the Catholic University in Milan in 1988, and has been included in the Italian accounting profession register since 1991. During his career he has mainly provided corporate and tax consulting services for real estate and industrial companies, also collaborating in the study and implementation of investment acquisitions and disposals, mergers, transfers, company disposals and spin-offs, also on behalf of leading multinational groups. Since 1991 he has worked as a chartered accountant in Milan.

**Riccardo Ronchi.** Born in Milan on 17 June 1960. Graduated in Economics at Luigi Bocconi University in Milan, has been included on the Italian accounting profession register since 1991 and is registered on the List of Auditors. From 1986 to 1990 he was an auditor with Coopers & Lybrand. Since 1991 he has worked as a chartered accountant in Milan. During his career he has mainly provided corporate and tax consulting services to industrial companies. With specific regard to corporate reorganizations he has collaborated in the study and implementation of a great many investment acquisitions and disposals, mergers, transfers, company disposals and spin-offs, also on behalf of leading multinational groups. He has also provided and collaborated in expert reports on industrial companies.

**Marco Salvatore.** Born in Como on 28 December 1965. He has been included in the Italian accounting profession register since 1994, and since then has always provided independent chartered accountant services. He has also been registered on the List of Auditors since 1999.

Listed below are the offices held by members of the Company Board of Statutory Auditors in other companies listed on Italian and foreign regulated markets, in finance companies, banks or insurance companies.



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<b>Name and surname</b>	<b>Office</b>	<b>Office held in other companies</b>
Giovanni Sala	Chairman of the Board of Statutory Auditors	<p>Director, Gewiss S.p.A.</p> <p>Chairman of the Board of Statutory Auditors, Alessio Tubi S.p.A.</p> <p>Chairman of the Board of Statutory Auditors, Bios Interbanca S.p.A.</p> <p>Chairman of the Board of Statutory Auditors, Carl Zeiss S.p.A.</p> <p>Chairman of the Board of Statutory Auditors, CIPA S.p.A.</p> <p>Chairman of the Board of Statutory Auditors, Coface Italia S.r.l.</p> <p>Chairman of the Board of Statutory Auditors, Gianni Versace S.p.A.</p> <p>Chairman of the Board of Statutory Auditors, Intermonte SIM S.p.A.</p> <p>Chairman of the Board of Statutory Auditors, Interbanca S.p.A.</p> <p>Chairman of the Board of Statutory Auditors, Iniziativa Gestione Investimenti SGR S.p.A.</p> <p>Standing auditor, C.L.N. S.p.A.</p> <p>Standing auditor, Coface Factoring Italia S.r.l.</p> <p>Standing auditor, Coface Assicurazioni S.p.A.</p> <p>Standing auditor, Omniainvest S.p.A.</p>
Paolo Gualtieri	Standing Auditor (resigned)	<p>Sole Director, F. Cesarini – P. Gualtieri S.r.l.</p> <p>Director, Alter Sim S.p.A.</p> <p>Director, Banca Mediolanum S.p.A.</p> <p>Director, Santex-Holding S.p.A.</p> <p>Standing auditor, Interbanca S.p.A.</p> <p>Director and Executive Committee member, Meliorbanca S.p.A.</p> <p>Chairman of the Board of Directors, RREEF Fondimmobiliari SGR S.p.A.</p> <p>Chairman of the Board of Directors, RREEF Alternative Investments SGR S.p.A.</p> <p>Chairman of the Board of Directors, Meliorbanca Asset Management SGR S.p.A.</p> <p>Liquidator, Giorgio Vincent SIM S.p.A.</p> <p>Chairman of the Supervisory Committee, Eagle SIM S.p.A.</p>
David Reali	Standing Auditor	<p>Chairman of the Board of Statutory Auditors, SAECO International Group S.p.A.</p> <p>Chairman of the Board of Statutory Auditors, Gaggia S.p.A.</p> <p>Chairman of the Board of Statutory Auditors, Argos Sodic Italia S.r.l.</p> <p>Chairman of the Board of Statutory Auditors, Caravaggio Investimenti S.p.A.</p> <p>Chairman of the Board of Statutory Auditors, Tiziano Investimenti S.p.A.</p> <p>Chairman of the Board of Statutory Auditors, Canaletto Investimenti S.p.A.</p> <p>Chairman of the Board of Statutory Auditors, Giorgione Investimenti S.p.A.</p> <p>Chairman of the Board of Statutory Auditors, Carpaccio Investimenti S.p.A.</p> <p>Chairman of the Board of Statutory Auditors, COIN S.p.A. Group</p>

		<p>Chairman of the Board of Statutory Auditors, COIN S.p.A.          Chairman of the Board of Statutory Auditors, Oviessa S.p.A.          Chairman of the Board of Statutory Auditors, SAECO Vending S.p.A.          Standing Auditor, Banca Network Investimenti S.p.A.          Standing auditor, Fineurop Sodic S.p.A.          Standing auditor, COIMPORT S.p.A.</p>
Francesco Dori	Alternate Auditor	<p>Chairman of the Board of Statutory Auditors, Padana Est S.p.A.          Chairman of the Board of Statutory Auditors, Ribbon S.r.l.          Chairman of the Board of Statutory Auditors, V.P. Holding S.p.A.          Chairman of the Board of Statutory Auditors, Schwarz Pharma S.p.A.          Standing auditor, Arcelor Piombino S.p.A.          Standing auditor, Boffi S.p.A.          Standing auditor, Boffi Trade S.p.A.          Standing auditor, SO.GE.PAR S.p.A.          Standing auditor, Value Team S.p.A.          Standing auditor, Sodexho Italia S.p.A.          Standing auditor, Arcelor Italy Holding S.r.l.          Standing auditor, ICF S.p.A.          Standing auditor, Carl Zeiss S.p.A.          Standing auditor, Value Partner S.p.A.          Alternate auditor, Buccellati Holding Italia S.p.A.          Alternate auditor, I.G.I. Iniziativa Gestione Investimenti SGR S.p.A.          Alternate auditor, Marzotto S.p.A.          Alternate auditor, Voith Siemens Hydro Power Generation S.p.A.          Alternate auditor, Arcelor Commercial Italy FCSE S.r.l.          Alternate auditor, Arcelor Logistics Italia S.r.l.          Alternate auditor, Fast Point S.r.l.          Alternate auditor, Arcelor Packaging International Italia S.r.l.          Alternate auditor, Coface Italia S.r.l.          Alternate auditor, Trafileries Bedini S.r.l.          Alternate auditor, Cipa S.p.A.          Alternate auditor, Arcelor SSC Italia S.r.l.</p>
Riccardo Ronchi	Standing Auditor	<p>Chairman of the Board of Statutory Auditors, Arcelor Mittal Italy Holding S.r.l.          Chairman of the Board of Statutory Auditors, Petunia S.p.A.          Standing auditor, Finsogepar S.p.A.          Standing auditor, CIPA S.p.A.          Standing auditor, Gewiss S.p.A.          Standing auditor, V.P. Holding S.p.A.          Standing auditor, CIPA S.p.A.</p>

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**16. *Relations with shareholders and institutional investors***

Relations with shareholders and institutional investors are the responsibility of a dedicated department, Corporate Communication, which can be contacted as follows:

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Milan, 13 May 2008