

*The present is the English translation of the Italian official report approved by the Board of Directors on March 14, 2011. The present does not include any of the five attachments that are enclosed in the Italian version of the Report. For any difference between the two texts, the Italian text shall prevail.*

# **REPORT ON CORPORATE GOVERNANCE AND OWNERSHIP**

Drawn up in accordance with article 123-*bis* of the Consolidated Finance Act and article 89-*bis* of Consob Issuers Regulation

Issued by: SAES® Getters S.p.A. – Viale Italia 77 – 20020 Lainate (Milan)

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## GLOSSARY

**2006 Code:** the Corporate Governance Code for Listed Companies approved in March 2006 by the Corporate Governance Committee and promoted by Borsa Italiana S.p.A., as subsequently amended.

**231 Model:** the organisational, management and control model adopted by the Board on December 22, 2004 and as subsequently amended, in accordance with Legislative Decree no. 231 of June 8, 2001.

**Board:** the Board of Directors of the Company.

**By-laws:** the Company By-laws as currently into force (last amendment made by the Board of Director on November 11, 2010).

**Company:** SAES Getters S.p.A.

**Consolidated Finance Act:** Legislative Decree no. 58 of February 24, 1998.

**Control Model:** the administrative and accounting control model adopted by SAES Getters S.p.A. on May 14, 2007 also in light of Savings Law (as below defined).

**Financial Year:** Financial year started January 1, 2010 and ended December 31, 2010.

**Issuers Regulation:** the Regulations concerning issuers published by Consob in resolution no. 11971 of May 14, 1999 (as subsequently amended and supplemented).

**SAES Getters Corporate Governance Code:** the Corporate Governance Code adopted by SAES Getters S.p.A. Board of Directors on September 21, 2006.

**Savings Law:** Savings Protection Act no. 262 of December 28, 2005.

**Regulations for Markets:** the Regulations concerning markets published by Consob in resolution no. 16191 of October 29, 2007 (as subsequently amended and supplemented).

**Report:** the Report on Corporate Governance and Ownership which companies are required to prepare in accordance with articles 123-*bis* of the Consolidated Finance Act, article 89-*bis* of the Consob Regulation for Issuers.

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## INTRODUCTION/COMPLIANCE

The essential features of SAES Getters S.p.A.'s Corporate Governance system are based on the principles and recommendations contained in the Corporate Governance Code for Listed Companies published by Borsa Italiana S.p.A. in October 1999, as reviewed in July 2002, and in the version published in March 2006 (hereinafter also the "**2006 Code**"), as available on the Borsa Italiana S.p.A. website ([www.borsaitaliana.it](http://www.borsaitaliana.it)). The Company did not adopt or adhere to code of conducts other than the one promoted by Borsa Italiana S.p.A.

The SAES Getters S.p.A.'s Corporate Governance system is substantially in line with the recommendations contained in the 2006 Code with which the Board of Directors decided to comply on December 21, 2006, in the belief that the principles and provisions contained therein make an important contribution towards the achievement of correct business and corporate governance and towards the creation of value for Shareholders, thereby increasing the level of confidence and interest among national and international investors.

To this end, the Board on December 21, 2006 adopted its own Corporate Governance Code (hereinafter also "**SAES Getters Corporate Governance Code**"), with the aim of clearly formalising the rules of conduct applicable to its internal organisation structure, identifying roles and responsibilities and drawing more attention to the recommendations of the 2006 Code effectively applied and the respective procedures.

The following Report provides the information about the Corporate Governance of SAES Getters S.p.A. and about its degree of compliance with the 2006 Code.

To compile the Report, the Company has largely used the experimental format circulated by Borsa Italiana S.p.A. on February 8, 2010, although not mandatory and although not following the same expositive index; the Company chose to follow a "comply how/non-comply why" approach, giving reasons for any decision not to adopt one or more provisions, together with corporate governance practices actually applied by the Company over and above any legal or regulatory obligations, pursuant to article 123-*bis* of Legislative Decree no. 58 of February 24, 1998 (hereinafter also the "**Consolidated Finance Act**") and article 89-*bis* of Regulations Concerning Issuers published by Consob in resolution no. 11971 of May 14, 1999 as subsequently amended and supplemented (hereinafter also "**Issuers Regulation**").

Pursuant to article 123-*bis*, paragraph 1 of the Consolidated Financial Act, we inform that:

- ▶ Information contained in subsection a) ( the capital structure, the different classes of shares and, for each class of shares, the related rights and obligations, and the percentage of total share capital represented) are provided into paragraph 2.1.;
- ▶ Information contained in subsection b) (restriction on the transfer of securities) are provided into paragraphs 2.1. and 2.8.;

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- ▶ Information contained in subsection c) (significant shareholdings), that pursuant to article 156 paragraph 4-*bis*, subsection d) of the Consolidated Financial Act will be subject to the audit firm opinion, are provided into paragraph 2.2.;
- ▶ Information contained in subsection d) (special control rights), that pursuant to article 156 paragraph 4-*bis*, subsection d) of the Consolidated Financial Act will be subject to the auditing firm opinion, are provided into paragraph 2.2.;
- ▶ Information contained in subsection e) (voting rights in any employee share scheme) are provided into paragraph 2.1.;
- ▶ Information contained in subsection f) (any restriction on voting rights), that pursuant to article 156 paragraph 4-*bis*, subsection d) of the Consolidated Financial Act will be subject to the auditing firm opinion, are provided into paragraphs 2.1. and 2.5.;
- ▶ Information contained in subsection g) (agreement known to the Company pursuant to article 122 of the Consolidated Financial Act) are provided into paragraph 2.3.;
- ▶ Information contained in subsection h) (any significant agreements to which the Company or its subsidiaries are parties and which take effect, alter or terminate upon a change of control of the Company, and their effects) are provided into paragraph 2.6.;
- ▶ Information contained in subsection i) (agreements between companies and directors which envisage severance in the event of resignation or dismissal without just cause, or if their employment contract should terminate as the result of a takeover bid) are provided into paragraph 2.7.;
- ▶ Information contained in subsection l) (rules applying to the appointment and replacement of directors), that pursuant to article 156 paragraph 4-*bis*, subsection d) of the Consolidated Financial Act will be subject to the audit firm opinion, are provided into paragraph 4.2.;
- ▶ Information contained in subsection m) (the existence of delegated powers regarding share capital increases pursuant to article 2443 of the Italian Civil Code or powers of the directors to issue security-related financial instruments or to authorise the purchase of treasury shares), that pursuant to article 156 paragraph 4-*bis*, subsection d) of the Consolidated Financial Act will be subject to the auditing firm opinion, are provided into paragraph 2.4. and 2.5.

Pursuant to article 123-*bis*, paragraph 2 of the Consolidated Financial Act, we inform that:

- ▶ Information contained in subsection a) (adoption of a corporate governance code of conduct) are provided in the present paragraph “Introduction/Compliance” and into paragraph 10;
- ▶ Information contained in subsection b) (the main characteristics of existing risk management and internal audit systems used in relation to the financial reporting process, including consolidated reports), that pursuant to article 156 paragraph 4-*bis*, subsection d) of the Consolidated Financial Act will be subject to the audit firm opinion, are provided into paragraph 6;

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- ▶ Information contained in subsection c) (the operating mechanism of the Shareholders' Meeting, its main power, Shareholders rights and their term of exercise, if different from those envisaged by legal and regulatory provisions applicable as supplementary measures) are provided into paragraphs 2.1., 8 and 9;
- ▶ Information contained in subsection d) (the composition and duties of the administrative and control bodies and their Committees) are provided into paragraphs 4, 6 and 7.

Neither the Company nor its subsidiaries are subject to foreign laws which affect the Corporate Governance structure of SAES Getters S.p.A.

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## 1. PROFILE

Pioneering the development of getter technology, the SAES Getters Group is the world leader in a variety of scientific and industrial applications where stringent vacuum conditions or ultra-pure gases are required. In 70 years of operation, its getter solutions have been supporting innovation in the information display and lamp industries, in technologies spanning from large vacuum power tubes to miniaturised silicon-based micromechanical devices, as well as in sophisticated high vacuum systems and in vacuum thermal insulation. Group also holds a leading position in ultra pure gas handling for the semiconductor and other hi-tech markets. Starting in 2004, by leveraging the core competencies in special metallurgy and materials science, the SAES Getters Group has expanded its business into advanced materials markets, in particular the shape memory alloy product, a family of materials characterized by super elasticity and the properties of assuming predefined forms when subjected to heat treatment. These special alloy have their application mainly in biomedical field and, more in general, in niche industrial fields. A total production capacity distributed over 11 manufacturing plants across 3 continents, a worldwide-based sales & service network, more than 1.100 employees allow the Group to combine multicultural skills and expertise to form a truly global enterprise. SAES Getters S.p.A. is headquartered in the Milan area. SAES Getters has been listed on the Italian Stock Exchange Market, STAR segment, since 1986.

In accordance with the By-laws, the management and control **model** adopted by the Company is a **traditional** model based on a Board of Directors and a Board of Auditors. Specifically, in this model, the Governance of the Company is characterised by the presence of:

- a Board of Directors responsible for the management of the Company, which acts in compliance of principle 1.P.1. of the 2006 Code;
- a Board of Auditors / Internal and Account Audit Committee appointed to monitor, among other subjects provided for by the law, i) compliance with the law and with the by-laws, ii) financial information processes, iii) efficacy of the internal control, internal audit and management risk control systems, iii) individual and consolidated annual accounts legal audit, audit firm independence, with particular focus on non audit services rendered to the Company.
- a Shareholders' Meeting, with powers to resolve according to legal provisions and to the Company By-laws in ordinary or extraordinary session.

Accounting auditing is entrusted to an independent audit firm enrolled in the Special Register, according to article 2, paragraph 1 of the Legislative Decree no. 39/2010.

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## 2. INFORMATION on OWNERSHIP

The information given below, unless otherwise specified, is valid on the date of approval of this Report (March 14, 2011).

### 2.1. SHARE CAPITAL STRUCTURE

The fully paid-up share capital of SAES Getters S.p.A. is EUR 12,220,000.00 and is divided into 22,049,969 shares, broken down as follows:

- no. 14,671,350 ordinary shares (66.54% of the share capital);
- no. 7,378,619 non-convertible savings shares (33.46% of the share capital).

Both the ordinary shares and the savings shares are listed on the Italian *Mercato Telematico Azionario* managed by Borsa Italiana S.p.A.

All shares are no-par-value shares and currently have an implied book value (meaning the ratio between the total amount of share capital and the total number of shares issued) of EUR 0.554196.

An unrestricted voting right is granted to the owner of each ordinary share. The rights attached to the ordinary shares are all the administrative and economic rights according to legal provisions and to the Company By-laws. Owners of savings shares are not entitled to any voting right in ordinary or extraordinary Shareholders' Meeting.

The rights attached to the various categories of shares are specified in the By-laws, notably in articles 5, 6, 11, 26, 29 and 30. The Company By-laws is published on the Company's website [www.saesgetters.com](http://www.saesgetters.com) (section Investor Relations/Corporate Governance/Company By-laws).

Ordinary shares are available in registered form, savings shares are available in bearer or registered form at the shareholder's choice or as required by law. All shares are issued in dematerialised form.

Each share gives entitlement to a proportional part of the profits that it is decided to distribute and of the net worth resulting from liquidation, subject to the rights attached to savings shares, as described in articles 26 and 30 of the By-laws.

More specifically, the net profits for each year are distributed as follows:

- 5% to the legal reserve, until one fifth of the share capital has been reached;
- the remainder is distributed as follows:
  - savings shares are entitled to a preference dividend of 25% of the implied book value; if, in one financial year, a dividend of less than 25% of the implied book value has been allocated to savings shares, the difference will be made up by increasing the preference dividend in the following two years;
  - the remaining profit that the Shareholders' Meeting has resolved to allocate will be distributed among all shares in such a way as to ensure that savings shares

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are entitled to a total dividend that is higher than that of ordinary shares by 3% of the implied book value (whose amount is EUR 0,017).

If reserves are distributed, shares have the same rights irrespective of the category to which they belong.

In the event of liquidation, savings shares have priority in the reimbursement of capital for their implied book value.

Following the execution made on May 26, 2010 of the shareholders' resolution dated April 27, 2010 that has resolved the annulment of 600.000 ordinary shares and of 82.000 savings shares, as of today the Company does not hold any treasury shares.

The share capital may also be increased by issuing shares which have different rights from those of shares already issued. If the share capital is increased, holders of each category of shares are proportionally entitled to receive rights over newly issued shares of the same category and, failing this or for the difference, shares of another category (or other categories).

Resolutions to issue new shares which have the same characteristics as those already in issue do not require further approval from special meetings.

If ordinary or savings shares are excluded from trading, savings shares will be recognised the same rights to which they were previously entitled.

The Company does not have any share-based incentive schemes (stock options, stock grants, etc.) in place.

No shares have been issued which grant special control rights; nor are there any restrictions on voting rights<sup>1</sup>.

No restrictions on the transfer of shares are in place except for the provisions contained into the following article 2.8. and some restrictions applicable to the Significant Persons for limited period of time (*black out periods*) on the basis of the Internal Dealing Code (see paragraph 5).

## **2.2. MAJOR SHAREHOLDINGS**

S.G.G. Holding S.p.A. is the Company's majority Shareholder presently holding 7,958,920 SAES Getters ordinary shares representing 54.25% of the ordinary shares, to the knowledge of the Company based on the filings received in accordance with article 120 of the Consolidated Finance Act and with articles 152-*sexies* and 152-*octies* of Issuers Regulation.

In addition to S.G.G. Holding S.p.A., there are other entities which hold voting rights accounting for more than 2% of the subscribed capital, represented by voting shares, according to the entries in the share register updated on 28/02/2011, and based on filings received by the Company and other information. These entities are:

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<sup>1</sup> Except for the restriction pursuant to article 2357-*ter* of the Italian Civil Code which states that a Company does not have voting rights on the ordinary treasury shares held in its portfolio, for which the voting rights is frozen.

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<b>Declarant</b>	<b>Direct shareholder</b>	<b>% share of the ordinary capital (on a total of 14,671,350 ordinary shares)</b>
Giovanni Cagnoli	Carisma S.p.A.	5.57%
The Tommaso Berger Trust	Berger Trust S.p.A.	2.86%

### **2.3. SHAREHOLDERS' AGREEMENTS**

The Company is not aware of the existence of any Shareholders' agreements governed by article 122 of the Consolidated Finance Act.

### **2.4. POWERS TO INCREASE THE SHARE CAPITAL**

The Extraordinary Shareholders' Meeting of April 23, 2008 authorised the Board, pursuant to Article 2443 of the (Italian) Civil Code, to increase the Share Capital on one or more occasions up to an amount of EUR 15,600,000 (fifteen million six hundred thousand); it is in particular proposed that such power may be exercised:

- by means of one or more increases without consideration, (i) either without the issue of new shares (with a consequent increase in the implied book value of all shares already in issue), or (ii) by assigning ordinary and savings shares, in proportion to the ordinary and savings shares already held, in observance of the provisions of Article 2442 of the Civil Code; the increase may be effected - within the limit of the amount authorised - by drawing from the available reserves posted in the financial statements for the year ended 31 December 2007, net of the distribution approved by the shareholders' meeting on April 23, 2008 without prejudice to the obligation for the Board of Directors to check that such reserves exist and are usable at the time of the capital increase;

and/or

- by means of one or more increases with consideration, with the issue of ordinary and/or savings shares, having the same characteristics as the corresponding shares already in issue, to be offered in the form of rights, with the right for the Board to determine the issue price, including any premium; it is stipulated that the conversion shares in such increase(s) cannot be issued with an implied book value less than that of the shares in issue at the time of the board resolution(s) to issue shares.

### **2.5. TREASURY SHARES**

The Shareholders' Meeting of April 27, 2010 authorised the purchase of the Company's own shares up to a maximum of no. 2,000,000 ordinary and/or savings shares over a period of 18 months from the date of authorisation, taking due account of the shares

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already held in the portfolio by the Company, and subject in any event to statutory limits, for a price, including incidental purchase expenses, of no more than 5% and no less than 5% of the official share price in the trading session prior to each individual transaction.

During the Financial Year the Board did not implement any purchase of treasury shares plan and has not availed itself of the authorization granted by the Shareholders' meeting of April 27, 2010 (also in the preceding months did not use the previously authorisation previously granted by the Shareholders' Meeting of April 21, 2009).

As evidenced above, upon execution on May 26, 2010 of the shareholders' resolution dated April 27, 2010 that has resolved the annulment of 600.000 ordinary shares and of 82.000 savings shares, as of today the Company does not hold any treasury shares.

The revoking of the resolution concerning the purchase and use of own shares taken by the Shareholders' Meeting on April 27, 2010, for the part not enjoyed, and the proposal to adopt a similar decision have been included on the agenda for the forthcoming Shareholders' Meeting (ordinary session) scheduled for April 20 and 21, 2011 (at first and second call respectively).

Please refer to the special report to the Shareholders' Meeting prepared by the Directors on this subject, pursuant to article 73 of Issuers Regulation, which will be deposited at the registered offices, with Borsa Italiana S.p.A. and published on the Company's website [www.saesgetters.com](http://www.saesgetters.com) (section Investor Relations/Shareholders' Meeting), within the time period required under existing law (i.e. at least 15 days before the date of the Shareholders' Meeting).

## **2.6. CHANGE OF CONTROL CLAUSES**

Group companies, as part of their normal activities, are parties to supply contracts or cooperation agreements with customers, suppliers and industrial or financial partners which, as is commonplace in international agreements, contain clauses which grant the counterparty or each of the parties the right to terminate these agreements in the event of a change of control affecting the parent company SAES Getters S.p.A. or, more generally, one of the parties. None of these agreements is material in nature.

Some Group companies are part of loan agreements and bank lending commitments. In the case of change of control of the financed company and/or the parent company (SAES Getters S.p.A.), these agreements with banks require, as usual for this kind of contracts, the banks' rights to forthwith terminate the loan agreements and provide for repayment. The indebtedness subject to the change of control clauses is of about EUR 40,4 million.

## **2.7. DIRECTORS SEVERANCE**

The agreements in place between the Company and the Executive Directors Massimo della Porta and Giulio Canale, in the event of dismissal by the Shareholders' Meeting or revoking of delegated powers by the Board, without cause, make provision for

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compensation to be paid in an amount equal to the annual base fee determined by the Board on April 21, 2009<sup>2</sup> until the end of their office, with a cap of two years and half.

Further, in case of non renewal of the Executive Directors, they will be entitled to earn a fee equal to one annual base salary.

In the case of resignations from his office, no compensation is payable to the Executive Director, who is obliged to give three months' prior notice.

For the non-competition agreement signed by the Executive Directors, they are entitled to earn a fee equal to the 20% of the base salary earned in the last three years in charge or, in case of termination before the end of the three years, such fee will be pro rata to the effective period they have been in charge.

In case of illness or accident that could prevent from performing the duties of Executive Director, it is provided a fee for a period not higher than 12 consecutive months equal to a annual base salary. After such a period, the Company may withdraw from the contract, with 3 months prior notice, paying a fee equal to EUR 1.500.000.

It is to be noted, finally, that, in accordance with the Shareholders' resolution of April 27, 2006, a percentage (18%) of the fixed and variable compensation is set aside by the Company by way of Directors' Termination Indemnity ("*Trattamento di Fine Mandato*"), pursuant to articles 17, 50, 105 and 109 of Presidential Decree 917/86, with the aim of creating a final total retirement benefit in line with that of other managers who work for the Company. The sums set aside will be used to take out a suitable Directors' Termination Indemnity insurance policy in line with legal requirements, aimed at guaranteeing the disbursement of the final benefit.

In consideration of the economical crisis environment, the Executive Directors Massimo della Porta and Giulio Canale renounced to the accrual for the Directors' Termination Indemnity on the fixed and variable compensation (if any) for 3 consecutive years (i.e. from 21 April 2009 up to the date of approval of 2011 financial statement). With reference to 2011, the Executive Directors also renounced to 10% of their annual base salary.

For other information on the fees received by the Directors during the Financial Year, please refer to the special report included in the Notes to the Financial Statements.

Please refer to paragraph 4.8 for further information on the remuneration of the Directors.

### 3. MANAGEMENT AND COORDINATION ACTIVITY

The Company is not subject to management and coordination within the meaning of article 2497 et seq of the (Italian) Civil Code.

For the purposes of article 37, paragraph 2, of Consob Resolution no. 16191 of October 29, 2007 as subsequently amended ("**Regulations for Markets**"), it is specified that,

<sup>2</sup> The Board of Directors on April 21, 2009, on Compensation Committee proposal, fixed an annual base salary for the Executive Directors equal to EUR 780.000 for Dr Ing. Massimo della Porta and EUR 680.000 for Dr Giulio Canale.

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following assessment by the Board confirmed today, the presumption set in article 2497 of the (Italian) Civil Code is considered overcome, as S.G.G. Holding S.p.A. results not to manage and/or coordinate SAES Getters S.p.A. in relation to the majority interest held by the former. This is based on the fact that S.G.G. Holding S.p.A., under the managerial, operational and industrial profiles, does not play any role in the definition of the long-term strategic plans and annual budget and in investment choices, does not approve specific and/or significant operations of the Company and of its subsidiaries (acquisitions, sales, investments, etc.) and does not coordinate business initiatives and actions in the sectors in which the latter and its subsidiaries operate. S.G.G. Holding S.p.A. does not give instruction nor carry out service activities or technical, administrative, financial coordination in the interest of the Company and its subsidiaries.

The Company has its own organisational and decision-making independence as well as independent negotiation capacity in relations with customers and suppliers.

## **4. BOARD OF DIRECTORS**

### **4.1. COMPOSITION**

The current By-laws stipulate that the Shareholders' Meeting can determine the number of Directors which can be a minimum of three (3) and a maximum of fifteen (15). The high number of Directors set as upper limit reflects the need to structure the Board in the manner most appropriate to the Company's needs, also taking into consideration the number of companies controlled and to the several business areas where the Group operates. It also enables the Company to bring in professionals from different backgrounds and to integrate different skills and experiences in order to respond more effectively to current and future requirements, thereby maximising value for Shareholders. The complexity and worldwide nature of Company and Group interests entail an ever growing need for different professional abilities, experiences and skills within the management body. With a larger composition, the Board is able to provide better internal dialectics and carry out its duties effectively, with the necessary competence and authority, responding in a timely manner to the increasingly complex subjects with which the Company is called to cope with.

### **4.2. APPOINTMENT AND REPLACEMENT OF DIRECTORS**

Directors are appointed by the Shareholders' Meeting on the basis of lists submitted by Shareholders, according to the procedure set out in article 14 of the By-laws, unless different or supplementary provisions are laid down in mandatory laws or regulations or depending on the Company's voluntary or mandatory compliance with codes of conduct drawn up by the management companies of regulated markets or by trade associations.

The Board believes that the Directors appointment takes place pursuant to a clear procedure, as below described, pursuant to principle 6.P.1. of the 2006 Code.

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Lists for the appointment of Directors may be submitted by Shareholder who, with reference to the shares registered in its name as of the date in which the lists are deposited at the Company, owns, individually or together with other Shareholders submitting lists, a percentage of the voting capital at least equal to the percentage determined by Consob under article 144-*quater* of the of the Issuers Regulation. On the date hereof, the required percentage is equal to 2,5% of the voting capital.

The lists, signed by those submitting them, are deposited by Shareholders at the registered offices at least within the twentieth day before the scheduled date of the Meeting called to resolve on the appointment of Directors. These lists are made available for consultation by the public at the registered offices as well as at the market management company and on its website, under the terms and conditions laid down by the applicable regulations.

The lists specify no more than fifteen candidates, each allocated with a progressive number. Each list must contain and expressly indicate at least one Independent Director<sup>3</sup>, with a progressive number no greater than seven.

A Shareholder cannot submit or vote for more than one list, including through an intermediary or through trust companies. A candidate may only be present in one list, failing which he will be ineligible.

At the end of the voting, the candidates of the two lists which have obtained the highest number of votes will be elected, subject to the following criteria: (i) from the list which obtained the highest number of votes ("**Majority List**"), all but one of the total number of Board members, as previously established by the Shareholders' Meeting, will be elected in the numerical order indicated in the list; (ii) from the second list which obtained the highest number of votes and which has no connection, not even indirectly, with the Shareholders who submitted or voted for the Majority List pursuant to the applicable provisions ("**Minority List**"), one Director will be elected, namely the candidate indicated with the first number on that list. However, if no Independent Director is elected from the Majority List, in the case of a Board of no more than seven members, or if only one Independent Director is elected, in the case of a Board of more than seven members, the first Independent Director indicated on the Minority List will be elected instead of the person at the top of the Minority List.

However, lists which have not achieved a percentage of votes equal to half that required for the submission of lists will not be taken into account.

If one or more lists receive the same number of votes, the one presented by Shareholders owning the highest shareholding upon their presentation or, secondly, the one presented by the highest number of Shareholders, shall prevail.

If one only list is presented, the Shareholders' Meeting votes the same and if it gets the majority of the voting Shareholders, without taking into account Shareholders who refrain from voting, the Directors on their order of priority in said list are elected, until fulfillment of the number of Board members established by the Shareholders' Meeting, saved for the fact that, however, if the Board is made up by more than seven members,

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<sup>3</sup> Meaning a Director meeting the independence requirements stipulated therein as well as additional requirements laid down in the codes of conduct drawn up by the management companies of regulated markets or by trade associations with which the Company voluntarily or mandatorily complies.

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also the second Independent Director is elected, in addition to the Independent Director necessarily listed among the first seven candidates.

In the absence of lists or if the number of Directors elected on the basis of lists submitted is less than the number determined by the Shareholders' Meeting, the members of the Board of Directors are appointed by the same Shareholders' Meeting according to statutory majorities, without prejudice to the obligation for the Shareholders' Meeting to appoint the necessary minimum number of Independent Directors.

Upon the approval of the Financial Statements for the year ended December 31, 2008, during the Financial Year, the three-year mandate of the Board of Directors appointed by the Shareholders' Meeting on April 27, 2006 expired.

The Shareholders' Meeting of April 21, 2009 resolved to fix in 11 (eleven) the number of members of the Board of Directors. The appointed Directors, which are still in charge are the following: Stefano Baldi, Giulio Canale, , Adriano De Maio, Giuseppe della Porta, Massimo della Porta, Andrea Dogliotti, Andrea Gilardoni, Pietro Alberico Mazzola, Roberto Orecchia, Andrea Sironi and Gianluca Spinola.

The current Board was elected, for the first time, through the list vote mechanism, (introduced by resolution of the Extraordinary Shareholders' Meeting of June 29, 2007, in order to accommodate the changes and additions to election procedures introduced in the meantime into legislation about the procedure to appoint Directors) on the basis of the only one list presented and published by the major shareholder S.G.G. Holding S.p.A. according to the procedure and terms set out in the By-laws, mandatory regulations and the Company's Code of Conduct. The list and its enclosures were opportunely made available for consultation by the public on the Company's website.

The appointed Board of Directors term of office will expire with the approval of the 2011 Financial Statements.

The Board as at December 31, 2010 is made up of eleven Directors as shown in Appendix 1.

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The following table shows the attendance of each Director to the Board meetings during the Financial Year:

Meeting of Board of Directors during the Financial Year	18-Feb	15-Mar	15-Mar	27-Apr	13-May	27-Aug	11-Nov	Overall attendance of each director	%
Baldi Stefano	1	1	1	1	1	1	1	7/7	100
Canale Giulio	1	1	1	1	1	1	1	7/7	100
De Maio Adriano	1	1	1	1	1	1	1	7/7	100
della Porta Giuseppe	1	0	1	1	1	1	1	6/7	85,7
della Porta Massimo	1	1	1	1	1	1	1	7/7	100
Dogliotti Andrea	1	1	1	1	1	1	1	7/7	100
Gilardoni Andrea	0	1	1	1	1	1	1	6/7	85,7
Mazzola Pietro	1	1	1	1	1	1	0	6/7	85,7
Orecchia Roberto	0	1	1	1	1	1	1	6/7	85,7
Sironi Andrea	1	1	1	0	0	0	1	4/7	57,1
Spinola Gianluca	1	1	1	1	1	1	0	6/7	85,7
<b>NON EXECUTIVES</b>	<b>7/9</b>	<b>8/9</b>	<b>9/9</b>	<b>8/9</b>	<b>8/9</b>	<b>8/9</b>	<b>7/9</b>		<b>87,3%</b>
<b>EXECUTIVES</b>	<b>2/2</b>		<b>100%</b>						
<b>INDEPENDENT</b>	<b>2/3</b>	<b>3/3</b>	<b>3/3</b>	<b>2/3</b>	<b>2/3</b>	<b>2/3</b>	<b>3/3</b>		<b>81%</b>

The average age of Director is about 60 years old.

Appendix 3 to this Report contains information on the personal and professional characteristics of Directors as required by article 144-*decies* of the Issuers Regulation.

#### 4.3. MAXIMUM LIMIT ON POSITIONS CUMULATIVELY HELD IN OTHER COMPANIES

Pursuant to principle 1.P.2. of the 2006 Code, the Company's Directors act and make resolutions independently and with full knowledge of the facts, with the aim of creating value for Shareholders. In line with application criterion 1.C.2. of the 2006 Code, Directors accept the office when they believe that they can dedicate the necessary time to the diligent performance of their duties, taking into account the number of director or auditor posts that they hold in other companies listed on regulated markets, including foreign markets, in financial companies, banks, insurance companies or large-sized companies.

The Board annually records and reports, in the Corporate Governance Report, on the director or auditor posts held by the Directors in listed companies and in the other companies indicated above. Appendix 2 lists the director or auditor posts held by each Director in other companies listed on regulated markets, including foreign markets, in

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financial companies, banks, insurance companies or large-sized companies, as at December 31, 2010, as recorded in the Board meeting of February 17, 2011.

The Board believes that if a Director cumulatively holds an excessive number of posts in the Boards of Directors or in the Boards of Auditors of listed or unlisted companies, this may compromise or jeopardise the effective performance of his post within the Company.

In line with application criterion 1.C.3. of the 2006 Code, the Board has defined general criteria governing the maximum number of director or auditor posts in other companies which may be considered compatible with an effective performance of the role of Director in the Company.

These general criteria are identified in the SAES Getters Corporate Governance Code approved by Board resolution on December 21, 2006.

Indeed, the Board has considered it appropriate to award a score to each post held outside of the Company's Board of Directors. This score differs according to the commitment entailed by the type of post (Executive/non-executive Director) and the nature and size of the companies in which the post is held. There is a maximum score above which it is presumed that the post of Director in the Company cannot reasonably be performed effectively. If the maximum threshold is exceeded, this constitutes a valid reason to dismiss the Director from office.

The Company's Board reserves the right to amend and supplement the general criteria specified above, taking into account changes in legislation, experience of application and the best practice that will develop in this area.

The current composition of the Board respects the above general criteria.

Pursuant to application criterion 2.C.2. of 2006 Code, Directors are required to be familiar with the duties and responsibilities inherent in their post. The Chairman of the Board ensures that Directors participate in initiatives aimed at increasing their knowledge of corporate events and trends, also with regard to the legislative framework, so that they can perform their role effectively. During the Financial Year the above mentioned initiatives did not take place except for technical presentations about the main research and development projects running in the Company's laboratories, and a set of the main corporate documents, in addition to brochures of the core product families of the Companies.

In particular, within the framework of the presentation of the Strategic Plan of SAES Group made between 2010 and 2011, the Board has had the possibility to deeply examine, with accurate details, and be updated, among the others, on the following matters: i) SAES business model, highly characterized by peculiarities, operating model, targets and strategic choices appropriate for a "high tech B2B company" ii) SAES technological product road map - since 2003 up to date - with particular focus on the evolution and renewal aspects of the technological core competences developed by the Company that has allowed the increasing exploit of the synergies - both technical and commercial - between the productive lines and the constantly diversified market offer; iii) SAES vision, being to become a multi-business Group maintaining e replicating the technological and commercial leadership in the market; iv) SAES mission, orientated to consolidate the global leadership in the Getter & Dispenser and in

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the Advanced Materials, with particular focus on the Innovation & Business Development.

The Chairman and the Managing Director make every effort to ensure that the Board is informed about the main legislative and regulatory developments that concern the Company and the corporate bodies.

If the Directors require clarifications and information from the Company's management, they may forward a request to the Chairman, who will take the appropriate action either by collecting the necessary information or by putting the Directors in touch with the management concerned. The Directors can ask the Chairman and/or the Managing Director to have managers of the Company or of the Group attend the Board meetings to provide detailed information about the items on the agenda.

#### **4.4. ROLE OF THE BOARD OF DIRECTORS**

The Board meets at regular intervals to examine operational performance, Company results and all significant operations. The By-laws provide that the Board must meet at least once every quarter. During the Financial Year, the Board met 7 times, with the average attendance of Directors being about 89,6% higher than 2009 average attendance (of about 88%). The average attendance of Executive Directors was of 100% (vs. 93,3% of 2009), the average attendance of non-executive Directors was 87.3% (to be compared with 86.8% of year 2009) and the average attendance of Independent Directors was 81%, (in 2009 equal to 93,3%).

The average duration of Board meetings is slightly higher than 2 hours.

For the 2011 financial year, it is currently anticipated that the Board will meet at least nine times, of which four meetings will be to approve the interim results, the dates for which were already notified in November 2010 to Borsa Italiana S.p.A. for inclusion on the calendar of Company events, also published on the Company's website. In 2011, as of the date hereof, the Board has already taken place 3 times, on January 18, February 17 and on March 14.

The Chairman makes every effort to ensure, that, for the purposes of Board meetings, the necessary documentation and information to enable the Board to discuss in an informed manner the matters referred for its examination are forwarded to Directors reasonably in advance, where possible together with the notice of call (that is usually sent at least two weeks before the date of the meeting); as far as the financial reports, these are forwarded with at least two working days notice, according to a schedule consistent with the time needed for the preparation of such documents. Exceptionally, with the blessing of Directors, some documentation (as strategic business plans) might not be sent in advance to them or, as it happened during 2010 with reference to highly sensitive information, the documentation is made available in data room.

Each Board Member has the right to propose subjects for discussion at subsequent Board meetings.

The Chairman, with the approval of those present, may invite persons outside the Board to attend meetings in order to listen in or to provide support duties. The Officer Responsible for the Preparation of corporate financial reports pursuant to article 154-*bis* of the Consolidated Financial Act is invited to attend all the meetings of the Board of

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Directors that have on the agenda the approval of quarterly Financial Statements, of the half year report, of the yearly financials statements, the consolidated Financial Statements, and any time the Board is called to take resolution for which a statement of the Accounting Officer or any time the Chairman of the Board, even on proposal of the Managing Director, being on the agenda issues that may affect the accounting reports of the Company or of the Group.

The Group General Counsel attends each Board meeting, acting as Secretary of the Board of Directors.

Tentatively, during each meeting, and in any event at least every quarter, in accordance with article 19 of the By-laws, the Board of Directors and the Board of Auditors are informed, by the Chairman and the Managing Director, about the activities performed (by the Company and by its subsidiaries), about its general performance and foreseeable development, about the most important economic and financial transactions in terms of size or characteristics and, where necessary, about transactions in which the Directors have a personal or third party interest.

The Board reviews the information received from the Executive Directors and also ensure to ask the latter for any clarification or further or supplementary details which are deemed necessary or expedient for a complete and correct appraisal of the facts brought to the Board for examination.

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The Board plays a central role in the Company's Corporate Governance system, being vested with extensive powers for the ordinary and extraordinary management of the Company and having the right to carry out all acts considered appropriate for the implementation and achievement of the Company's objects, excluding those that the law strictly reserves for the Shareholders' Meeting.

Without prejudice to the exclusive competences over matters as laid down in article 2381 of the (Italian) Civil Code and in the By-laws, the Board exclusively and in compliance the application criterion 1.C.1 of 2006 Code:

- a) defines, applies and updates the Company's Corporate Governance rules, in conscious compliance with existing laws; defines the Corporate Governance guidelines for the Company and for the Group that it heads;
- b) examines and approves the strategic, industrial and financial plans for the Company and for the Group that it heads; in the Financial Year the Board performed its evaluations as to the strategic plans during the meetings of August 27;
- c) assesses and approves the annual budget and the investment plan for the Company and for the Group that it heads;
- d) assesses and approves the periodic financial reporting documentation required under existing law (in the Financial Year the Board, to this extent, met on March 15, May 13, August 27 and November 11, in 2011, on March 14);
- e) grants and revokes powers within the Board (and the Executive Committee, where appointed) and defines the limits, operating procedures and frequency, generally at least every quarter, with which the authorised bodies must report to the Board about

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the activity performed in accordance with the powers granted to them; please refer to paragraph 4.5.1. for further details;

- f) determines, after examining the proposals of the Compensation Committee and after consulting with the Board of Auditors, the remuneration payable to Executive Directors and other Directors who are appointed to certain positions and, if the Shareholders' Meeting has not already done so, determines the share of the total remuneration to which individual members of the Board are entitled;
- g) monitors and assesses the general operational performance, including any conflict of interest situations, taking into consideration, in particular, information received from the Executive Directors, from the Compensation Committee and from the Audit Committee, and periodically comparing the results achieved with those anticipated;
- h) examines and approves significant transactions and related party transactions; please refer to paragraph 4.4.1. for further details;
- i) assesses the adequacy of the organisational, administrative and general accounting structures, and of the Company and Group structure, based on documents prepared by the Managing Director, particularly with regard to the Internal Control System and the handling of conflicts of interest. Please refer to paragraph 6.4. for further details;
- j) evaluates, at least once a year, the size, composition and functioning of the Board and of its Committees, where applicable expressing opinions on the professionals whose presence in the Board is deemed appropriate;
- k) reports to the Shareholders' Meeting; provides information, in the Corporate Governance report, on the implementation of the SAES Getters Corporate Governance Code and, in particular, on the number of meetings of the Board, that have been held during the year and on the respective percentage attendance of each Director;
- l) at the end of each year, prepares a calendar of Company events for the following year, which will be followed as far as possible; during the Financial Year, the 2011 corporate events calendar was disclosed to the market on November 17, 2009;
- m) has ultimate responsibility for the functioning and effectiveness of the organisational, management and control model pursuant to Legislative Decree 231/2001.

With regards to letter g) above, the Board, also on input of the Chairman and the Managing Director, on occasion of almost every meeting in the Financial Year evaluated the overall operational performance.

With regards to letter i) above, the Board made the assessment of the adequacy of the organisational, administrative and general accounting structures, both of the Company and Group structure, on March 14, 2011.

With regards to letter j) above, in line with the international best practices, as set by SAES Getters Corporate Code, the Board for the second consecutive year, performed a self assessment of the Board composition, its working and Committees.

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In October 2010 Directors provided their feedback to a survey circulated by the Corporate Secretary aiming at a self assessment of the Board; following aggregate and anonymous processing of the feedback, the Board successfully carried out this evaluation in the meeting of November 11, 2010. Among the strengths the Board review unanimously highlights are: i) the favorable climate established within the Board which allows an open and fruitful discussion amongst its members and taking decisions with a large consensus; ii) the satisfying standing of the quantity and quality of information received; iii) the accuracy of the minutes of the Board debate and of the resolutions.

The Board size and competences available therein are deemed to be adequate, as well as the number and frequency of the meetings. As far as the Committees established within the Board, their composition, role and efficiency of performance have been confirmed.

Among the issue to be improved, some Directors evidenced the following: i) scheduling periodical thematic meetings, with particular reference to research, business development, financial planning and budget; ii) increase access to the management and to its recruiting iii) increase the flow of information between the Committees and the Surveillance Committee towards the Board; iv) receiving more in advance the documentation of the Board.

The By-laws grant the Board, without prejudice to the statutory limits, the power to resolve on proposals concerning:

1. mergers in the cases set out in articles 2505 and 2505-*bis* of the (Italian) Civil Code, including with regard to demergers as governed by article 2506-*ter*, final paragraph, of the Italian Civil Code, in the cases where these rules are applicable;
2. the creation and closure of secondary offices and branches;
3. indication of which Directors have the power to represent the Company;
4. any capital reduction in the event of withdrawal of Shareholders;
5. the alignment of the Company's By-laws with legislative provisions;
6. transfer of the registered offices within the country.

With reference to point 5 above, according to article 19 of the By-laws, the Board modified some provision of the same (article 8, 10, 14, 22 and 23 of the By-laws) in order to adapt it to the new dispositions contained in the Legislative Decree no. 27/2010 and to the EC Directive 2007/26 (i.e. Shareholders' Directive) and to the Legislative Decree no.39/2010 that has reformed the accounting audit discipline, providing a coordinate regulation of the legal audit of the annual individual and consolidated accounts.

#### **4.4.1. Principles of conduct - Significant or Related Party Transactions**

On December 21, 2010, the Board of Directors, upon positive opinion of the Independent Directors, approved the Procedure for Related Parties' Transactions (the "Procedure") according Consob Regulation no. 17221/2010 (the "Regulation") and to the Consob Circular of September 24, 2010 (the "Circular") in order to assure substantial and formal transparency and correctness when performing transactions with related parties, as defined in the IAS 24 accounting principle.

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The Procedure define the “material” transactions that shall be approved in advance by the Board, after receiving positive and binding opinion of the Independent Directors Committee.

The other transactions, as long as they are different to the “minor” transaction whose amount is lower than EUR 250.000, are defined “non material” transactions and may be performed after receiving non binding opinion by the Independent Directors Committee.

The Procedure set forth the cases that exclude its applicability such as market and standard transactions, transactions with controlled or affiliate companies, provided that there are no other significant interests of other related parties, and minor transactions.

The Procedure came into force on January 1, 2011 and are available on [www.saesgetters.com](http://www.saesgetters.com).

## **4.5. MANAGING BODIES**

### **4.5.1. Executive Directors**

In compliance of application criterion 2.C.1. of 2006 Code, the Company's Executive Directors are:

- the Managing Directors of the Company or of a subsidiary company having strategic importance<sup>4</sup>, including the relevant Chairmen when they are granted individual management powers or when they play a specific role in the definition of business strategies;
- the Directors vested with management duties in the Company or in a subsidiary company having strategic importance, or in the holding company when the mandate also concerns the Company;
- the Directors who are part of the Company's Executive Committee, where appointed, when there is no Managing Director appointed or when participation in the Executive Committee, taking into account the frequency of meetings and the nature of its decisions, entails the systematic involvement of its members in the day-to-day management of the Company.

The granting of powers for urgent cases only to Directors not vested with management powers is not *per se*, to cause them to be identified as Executive Directors, unless such powers are actually exercised with considerable frequency.

Of the Directors in office, two are Executive. The Board appointed by the Shareholders' Meeting of April 21, 2009 met at the end of the Meeting to allocate positions within the

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<sup>4</sup> Meaning a significant company from the accounting point of view (having the net assets higher than 2% of consolidated net assets or sales higher than 5% of consolidated sales) or, more in general, from the market and business point of view (as a consequence, also a newly-created company could be eligible for being considered “significant”). On the basis of an evaluation made in 2010, taking into account the thresholds above and some business considerations, the following are considered significant: SAES Advanced Technologies S.p.A., SAES Getters USA, Inc., SAES Getters (Nanjing) Co. Ltd., SAES Getters Korea Corporation, SAES Smart Materials, Inc., Memry Corporation. On the contrary, despite meeting the thresholds above, following business consideration, SAES Getters International Luxembourg S.A., SAES Getters America Inc. and SAES Getters Export, Corp. are not considered significant.

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Company, to grant powers and to appoint Committees. As in the past, the Board adopted a delegation model in which the Chairman and the Managing Director are granted extensive operational powers. Consequently, the Chairman (Massimo della Porta) and the Managing Director and Group Chief Financial Officer (Giulio Canale), were granted separate powers of ordinary and extraordinary administration, excluding those strictly reserved for the Board and those reserved by law for the Shareholders' Meeting. Likewise removed from the powers granted to the Executive Directors are decisions concerning significant transactions (as defined in paragraph 4.4. above) and certain related party transactions.

The powers granted to the Chairman and the Managing Director are identical and do not differ in terms of value or competence.

In particular, Massimo della Porta and Giulio Canale, jointly and severally, are entrusted with the following powers have been granted (by way of example without being limited to):

- a) to appoint proxies for single transaction or categories of transactions, setting forth the powers and compensations, including the power to revoke them;
- b) to stand on behalf of the Company in any relationship with third parties, public administrations, public entities, companies of the Group, and to sign the associated acts and contracts, to undertake obligations of any kind and nature;
- c) to purchase, exchange, sell assets within the performance of the corporate activities; to enter, after negotiating the appropriate clauses, agreements, to amend and/or terminate agreements and contracts of any kind and value; to authorize the purchase of raw materials, semi-finished products, finished products and consumables; to authorize quotations also different from the standard usual ones;
- d) to request the exact performance of third parties obligations or from third parties;
- e) to open banking/postal accounts; to pay, even through bank wire or checks, to conduct operations both on debt and credit on current accounts of the Company held at banks or post offices, even using overdraft, always in the interest of the Company, and to issue and request the issuance of checks and bank drafts;
- f) to negotiate and execute any document to support a line of credit or financing of any kind granted to the Company, negotiating terms and conditions therein contained; to enter credit factoring agreements;
- g) to perform transactions against railway and custom authorities, re: shipment and/or delivery of goods of any kind;
- h) to issue certificates and declarations that might be required for fiscal reasons, extracts of personnel files for retirement and/or insurance and/or health reasons, and sign any document required by fiscal laws;
- i) to hire and terminate personnel of any qualification, including managers; to sign any associated contracts and establish hiring conditions as any following treatment;
- j) to stand on behalf of the Company in front of any Italian or foreign authorities; to stand on behalf of the Company, either as plaintiff or defendant, in any civil, criminal or administrative court, in any kind of proceedings; to appoint and revoke attorneys, technical consultants and to confer them any power;

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- k) to stand on behalf of the Company in front of the Banca d'Italia, Consob or Borsa Italiana S.p.A., with the authority to settle any matter;
- l) to settle any claim or litigation with third parties, to appoint arbitrators or similar and to enter the arbitral award and/or settlement agreement;
- m) to stand on behalf of the Company in any liquidation or dissolution or judicial management established on/entered by third parties.

The Board decided not to set any limit on powers deeming it sufficient to refer significant transactions to the Board and observing that, historically, as was also the case during the Financial Year, the mandated Directors exercised the powers granted to them prudently and exclusively for the ordinary management of Company activities, on which the Board was kept informed in a regular and timely manner.

Executive Directors are required to report systematically to the Board of Directors and to the Board of Auditors on the exercise of their powers, by providing adequate information on actions performed and, in particular, on any uncommon, atypical or unusual transactions performed in the exercise of their powers. During the Financial Year, the authorised bodies regularly reported to the Board, in the first practical meeting, on the activity performed in the exercise of the powers granted to them.

#### **4.5.2. Chairman**

The Chairman, Massimo della Porta, coordinates and organises the Board's activities, is responsible for its orderly functioning, acts as liaison between Executive and non-executive Directors, sets the agenda, chairs Board meetings and makes every effort to ensure that Board members receive, reasonably in advance of the date of the meeting (except for cases of necessity and urgency), the necessary documentation and information to enable the Board to discuss in an informed manner the matters referred for its examination and approval.

The Chairman of the Board is also Chief Executive Officer, but he is not the only responsible for the management of the Company, since it shares this task with the Managing Director Giulio Canale. Both of them have been candidate to the directorship in a list submitted by the majority shareholder (S.G.G. Holding S.p.A.).

In accordance with principle 2.P.5. of the 2006 Code, it is acknowledged that the Board has decided to delegate to the Chairman the same powers entrusted to the Managing Director so to enable Massimo della Porta, who had been Managing Director in the term 2006-2008, to continue to contribute actively to the management of the Company and to give strategic guidance as always done as Managing Director in the previous Board appointments (starting from April 29, 1997). The powers given and the coincidence of offices in Massimo della Porta is deemed coherent with the organisational structure of the Company.

SAES Getters Corporate Governance Code stipulates that, if the Chairman of the Board also has operational powers, the Board must consider whether to appoint an Independent Director as "lead independent director" in order to reinforce the

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characteristics of impartiality and balance that are required from the Chairman of the Board.

To this end, the Board on April 21, 2009, deemed opportune to appoint Adriano De Maio as "lead independent director" and in the same date informed the market of such appointment according to the conditions set out in article 66 of the Issuers Regulation.

## **4.6. INDEPENDENT DIRECTORS**

### **4.6.1. Non-Executive and Independent Directors**

The current Board (as appointed by the Shareholders on April 21, 2009) is made up of eleven (11) members, of which two (2) Executives and nine (9) non executive, three (3) of which qualify as Independent Directors, in other words they do not hold nor have they recently held, not even indirectly, relations with the Company or with entities connected to the Company, which might compromise their independence of judgment.

Concerning principle 3.P.1. and application criterion 3.C.3. of 2006 Code, the Company believes that three (3) is the correct number of Independent non-executive Directors to have on the Board.

It also considers that with this composition, the number, expertise, time availability and authority of the non-executive directors is such that it enriches Board discussion and guarantees that their judgment can have a significant weight in the making of considered and informed Board decisions.

Non-executive Directors bring their specific expertise to Board discussions, contributing to the taking of balanced decisions, meeting the Company's interests and paying particular attention to areas where conflicts of interests may exist.

Pursuant to application criterion 3.C.1. of 2006 Code, the Board assesses the independence of its non-executive members more on the basis of substance than form. Moreover, in principle, as part of this assessment, the Board will tend to consider that a Director is not Independent, generally speaking, in the following non-absolute situations:

- a) if he/she holds, directly or indirectly, including through controlled companies, trusts or intermediaries, shareholdings to such an extent that the Director is able to exercise control or significant influence over the Company, or if he participates in Shareholders' agreements through which one or more individuals can exercise control or significant influence over the Company;
- b) if he/she is, or has been in the past three years, a relevant representative<sup>5</sup> of the Company, of a subsidiary having strategic importance or of a company under joint control with the Company, or of a company or entity which, together with others through a Shareholders' agreement, controls the Company or is able to exercise a significant influence over the latter;

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<sup>5</sup> In compliance with application criterion 3.C.2. of 2006 Code, the legal representative, the Chairman of the Board of Directors and the executive Directors must be considered as "relevant representatives" of the Company.

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c) if he/she has, or had in the preceding fiscal year, directly or indirectly (e.g. through controlled companies or companies of which he/she is a relevant representative, or in the capacity as partner of a professional firm or of a consulting company) a significant commercial, financial or professional relationship<sup>6</sup>:

- with the Company, a subsidiary thereof, the controlling company, or with any of their important representatives;

- with an individual or entity which, together with others through a Shareholders' agreement, controls the Company or with their important representatives;

or if he/she is, or has been in the past three years, an employee of one of the aforementioned entities;

d) if he/she receives, or has received in the preceding three fiscal years, from the Company or from a subsidiary or controlling company, a significant additional remuneration compared with the "fixed" emolument for a non-executive Director of the Company, including through participation in company *performance*-related incentive schemes, including share-based schemes;

e) if he/she has been a Director of the Company for more than nine years in the last twelve years;

f) if he/she holds the post of Executive Director in another company in which an Executive Director of the Company holds a post of Director;

g) if he/she is a shareholder or Director of a company or entity belonging to the network of the company responsible for the financial auditing of the Company;

h) if he/she is a close relative of a person who is in one of the situations described in the previous points and, in particular, where he/she is the non-legally separated spouse, cohabitant *more uxorio*, relative or in-law, within the fourth degree, of a Director of the Company, of the subsidiary companies or controlling company, or companies subject to joint control, or of individuals who are in the situations indicated in the previous points.

The examples listed above are not restricted. The Board must, in its assessment, take into consideration all circumstances which might appear likely to compromise the independence of the Director.

*Assessment.* Independent Directors agree to promptly notify the Board if an event occurs which may affect their "Independent" status.

The independence of Directors and the relations which could or appear to compromise the independence of judgment of that Director are assessed annually by the Board, on the basis of the information supplied by each of the individuals concerned or otherwise available to the Company. The outcome of the Board's assessments is disclosed to the market in a timely manner at the time of appointment and in the Corporate Governance report.

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<sup>6</sup> The relationships above are considered to be important if they satisfy the conditions set out in the Borsa Italiana S.p.A. Market Instructions on 1 December 2006, in other words if: "(i) the commercial or financial relations exceed 5% of the turnover of the supplier firm or beneficiary firm; or (ii) the professional services exceed 5% of the income of the Director or EUR 100,000-.

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Where the Board deems that the independence requirement concretely exists, even in the presence of abstractly non-independent situations, the Board will provide appropriate information to the market on the outcome of the assessment, without prejudice to the Board of Auditors' check on the adequacy of the respective reasons.

This does not affect the predominance of more restrictive legislative or by laws provisions which stipulate that the Director must step down if he no longer satisfies certain independence requirements.

Pursuant to principle 3.P.2. and to application criterion 3.C.4. of 2006 Code, in the meeting of February 17, 2011, as every year, the Board assessed the degree of independence of its Directors in the light of article 3 of the SAES Getters Corporate Governance Code and in accordance with existing legislation (article 147-ter of the Consolidated Finance Act) and, on the basis of the requirements set by article 148, third paragraph, of Consolidated Financial Act (as recalled in article 147-ter paragraph 4 of the Consolidated Finance Act) confirmed that the Directors Adriano De Maio, Roberto Orecchia and Andrea Sironi were "Independent".

The Board did not need to use additional or different criteria, since there were not situations falling, even also theoretically, in the cases listed by the Code as symptoms of independence failure. The three Directors filed specific declarations to this extent ahead of the Shareholders Meeting. The Board of Directors as soon as possible after the Shareholders Meeting confirmed the qualification of the three Directors as Independent and let the market know accordingly on the same day (April 21, 2009).

Also to the extent of application criterion 3.C.5. of 2006 Code, the Board of Auditors verified the correct application of the criteria adopted by the Board of Directors to assess the independence of its members, taking note of the declarations made by the individuals concerned.

The Board of Directors and the Statutory Board on May 21, 2010 issues their declaration pursuant to article 2.2.3, paragraph 3. Letter k) of the Market Regulation attesting the assessment of the independence rate and correct implementation of the evaluation criteria).

*Meetings.* Following application criterion 3.C.6. of 2006 Code, the Independent Directors generally meet once a year without the presence of the other Directors, where they deem it appropriate (including in the light of the number attending meetings of the Board and of the various Committees). The meeting can take place informally and even by means of audio or video conference.

During the Financial Year, the Independent Directors met without the presence of the other Directors on November 3, 2010, in order to discuss on the draft of Procedure for Related Parties' Transactions to submit to the Board.

*Number.* Where the Shareholders' Meeting decides to change the number of Board members, it is advisable that the following proportions be maintained:

- Board comprising up to eight (8) members: at least two (2) Independent Directors;
- Board comprising nine (9) to fourteen (14) members: at least three (3) Independent Directors;

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- Board comprising more than fourteen (14) members: at least four (4) Independent Directors.

#### **4.6.2. Lead Independent Director**

As explained in paragraph 4.5. above, given the fact that the Chairman of the Board is entrusted with delegated powers, although not being the sole or main person responsible for the management of the Company, but being the Chief Executive Officer, the Board, in view of application criterion 2.C.3. of 2006 Code, on April 21, 2009, deemed appropriate to appoint the Independent Director Adriano De Maio as "lead independent director". The lead independent director represents a reference and coordination point for the requests and contributions of non-executive Directors (and in particular of the Independent Directors), for a better contribution to the activity and operation of the Board. The lead independent director works (as he has worked in the Financial Year) with the Chairman in order to guarantee that the information flows to the Directors are complete and timely. The lead independent director is granted, *inter alia*, the power to convene, at his own initiative or at the request of other Directors, special meetings involving only Independent Directors to discuss subjects deemed to be of interest regarding the functioning of the Board of Directors or the Company's operations.

Adriano De Maio is Chairman of both the Committees established within the Board (Audit Committee and Compensation Committees).

#### **4.7. BOARD'S INTERNAL COMMITTEES**

For a more effective performance of its duties, the Board has established - by resolution - an internal Audit Committee and Compensation Committee, with the functions described below.

The eldest Board member of each Committee reports periodically to the Board on the work of that Committee.

Both Committees exclusively comprise non-executive Directors, the majority of whom are Independent.

The following table shows the composition of Committees established within the Board (taking into account that the Company has neither Executive Committee nor the Appointment Committee).

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Name	Title	Compensation Committee <sup>7</sup>	% attendance	Audit Committee <sup>8</sup>	% attendance
Massimo della Porta	Chairman				
Giulio Canale	Managing Director & Chief Financial Officer				
Stefano Baldi	Non executive director	M	100		
Adriano De Maio	Independent director	C	100	C	100
Giuseppe della Porta	Non executive director				
Andrea Dogliotti	Non executive director			M	100
Andrea Gilardoni	Non executive director				
Pietro Mazzola	Non executive director				
Roberto Orecchia	Independent director				
Andrea Sironi	Independent director	M	0	M	67
Gianluca Spinola	Non executive director				

The Board makes every effort to ensure that there is appropriate rotation within the Committees, unless for any reason it is deemed appropriate to confirm one of more Directors beyond the prescribed terms of office.

This does not affect the Board's right to establish one or more additional internal Committees with propository and consultative functions which will be specifically defined in the Board resolution that establishes such Committees.

The Company reports that, in the Financial Year, the Compensation Committee met twice (with a 67% attendance of its members), while the Audit Committee met 6 times (with a 89% attendance of its members).

The Directors who are part of the Compensation Committee receive additional compensation set by the Shareholders' Meeting for that role. The Shareholders for the first time on April 21, 2009 established a compensation for this Committee (i.e. an individual remuneration equal to EUR 4,000.00 for each member, EUR 7,000.00 for the Chairman); prior to April 21, 2009 no compensation was set for the members of such Committee.

With reference to application criterion 5.C.1. lett. d) of 2006 Code, it's worth clarifying that the existing Committees (Compensation Committee and Audit Committee) are endowed with a predefined budget for their activities.

<sup>7</sup> C/M if Chairman or Member.

<sup>8</sup> C/M if Chairman or Member.

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#### **4.7.1. Audit Committee**

Please refer to paragraph 6.5. (Internal Control System).

#### **4.7.2. Appointment Committee**

Referring to principle 6.P.2. of 2006 Code, the Board did not consider it necessary, given the composition of the Company's Shareholders and not having experienced difficulties in gathering proposed appointments from Shareholders, to establish an internal Committee to propose appointments for the position of Director.

#### **4.7.3. Executive Committee**

As anticipated in paragraph 4.4., the Board has not appointed an Executive Committee.

#### **4.7.4. Compensation Committee**

Pursuant to principle 7.P.3. of the 2006 Code, the Board has established an internal Committee to determine remuneration and any stock option or share allocation plans (Compensation Committee).

This Committee comprises three (3) non-executive Directors, Stefano Baldi, Andrea Sironi and Adriano De Maio, the majority of whom are Independent. For details, refer to the table above and to the one enclosed as Appendix 1.

In the Financial Year, the Committee met twice (with an average meeting duration of 45 minutes) to discuss, among other things; the retention or long term incentive plan proposed by the Executive Directors in order to retain and motivate the key people; ii) the Executive Directors' renounce to the accrual for the Directors' Termination Indemnity (equal to 18%) on the fixed and variable compensation and to 10% of their annual base salary, in consideration of the economical crisis environment.

The Compensation Committee, which works in substantial compliance of the application criteria 5.C.1. and 7.C.3. of 2006 Code:

- submits proposals to the Board concerning the remuneration of the Chairman and of the Managing Director and of those of Directors who hold particular posts, monitoring the application of the decisions taken by the Board;
- evaluates the criteria adopted for the remuneration of executives having strategic responsibilities, monitors their application on the basis of the information provided by the Executive Directors and makes general recommendations on the matter to the Board.

It is the responsibility of the Executive Directors to define the policies and levels of remuneration for the managers with strategic responsibility and to establish their targets which, if reached, is among the conditions that allow them to benefit from the incentive system. The Compensation Committee has also the duty of proposing the introduction of incentive schemes to the Board and to verify its implementation.

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In the performance of its duties, the Compensation Committee has the right to access Company information and access the units necessary to perform the duties allocated and to make use of external advisors at the Company's expenses. The Compensation Committee did not deem necessary to avail itself of these opportunities during the Financial Year.

The Compensation Committee is chaired and meets at the initiative of the eldest member, who calls Committee meetings without any formality (even orally) and without the need for prior notice. Individuals who are not members of the Committee may be invited to attend meetings, in relation to individual items on the agenda. No Director may take part in Compensation Committee meetings in which proposals are discussed regarding the remuneration of the Board.

The proceedings of Committee meetings are recorded in minutes, which are stored at the Company's. The eldest member of the Compensation Committee reports periodically to the Board on the Committee's work.

As of the date hereof, the Committee held a meeting on January 18, 2011.

#### **4.8. REMUNERATION OF DIRECTORS**

The Shareholders' Meeting of April 21, 2009 resolved, pursuant to article 18 of the By-laws, to set the total compensation for the Board for the Financial Year and for subsequent years, until otherwise decided, in the annual overall amount of EUR 120,000.00. In the first meeting held after the Shareholders' Meeting, the Board resolved upon the split of the total consideration to which each member of the Board is entitled.

The remuneration of the Executive Directors and those vested with particular duties is set by the Board, in the absence of those directly concerned (following application criterion 7.C.4. of 2006 Code), upon proposal of the Compensation Committee, having consulted with the Board of Auditors.

On April 21, 2009, in the first meeting held after the Shareholders' Meeting, the Board resolved upon the compensation of the Chairman and the Managing Director, taking into account the proposal made by the Compensation Committee and after consulting the Board of Auditors. The fixed remuneration of the Chairman and the Managing Director is set in proportion of the powers entrusted to them.

For the information on the compensation received by Directors please refer to the specific information included in the included in the Notes to the 2010 Financial Statements. Please refer to paragraph 2.7. for the information about the severance due to the Executive Directors in case of termination of the relationship, as required by Consob with Circular no. DEM/11012984 of February 24, 2011.

The remuneration of the Executive Directors and top managers (including executives with strategic responsibilities) is made of a fixed portion and a variable one, substantially linked to the corporate results achieved and to the achievement of individual targets.

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The Company has not adopted stock option plans<sup>9</sup>.

As per principles 7.P.1. and 7.P.2. of the 2006 Code, the remuneration of Directors is established in a sufficient amount to attract, retain and motivate Directors endowed with the professional qualities necessary for managing the Company successfully.

The remuneration of Executive Directors is structured in such a way as to align their interests with the priority objective of creating value for Shareholders over the medium to long term.

As a rule, the Board, in determining the total compensation for Executive Directors, stipulates that, complying with application criterion 7.C.1. of 2006 Code, part of the latter is linked to the economic results achieved by the Company and, where applicable, to the achievement of specific targets previously identified by the Board.

It is the Board's duty, upon proposal of the Compensation Committee, to establish whether to make extensive use of such remuneration systems and to define the targets for Executive Directors.

Pursuant to application criterion 7.C.2. of 2006 Code, the remuneration of non-executive Directors is proportional to the commitment assumed by each of these, taking into consideration any participation in one or more Committees, and is not linked to the economic results achieved by the Company. Non-executive Directors are not involved in any share-based incentive schemes.

#### **4.9. HONORARY CHAIRMAN**

According to the Articles of Association, the Board of Directors may appoint, in addition to its members, an Honorary Chairman, who, if appointed, shall last for the duration of the Board of Directors and may be re-elected.

The Honorary Chairman is invited to attend either the Board of Directors' meetings and the Shareholders' Meetings. No power can be delegated to the Honorary Chairman by the Board.

On April 21, 2009 the Board appointed the founder and former Chairman of the Board Paolo della Porta as Honorary Chairman. No compensation is due to the Honorary Chairman for the office.

## **5. HANDLING OF COMPANY INFORMATION**

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<sup>9</sup> For clarity's sake, it is worth reminding that, on April 21, 2009, the Shareholders approved the proposal of ordinary shares free assignment to the founder Paolo della Porta, in addition to a cash amount that can enable Paolo della Porta to pay the related taxes, as special career acknowledgement.

By the time of the assignment Paolo della Porta was no longer director of the Company or of its controlled companies, or employee or manager of the Company. For further details please refer to the separate Directors' Report issued on March 17, 2009, or to the information document prepared pursuant to article 84-*bis* of Issuers Regulation, both available on the website [www.saesgetters.com](http://www.saesgetters.com) (section Investor Relations/Shareholders' Meeting).

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On March 24, 2006, the Board took measures to conform to the new provisions of the Consolidated Finance Act, the Issuers Regulation, as supplemented by Consob resolution no. 15232 of November 29, 2005, and the Regulations for Markets Organised and Managed by Borsa Italiana S.p.A. and the respective Instructions, as amended following the Savings Law, to incorporate the EU directive on market abuse, by introducing ad hoc internal procedures or by modifying and updating existing procedures.

More specifically, the Board adopted:

- the *Procedure for the Handling of Inside Information*: even to the extent of application criterion 4.C.1. of 2006 Code, defines the conduct that Directors, Auditors, employees and managers must adopt in relation to the internal handling and market disclosure of inside information, in other words information of a precise nature which has not been made public, relating, directly or indirectly, to one or more issuers of financial instruments or to one or more financial instruments, which, if it was made public, would be likely to have a significant effect on the prices of those financial instruments.

The above procedure, available on the Company's website [www.saesgetters.com](http://www.saesgetters.com) (section Investor Relations /Corporate Governance/Inside Information), is drawn up in order to ensure that information about the Company is disclosed with full and complete respect for the principles of correctness, clarity, transparency, timeliness, widespread and consistent dissemination to guarantee equality of treatment, completeness, intelligibility and continuity of information, in a complete and adequate form and through institutional channels and in compliance with the procedures established by the Company, and in order to guarantee that the internal handling of information is done, in particular, with respect for the duties of confidentiality and lawfulness;

- the *Insiders Register*: created with effect from April 1, 2006, identifies individuals who, by virtue of their working or professional activities or by virtue of the duties performed, have access to the information indicated in article 114, paragraph 1, of the Consolidated Finance Act, in accordance with article 115-bis of the Consolidated Finance Act and articles 152-bis, 152-ter, 152-quater, 152-quinquies of the Issuers Regulation.

The Board has moreover approved a *Code of Conduct for Internal Dealing* which sets out the disclosure obligations that Significant Persons and/or Persons Closely Associated with Significant Persons, as identified in the Code, are required to observe, in relation to transactions that they carry out involving the Company's financial instruments or other associated financial instruments. The Internal Dealing Code also sets out the obligations that the Company is required to satisfy in relation to the market with regard to transactions involving financial instruments carried out by Significant Persons and by Persons Closely Associated with Significant Persons. The Internal Dealing Code makes provision for "black-out periods", i.e. predetermined periods (the 15 calendar days before Board meetings called to approve the period accounts) during which the persons subject to the Code's provisions are not permitted to perform transactions involving SAES Getters financial instruments or associated financial instruments.

The Board of Directors on August 28, 2008, agreeing with a proposal of the Managing Directors (at the time Massimo della Porta and Giulio Canale), with reference to the meetings of the Board called to approve quarterly reports, half year report and yearly

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Financial Statements, decided to extend the black out period set for in section 8.1. of the Internal Dealing Code until the 24 hours following the issuance of the press release, amending accordingly the Internal Dealing Code.

The Board reserves the right to make, upon proposal of the Executive Directors, including by granting special powers, all the changes or amendments to procedures deemed necessary as a result of legislative or regulatory changes or which are simply appropriate.

During the Financial Year, the transactions carried out by Significant Persons were disclosed to the market and to the competent authorities. The related filing models and the Code of Conduct for Internal Dealing are available on the Company's website [www.saesgetters.com](http://www.saesgetters.com) (section Investor Relations/Corporate Governance/Internal Dealing).

Also in compliance with principle 4.P.1. of 2006 Code, Directors and Auditors are required to keep confidential the documents and information acquired in the performance of their duties and to follow the procedures adopted for the internal handling and external disclosure of such documents and information.

Information externally disclosed must be uniform and transparent. The Company must portray itself accurately and coherently in its communication with the mass media. Dealings with the mass media are reserved exclusively for the Chairman and for the Managing Director, or for the delegated Company units.

## 6. INTERNAL CONTROL SYSTEM

Pursuant to principles 8.P.1. and 8.P.2. of 2006 Code, the Internal Control System is defined as the set of rules, procedures and organisational structures through which the Company is managed soundly and correctly and consistently with the established goals, through an adequate identification, measurement, management and monitoring of the main risks.

An effective Internal Control System helps to guarantee the safeguarding of the Company's assets, the efficiency and effectiveness of business transactions, the reliability of financial information and compliance with laws and regulations.

The Internal Control System is maintained by the following players, which are involved at different stage or for different reason in the governance and control system. Each player has a specific task as defined in the SAES Getters Corporate Governance Code and below described:

- the Board of Directors;
- the Managing Director;
- the Board of Auditors;
- Surveillance Committee;
- Audit Committee;

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- Internal Control Officer;
- Internal Audit.

Moreover, other players are involved for various reasons and with different accountability level in managing the Internal Control System, like:

- the Officer Responsible for the preparation of corporate financial reports pursuant to Decree no. 262/05;
- the audit firm;
- other functions involved with the Internal Control (quality, safety, etc...);
- other bodies required by different laws (like ISO certification bodies).

The Board deems that the current framework of the subjects involved within the governance and control system and the interactions amongst them are able to ensure a high level of trust on the ability of the implemented Internal Control System to meet its goals. Such evaluation, being referred to the overall Internal Control System is limited by the inner nature of the System. Even if well designed and thought, in fact, the Internal Control System can only ensure meeting the corporate targets with reasonable likelihood.

We report hereinafter some information associated with the main features of the risk management and Internal Control Systems in force with reference to the process for administrative and accounting information, also consolidated.

## **6.1. THE ADMINISTRATIVE AND ACCOUNTING CONTROL SYSTEM, WITH REFERENCE TO ADMINISTRATIVE AND ACCOUNTING INFORMATION**

### *Premises*

The law evolution of the last few years came to rule upon different aspects of the Internal Control System and the associated proliferating of control models and of bodies called to provide for the reliability of such models.

In this framework, the Administrative and Accounting Control Model (hereinafter also “**Control Model**”) has to be considered, as a document describing the Internal Control System with specific reference to the financial information flow.

The Internal Control System with specific reference to the financial information flow interacts with the more general risk management and control system: both are pillars of the SAES Getters Group Internal Control System and contribute to the achievement of the goals above described.

Specifically, as to the financial information flow, the System aims at ensuring:

- the reliability of the information, its correctness and compliance with the accounting principles and the law requirements;
- the accuracy of the information, its being neutral and precise;
- the trustworthiness of the information, which needs to be clear and complete so to allow investors informed investment decision;

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- prompt availability of the information, meaning its being available for the disclosure deadlines set forth by relevant laws and regulations.

The task of monitoring the level of implementation of the above mentioned Control Model is entrusted by the Board of Directors to the Officer Responsible for the preparation of corporate financial reports (hereinafter also the “**Accounting Officer**”) and to the Managing Director.

The guidelines taken as reference in designing, implementing, monitoring and updating the Control Model, even if not expressly indicated, are the guidelines established in the CoSo Report<sup>10</sup>. Please make reference to following paragraphs 6.2. and 6.9. for the specific features of the Control Model and the tasks entrusted to the Accounting Officer.

Also to the extent to ensure the integration of the Internal Control System for the financial information flow with the more general corporate risks Internal Control System, the Accounting Officer has to work closely with the Internal Audit Department; from time to time the Accounting Officer requires the Internal Audit to perform regular independent tests to assess the compliance with the accounting administrative procedures.

These tests, by selecting specific processes amongst the ones deemed relevant pursuant to the risk assessment procedure described below, are always included in the more general testing performed by the Internal Audit Department while auditing the SAES Getters Group subsidiaries.

## **6.2. THE ADMINISTRATIVE AND ACCOUNTING CONTROL MODEL**

On May 14, 2007, the Board of Directors of the Company approved the Administrative and Accounting Control Model, the adoption of which is aimed at ensuring compliance with the provisions of Law No. 262 of December 28, 2005 (hereinafter also the “**Savings Law**”), defining specifically obligations pertaining to the preparation of corporate accounting documents and all documents and communications of a financial nature disclosed to the market.

The Control Model provides a set of rules and Company procedures in order to ensure that, through proper identification and management of the major risks associated with the preparation and disclosure of financial information, the corporate objectives of truthfulness and correctness of the financial information are met.

### **6.2.1. Control Model Elements**

The Control Model’s main features are:

- general control environment;
- administrative-accounting risk assessment;
- administrative-accounting manuals and procedures,

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<sup>10</sup> Report made by the Treadway Commission of the Committee of Sponsoring Organisations (CoSo) of 1992, which is considered as best practice benchmark for designing the Internal Control Systems and of the Enterprise Risk Management Framework published in September 2004.

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strictly interrelated and subject to a continuous update and periodic evaluation.

The general control environment is the foundation of any efficient Internal Control System. The documents that describe its main features are: the Code of Ethics and Business Conduct, SAES Getters Corporate Governance Code, the organisational chart, the organisational communications, powers and proxies system.

The administrative-accounting risk assessment is the process aiming to the identification and evaluation of the risks associated with the accounting and financial information, either with regard to unintentional mistakes and possible fraud risks. The risk assessment is carried out at each subsidiary level and at each relevant process level. Criteria established by Legislative Decree no. 61/2001 are followed to determine the materiality sensitivity.

The assessment is repeated and updated, yearly, by the Accounting Officer, supported by Internal Audit Department, subsequently shared with the Managing Director; it encompasses:

- identification, through quantity (dimensions) and quality (relevance) criteria, of the Financial Statements item/financial information that may have high volatility or error risks, with reference to the Financial Statements of the Company, the consolidated Financial Statements, the Financial Statements of the subsidiaries;
- identification, for each relevant Financial Statements item/financial information, of the underlying process/accounting flow and of the associated controls;
- communication to the involved departments of intervention areas whose controls efficiency and effectiveness need to be monitored.

If, in any selected risk area, further to the periodical risk assessment, the control activities resulted to be not properly documented or formalized, the head of the department in charge of the process or of the accounting flow, would be in charge, with the assistance of the Accounting Officer and, if needed, of the Internal Audit, to provide and file adequate documents in order to ensure the evaluation of the controls existing within the area inquired.

The body of SAES Getters manuals and of the administrative-accounting procedures is given essentially by the following:

- *Group Accounting Principles*: document which aims at promoting the development and application of uniform criteria within SAES Getters Group as to tracing, classification and measurement of business facts;
- *IAS (International Accounting Standard) Operational Instructions* enclosed to Group Accounting Principles, ruling most relevant issues concerning the international accounting principles application into SAES Getters Group;
- *Administration and Accounting Procedures*: procedures that define responsibilities and control rules to follow in handling administrative-accounting issues, with specific reference to periodic accounting closures;
- *Administrative and Accounting Control Matrixes*: they describe control activities to be carried out for each administrative and accounting process to meet the Financial Statements assumptions; the controls therein described represent the operation of the

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control principles (for single process) set forth within the Administration and Accounting Procedures;

- *Accounting and financial closing timetable*: it is a document which is monthly updated and circulated and is used to define the schedule for the accounting closure process, Financial Statements, Reporting Package and consolidated Financial Statements;
- *SAES Getters operational instructions*: they define the responsibilities, the activities and technicalities, in terms of authorization, execution, control, formalization and data entry, with regards to areas that are deemed relevant.

### **6.2.2. Evaluations about the adequacy and functionality of the Control Model**

The head of the departments and of the subsidiaries which are involved in the accounting financial information definition and management, are accountable for the proper working and the update of the administrative and accounting Internal Control System as to all the processes and the flows up to them, and they have to keep verifying the correct operation of the administrative and accounting procedures, their adequacy and the update of the control matrixes.

Moreover, the administrative and accounting Internal Control System is subject to independent testing performed by Internal Audit Department to assess the adequacy of the framework and efficiency of the controls into being. The testing activity must be carried out on the basis of the general Audit plan, as checked by the Internal Control Officer and approved by the Audit Committee.

The Accounting Officer is also in charge of regularly monitoring the adequacy and functioning of the administrative and accounting Internal Control System, on the basis of the reports received from the head of each functions and of the subsidiaries, together with the Internal Audit reports.

The Accounting Officer also has the duty to inform the Managing Director, the Board of Directors and the other control bodies, in addition to the audit firm, about the outcome of the assessment made and about the monitoring on the implementation of the Internal Control System. To this extent, he has to point out to the Managing Director any anomaly that can negatively affect their joint representation on the financial information.

The Accounting Officer provides the Board of Directors with regular reports on the controls performed and their outcome, on the evolution of the Control Model: these reports are used as reference for the qualitative description enclosed to the official representations to the half year consolidated Financial Statements, of the annual consolidated Financial Statements and the annual report.

All the documents related to the control activities performed and their outcome are made available to the audit firm for its own use.

### **6.3. ADMINISTRATIVE AND ACCOUNTING CONTROL SYSTEM OF SUBSIDIARIES**

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The individuals in charge of the definition and management of the accounting financial information for the subsidiaries i.e. the local administration officers and/or financial controllers, together with their General Manager, are in charge of:

- ensuring that the activities and the existing controls within the financial information feeding process are in line with principles and objectives that are set at Group level;
- keep on monitoring the controls so identified, to make sure they are efficiently operating;
- evaluate on semester basis, the status of the administrative and accounting Internal Control System, also through:
  - financial audit report released by Internal Audit Department,
  - internal representation made by any department;
- promptly inform, and however on regular basis, the Managing Director or the Accounting Officer about:
  - relevant changes within the Internal Control System in order to plan specific control activities to be implemented,
  - any inconsistency or other recognition that may cause significant errors in the accounting information.

Given the limited size of the control structure of most of the subsidiaries, the Company decided not to issue specific procedures to cover the processes that affect the accounting information feeding for such companies and provided, according to selected processes evidenced after proper risk assessment tests, detailed control matrixes, whose testing is entrusted to the administration officers/financial controllers of each controlled company.

The Accounting Officer, supported by the Internal Audit, on the basis of the remarks made by the administration officers/financial controllers of the subsidiaries, makes sure that the matrixes are regularly updated, so to have a reliable basis for testing the adequacy and efficiency of the administrative and accounting Internal Control System at subsidiary level.

The subsidiaries' filling out the matrixes is preparatory for the release of an internal "representation letter" that each general manager, together with the administration officer/financial controller has to send to the Accounting Officer on semester basis.

#### **6.4. BOARD OF DIRECTORS**

Following principle 8.P.3. of 2006 Code, the Board of Directors evaluates the adequacy of the Internal Control System with reference to the characteristics of the Company.

The Board of Directors, with the assistance of the Audit Committee:

a) defines the guidelines of the Internal Control System, so that the main risks concerning the Company and its subsidiaries are correctly identified, adequately measured, managed and monitored; it also determines the criteria to establish whether such risks are compatible with a sound and correct management of the Company;

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b) identifies the Managing Director as the Director responsible for supervising the functionality of the Internal Control System; on April 21, 2009, the Board decided to identify Giulio Canale as Director responsible for supervising the functionality of the Internal Control System with the duties described under article 8.3. of the SAES Getters Corporate Governance Code;

c) evaluates, at least on an annual basis, the adequacy, efficiency and effectiveness of the Internal Control System;

d) describes, in the Corporate Governance Report, the essential elements of the Internal Control System, expressing its evaluation on the overall adequacy of the same.

Pursuant to principle 8.P.3. of 2006 Code, the Board of Directors ensures that its evaluations and decisions relating to the Internal Control System, the approval of the annual Financial Statements and the half yearly reports and the relations between the Company and the audit firm are supported by adequate investigative work.

Moreover, the Board, upon proposal of the Managing Director, in his capacity as Director responsible for supervising the functionality of the Internal Control System and after consulting with the Audit Committee, appoints and dismisses one or more Internal Control officers and defines their remuneration in line with Company policies.

The Board of Directors exercises its duties in relation to the Internal Control System taking into due consideration the reference models and best practices existing both nationally and internationally. Particular attention is paid to the Organisation and Management Model adopted pursuant to Legislative Decree no. 231 of June 8, 2001 (as defined in paragraph 6.10. below).

## **6.5. MANAGING DIRECTOR**

On April 21, 2009, the Board identified the Managing Director Giulio Canale as the Director responsible for supervising the functionality of the Internal Control System and, in particular, with reference to application criterion 8.C.5. of 2006 Code, he:

a) identifies the main business risks, taking into account the characteristics of the activities carried out by the Company and its subsidiaries, and submits them periodically to the review of the Board;

b) implements the guidelines defined by the Board of Directors, by designing, establishing and managing the Internal Control System and by constantly monitoring its overall adequacy, efficiency and effectiveness; moreover, he brings the system into line with changes taking place in operating conditions and in the legislative and regulatory framework;

c) makes proposals to the Board regarding the appointment, dismissal and remuneration of one or more Internal Control Officers.

The Managing Director, with the assistance of the Internal Audit Department, regularly checks upon the ongoing effective Internal Control System in the Financial Year.

With reference to application criterion 8.C.5. of 2006 Code and the restructuring process that was launched during the Financial Year, on March 2011, the Managing Director, in his capacity as the Director responsible for supervising the functionality of the Internal Control System, submitted to the Board of Directors the assessment of the

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overall adequacy, efficiency and functionality of the Internal Control System. The outcome was positive.

The identification of the main corporate risks is disclosed in the annual report included in the 2010 Financial Statements.

## **6.6. INTERNAL CONTROL OFFICER**

The Internal Control Officer is appointed by the Board, upon proposal of the Managing Director (in his capacity as Director responsible for supervising the functionality of the Internal Control System) and after consulting with the Audit Committee.

The Board, in its meeting of April 21, 2009, upon proposal of Giulio Canale, having obtained the favorable opinion of the Audit Committee, taking into account the application criterion 8.C.7. of 2006 Code, appointed Claudio Vitacca, who is the Head of the Internal Audit Department, in the position of Internal Control Officer.

With reference to application criterion 8.C.1. of 2006 Code, the Board of Directors did not deem necessary to define an additional compensation for Claudio Vitacca for this particular office, on the top of the compensation he already receives as employee and Head of the Internal Audit Department. This compensation is in line with the corporate HR policies normally applied.

The Internal Control Officer is not responsible for any operational division and does not report hierarchically to any head of operational divisions (including the administration and finance division).

The Officer acts in substantial compliance of application criterion 8.C.6. of 2006 Code. He is responsible for ensuring that the Internal Control System is always adequate, fully operating and effective.

The Officer has direct access (and had access during the Financial Year) to all relevant information for the performance of his duties and has adequate means at his disposal to carry out the duties assigned to him.

The Officer reports on his work to the Managing Director responsible for supervising the functionality of the Internal Control System as well as to the Audit Committee and to the Board of Auditors.

In particular, the Officer reports (as he did in the Financial Year) about the procedures according to which risk management is performed, as well as about compliance with the plans defined to minimise risks and express his opinion on the suitability of the Internal Control System in achieving an acceptable overall risk profile.

Individuals from outside the Company can be appointed to the role of Internal Control Officer, provided, however, that they adequately meet the requirements of professionalism and independence. In this case, the adoption of such an organisational choice, with a satisfactory explanation of the relevant reasons, is disclosed to the Shareholders and to the market in the Corporate Governance Report.

During the Financial Year, the Internal Control Officer, as head of the Internal Audit Department, implemented the audit plan as approved by the Audit Committee, performing, among other things, general audit review activities at the US companies of the Group, at some departments of the Company and of SAES Advanced Technologies

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S.p.A. Moreover, he monitored the implementation level of the recommendations contained in any previous audit report aiming at reinforcing the Internal Control System. The Officer also periodically reported to the Audit Committee, to the Managing Director on the capability of the Internal Control System of meeting an acceptable risk profile.

The annual budget allocated for the Internal Control Officer is of about EUR 10,000.00. This budget can be increased upon recurring specific needs.

## **6.7. INTERNAL AUDIT**

Also pursuant to application criterion 8.C.7. of 2006 Code, an independent Internal Audit Department is operating as part of the Company's Internal Control System. This unit is structured to:

- assess the adequacy of operational and administrative internal procedures, in terms of effectiveness, efficiency and cost-effectiveness, to check if those procedures are actually observed; and
- provide assistance and consultancy to the Board, to the Managing Director for the purposes of identifying, preventing and managing financial and operational risks as means of safeguarding the Company's assets.

In general, Internal Audit supports the Board, the Managing Director (in his capacity as Director responsible for supervising the functionality of the Internal Control System), the Audit Committee, the Surveillance Committee, the Accounting Officer in the performance of their duties and carries out any checks requested by the Board of Auditors.

Following application criterion 8.C.8. of the 2006 Code, the Internal Audit function may be entrusted, as a whole or in part, to persons outside the Company, provided, however, that they adequately meet the requirements of professionalism and independence. The adoption of such an organisational choice, with a satisfactory explanation of the relevant reasons, should be disclosed to the Shareholders and the market in the Corporate Governance Report.

Nonetheless, the Internal Audit Department is currently carried out by internal resources (and namely Mr Claudio Vitacca, who has been appointed as Internal Control Officer too, as above specified).

## **6.8. AUDIT COMMITTEE**

*Composition and Functioning.* In light of principle 8.P.4. of 2006 Code, the Board has established an Internal Control Committee (Audit Committee) comprising three (3) non-executive Directors, the majority of whom are Independent. On April 21, 2009, the Board appointed Adriano De Maio, Andrea Sironi and Andrea Dogliotti as members of the Audit Committee. For details, please refer to the table in opening of paragraph 4.7. above and to the one enclosed under Appendix 1.

At least one member of the Committee has adequate experience in accounting and financial matters. This member is Andrea Sironi, namely.

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The Audit Committee is chaired and meets at the initiative of the eldest member, who calls Committee meetings without any formality (even orally) and without the need for prior notice. The proceedings of Committee meetings are recorded in minutes. The Chairman of the Board of Auditors or another auditor designated by the Chairman of that Board takes part in the Committee's work. At the invitation of the Committee, the head of the Internal Audit Department attends all the Committee meetings.

The Committee carries out its duties, listed below, in coordination with the Board of Auditors, with the Company's Internal Audit Department, with the Internal Control Officer and the Managing Director (in his capacity as Director responsible for supervising the functionality of the Internal Control System).

In the performance of its duties, the Audit Committee has the right to access Company information and access the units necessary to perform the duties allocated and can make use of external advisors at the Company's expense. During the Financial Year the Audit Committee accessed to the information and contacted the corporate functions of SAES Advanced Technology S.p.A. whilst it deemed as not necessary to use external advisors.

Individuals who are not members of the Committee may be invited to attend meetings, in relation to individual items on the agenda. The eldest member of the Audit Committee reports periodically to the Board on the Committee's work.

*Duties of the Audit Committee.* The Audit Committee, which acts in substantial compliance with application criteria 5.C.1. and 8.C.1. of the 2006 Code:

- a) assists the Board in defining the guidelines for Internal Control System and in carrying out the periodical assessment of its adequacy and effectiveness;
- b) at the request of the Managing Director (in his capacity as Director responsible for supervising the functionality of the Internal Control System), expresses opinions on specific aspects of the identification of the principal business risks as well as on the design, implementation and management of the Internal Control System;
- c) reviews the work plan prepared by the Internal Audit Department, as endorsed by the Internal Control Officer and their periodic reports;
- d) evaluates, together with the Accounting Officer and with the audit firm, whether accounting principles are being used correctly and consistently for the purposes of preparing the consolidated Financial Statements;
- e) evaluates any comments arising from the periodic reports submitted by the Internal Control Officer and from the notifications of the Board of Auditors and of its individual members;
- f) reports to the Board, on the activity carried out and the adequacy of the Internal Control System, at least once every six months, at the time of approving the annual accounts and half-yearly report;
- g) expresses opinions on certain related party transactions (as better explained in paragraph 4.4.1.);
- h) performs any additional duties that might be assigned to it by the Board.

Following the coming into force of Legislative Decree no. 39/2010, the Audit Committee is even more focused on its preliminary activity to prepare the relevant

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issues to be submitted to the Board in order to allow the latter to take adequate resolution on internal control system issues.

During the Financial Year, the Audit Committee met six times, every two months. The average duration of each meeting is of about one hour with an average attendance of 89%. The Internal Control Officer attended all the meetings. For financial year 2011 five meetings are scheduled. One meeting took already place on February 18, 2011.

During the Financial Year, the Audit Committee:

- assisted the Board in determining the guidelines for the Internal Control System, in the periodic assessment of its adequacy and effective functioning;
- monitored the advancing of the audit plan as prepared by the Internal Audit Department and the implementation of the recommendations issued from time to time;
- evaluated together with the Accounting Officer and the audit firm whether accounting principles have being used correctly and consistently for the purposes of preparing the consolidated Financial Statements;
- reported to the Board (on February 18, 2010 and August 27, 2010) on the activities performed and the adequacy of the Internal Control System.

The Audit Committee carried out its own activities also through contacts with the audit firm, the Chairman of the Board of Auditors, Internal Control Officer and the Head of the Internal Audit Department.

## **6.9. OFFICER RESPONSIBLE FOR THE PREPARATION OF CORPORATE FINANCIAL REPORTS**

On April 21, 2009, the Board appointed and confirmed Michele Di Marco, Administration, Finance & Control Manager, as Officer Responsible for the preparation of corporate financial reports, after obtaining the opinion of the Board of Auditors, in accordance with new article 154-*bis* of the Consolidated Finance Act, introduced by the Savings Law.

Pursuant to article 24 of the By-laws, introduced by resolution of the Extraordinary Shareholders' Meeting of June 29, 2007, the Accounting Officer must meet the requirements of professionalism characterised by qualified experience of at least three years in the performance of administrative, accounting and/or auditing activities, or in the performance of management or consultancy duties on financial, administrative, accounting and/or auditing matters, in listed companies and/or related groups of enterprises, or companies, entities and enterprises of substantial size and importance, also with regard to the function of preparing and auditing accounting records and corporate documents.

The term of office of the Accounting Officer expires at the end of the term of office of the Board which appointed him (approval of the 2011 Financial Statements). He is eligible for re-election. Mr. Di Marco was appointed Accounting Officer on June 29, 2007.

The Accounting Officer is vested with independent powers of expenditure and signature. The Board ensures that Mr. Di Marco has adequate powers and resources to carry out the duties allocated to him under the same article 154-*bis* of the Consolidated

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Finance Act, those allocated by the Board at the time of appointment and that administrative and accounting procedures are being properly followed.

On May 14, 2007, the Board approved a document describing the Control Model adopted by the Company, as described in paragraph 6.2., in order to better guarantee reliability of the financial information disclosed to the market and the activities of the Accounting Officer. In particular, the document:

- describes the components of the Control Model;
- sets out responsibilities, resources and powers of the Accounting Officer;
- sets out rules of conduct, roles and responsibilities of the Company's organisational structures involved in any way;
- defines the process of certifying financial information (formally and internally).

## **6.10. ORGANISATIONAL MODEL PURSUANT TO LEGISLATIVE DECREE 231/2001**

The Legislative Decree no. 231 of June 8, 2001, on "*Regulations governing the administrative responsibility of legal persons, companies and associations and of bodies without legal personality*" introduced into the Italian legal order a system of administrative responsibility applicable to companies in relation to specifically established crimes committed in their interest or to their advantage by Directors, managers, employees.

In its resolution of December 22, 2004, the Board approved and adopted its "organisational, management and control model" within the meaning of and in accordance with Legislative Decree no. 231/2001 (hereinafter also the "**231 Model**") and, at the same time, "the Code of Ethics and Business Conduct" which forms an integral part thereof. The General Part of the 231 Model and the Code of Ethics and Business Conduct are available on Company website, [www.saesgetters.com](http://www.saesgetters.com) (Section Investor Relations/Corporate Governance).

In its resolution of February 13, 2007, the Board updated the 231 Model in the light of the entry into force of the implementing provisions for the EU rules governing the prevention of market abuse, and as part of the periodic check pursuant to article 7, paragraph 4, letter a) of Legislative Decree no. 231/2001.

The Board with the resolutions dated March 18, 2008 and April 23, 2008 updated the 231 Model also in order to bring this into line with the statutory amendments introduced in 2007 aimed at extending the range of crimes covered by Legislative Decree no. 231/2001. In particular, the following crimes have been introduced:

- crimes of receiving, laundering and using money, goods or assets of illegal origin (article 25-*octies* Legislative Decree no. 231/2001) introduced by Legislative Decree of November 16, 2007 implementing the III anti-money-laundering Directive 2005/60/EC.
- article 9 of Law no. 123 of August 3, 2007 inserted article 25-*septies* into Legislative Decree no. 231/2001, concerning crimes associated with the violation of safety and accident prevention rules. Reference is made to hypotheses of culpable crime of homicide and serious or very serious personal injuries committed as a result of the

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infringement of rules governing accident prevention and the protection of health and safety at work.

On May 8, 2008 the Board updated the Code of Ethics and Business Conduct of the Company.

The Company in the last three months of 2009 started a project to review and update the 231 Model, to be compliant to Legislative Decree no. 231/2001 after the broadening of the range of crimes therein relevant. In particular, the following crimes have been introduced:

- article 24-ter organized crime – Law July 15, 2009, no. 94;
- article 25-bis crimes against industry and commerce- Law July 23, 2009, no. 99;
- article 25-novies crimes related to the copyright infringement – Law 23 July 2009, no. 99,

and also the crime of induction not to make declarations or to render false declarations to the public authority – Law August 3, 2009 no. 116.

For this purpose, all the activities related to each corporate department has been re-examined to verify, in particular, whether there are activities that might be relevant according to Legislative Decree no. 231/2001, as updated, and assess whether the control measures in place to prevent crimes are adequate.

The Board of Directors approved the lastly updated 231 Model on April 27, 2010.

Furthermore, a new “Procedure for the management of the corporate IP assets” has been adopted.

Such a Procedure sets forth the operative modalities that SAES shall follow in the relationships with the Patent offices and firms, Court offices and other authorities with respect to the legal requirements provided for the protection of the intellectual property.

The Procedure has been drafted in compliance with the 231 Model principles with particular reference to the Section A – Crimes against Public Administration and Section F – Copyrights crimes.

On February 2011, this Procedure has been approved by the Board and divulged within the Company.

The adoption of the 231 Model, has been undertaken by the Board, in the belief that the creation of an "organisational, management and control model" may represent not only an effective way of raising the awareness of all those who work on behalf of the Company with regard to the correct and consistent behaviors that they must adopt in the performance of their duties but also a necessary mean for preventing the risk of commission of the crimes specified in that Decree. With the adoption and implementation of the 231 Model, the Company reasonably trusts it will get the exemption from penalties in case of criminal proceeding relevant under the Legislative Decree no. 231/2001.

The document describing the 231 Model, is divided in a “*General Part*” in which, after a brief description of the essential contents of the Decree no. 231/2001, is explained the activity executed for the definition of the 231 Model and the main elements are

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illustrated, and in “*Special Parts*” written for the different type of crimes defined by the Decree which might be in theory relevant to the Company.

The Board also deemed it important to adopt the Code of Ethics and Business Conduct in order to clearly define all of the values that SAES Getters Group recognises, accepts and shares and all of the rules of conduct and principles of legality, transparency and correctness to be followed in the performance of its activities and in its various transactions with third parties.

## **6.11. SURVEILLANCE COMMITTEE**

A supervisory board is operational within the Company and has the duties identified in Legislative Decree no. 231/2001 as specified in the 231 Model drawn up by the Company, such as the duties to ensure the functioning, effectiveness, observance and updating of the Model and to ensure the preparation of suitable operating procedures to guarantee its optimum functioning.

On April 21, 2009, following the Shareholders' Meeting in which the Board of Directors was appointed, the latter appointed the following individuals as members of the Surveillance Committee:

- Vincenzo Donnataria (as member of the Board of Auditors);
- Claudio Vitacca (as Internal Control Officer);
- Roberto Orecchia (as Independent Director).

The Board established also to set an annual compensation of EUR 16,000 for each member of the Committee.

The Surveillance Committee has its own charter and has also elected a Chairman (Vincenzo Donnataria).

The Committee will remain in office until the approval of the 2011 Financial Statements.

The Committee met four times during the Financial Year (with 83% attendance rate to all meeting for all the members).

The Surveillance Committee, on May 21, 2010, issued the statement required under article I.A.2.10.2 of the Instructions of the Regulations of Borsa Italiana S.p.A.(compliance and observance of the 231 Model and composition of the Surveillance Committee).

The Board of Directors, considering the activity of the Surveillance Committee, assign to it an annual budget for the execution of the activity, in full economic and managerial autonomy. The budget is updated from time to time depending on the specific needs expressed by the Surveillance Committee. If the budget needed to be increased due to specific needs, the Surveillance Committee would inform the Board of Directors.

## **6.12. AUDIT FIRM**

Accounting auditing is carried out by an independent audit firm appointed and operating according to law. On May 9, 2007, the Shareholders' Meeting - taking into due account

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the proposal by the firm Reconta Ernst & Young S.p.A. of December 19, 2006, the Directors' report and the proposal of the Board of Auditors - decided to grant to Reconta Ernst & Young S.p.A. the following tasks, thereby extending its mandate:

- the task set out in article 159 of the Consolidated Finance Act to audit the Company's Financial Statements and the consolidated Financial Statements of the SAES Getters Group,
- the task of checking that books are being kept properly and operational events are being correctly recorded in the accounting records as required by article 155, paragraph 1, of the Consolidated Finance Act,
- the task of carrying out a limited audit of the Company's half-yearly report, including at consolidated level,

for the years 2007-2012, pursuant to and in accordance with article 159 of the Consolidated Finance Act.

The Shareholders' Meeting approved the fees payable to Reconta Ernst & Young S.p.A. for carrying out the activities described above, for each of the above years, which amount in total to EUR 77,000 plus expenses, to be updated according to the variations in the ISTAT indices, based on the conditions contained in the proposal made by the audit firm attached to the minutes of the meeting (available on the Company's website, [www.saesgetters.com](http://www.saesgetters.com), section Investor Relations/Shareholders' Meeting).

Within the audit tasks as to the consolidated Financial Statements, the audit firm set forth an audit plan for SAES Getters subsidiaries, both in Italy and abroad, outsourcing the audit to audit firms belonging to the Reconta Ernst & Young network.

## 7. BOARD OF AUDITORS

The appointment of the Board of Auditors is expressly governed by the Company's By-laws, which make provision for an appointment procedure by means of list voting, unless different or supplementary provisions laid down in mandatory laws or regulations prevail.

The Board believes that the Auditors' appointment, like the Directors' one, takes place pursuant to a clear procedure, as below described, pursuant to principle 6.P.1. of the 2006 Code.

Article 22 of the Company's By-laws, which previously made provision for the Board of Auditors to be elected by the submission of lists, was amended by resolution of the Extraordinary Shareholders' Meeting of June 29, 2007 in order to accommodate the changes and additions to election procedures introduced in the meantime into legislation.

In particular, the changes were introduced in accordance with the provisions of article 148, paragraphs 2 and 2-*bis* and of article 148-*bis* of the Consolidated Finance Act, as amended by Legislative Decree no. 303 of December 29, 2006, and of article 144-*sexies* of the Issuers Regulation as amended by Consob resolution no. 15915 of May 3, 2007,

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which stipulates that a statutory member of the Board of Auditors must be elected by the minority Shareholders who have no connection, not even indirectly, with the Shareholders who submitted or voted for the list that received the highest number of votes, based on the definition of connection between majority Shareholders and minority Shareholders contained in the Issuers Regulation; that the Chairman of the Board of Auditors must be appointed by the Shareholders' Meeting from among the Auditors elected by the minority; that the By-laws may require the Shareholder or Shareholders submitting the list to hold, at the time of submission, a percentage of the share capital no greater than the percentage determined under article 147-ter, paragraph 1, of the Consolidated Finance Act; that the lists must be deposited at the registered offices, accompanied by a series of documents specified by regulations, at least 15 days before the scheduled date of the Shareholders' Meeting called to resolve on the appointment of Auditors and these lists must be available for consultation by the public at the registered offices, the market management company and on their website under the terms and conditions laid down by regulations; that the By-laws may establish the criteria for identifying the candidate to be elected in the case of a tied vote between lists.

Current article 22 of the By-laws stipulates that the minority - who are not party to significant connections, not even indirectly, within the meaning of article 148, paragraph 2, of Consolidated Financial Act and related regulations - are reserved the choice of one Statutory Auditor, who will chair the Board, and one Alternate Auditor.

The election of minority Auditors takes place at the same time as the election of the other members of the control body (except in case of substitution).

A list for the appointment of members of the Board of Auditors may be submitted by Shareholders who, with reference to the shares registered in its name as of the date in which the lists are deposited at the Company, own, individually or together with other Shareholders submitting the lists, a percentage of the voting capital at least equal to the percentage determined by Consob under article 148, paragraph 2, of Consolidated Financial Act and in accordance with the provisions of the Issuers Regulation. For information (considering that the appointment of the corporate bodies, occurred during the Financial Year, is not included in the agenda of the Shareholders Meeting which is about to be convened) on January 27, 2010, Consob published resolution no. 17148, specifying the percentage required for submitting lists of candidates for the election of the management and control bodies of companies that closed their financial year on December 31, 2009. On the date hereof, the required percentage is equal to 2,5% of the voting capital.

A Shareholder cannot submit or vote for more than one list, including through an intermediary or through trust companies.

Shareholders belonging to the same group and Shareholders who join a Shareholders' agreement in relation to the Company's shares cannot submit or vote for more than one list, including through an intermediary or through trust companies. A candidate may only be present in one list failing which he will be ineligible.

Also to the extent of application criterion 10.C.1. of 2006 Code, lists, signed by those submitting them, are deposited at the registered offices at least fifteen days before the scheduled date of the Meeting called to resolve on the appointment of Auditors. These lists are made available for consultation by the public at the registered offices as well as

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at the market management company and on its own website, under the terms and conditions laid down by the applicable regulations.

Lists must contain the names of one or more candidates for the position of Statutory Auditor and one or more candidates for the position of Alternate Auditor. The names of the candidates are marked in each section (statutory auditors section, alternate auditors section) by a progressive number and limited to a number no greater than the members to be elected.

Lists also contain, even as an appendix:

- a) information on the identity of the Shareholders who submitted them, with an indication of the overall percentage shareholding held; evidence of the possession of the shareholding shall be provided by means of a certificate issued by the authorized intermediary to be presented before the term provided for the publishing of the lists by the Company;
- b) a declaration from Shareholders other than those who hold, individually or jointly, a controlling or majority interest, certifying the absence of any connections within the meaning of article 144-*quinquies* of the Issuers Regulation with the latter;
- c) a complete report on the personal and professional characteristics of the candidates accompanied by a list of the management and control positions held by the latter among other companies;
- d) a declaration by candidates certifying that there are no grounds for ineligibility and incompatibility, and that they possess the requirements laid down by law and by regulations from time to time in force, and that they accept the candidacy;
- e) any other additional or different declaration, report and/or document required by law and by applicable regulations.

If on the deadline for the submission of lists, only one list has been submitted or only lists submitted by connected Shareholders within the meaning of the applicable provisions, lists may be submitted up until the fifth day following that date. In this case, the thresholds specified above for the submission of lists are halved. Notice of the failure to submit minority lists, of the extended deadline for the submission of lists and of the reduction of the thresholds is given in the time and manner specified by applicable legislation.

For the election of the Auditors, the procedure is as follows: (i) from the list which obtained the highest number of votes ("**Majority List**"), two Statutory Auditors and one Alternate Auditor are elected, based on the progressive order with which they are listed in the list; (ii) from the second list which obtained the highest number of votes and which has no connection, not even indirectly, with the Shareholders who submitted or voted for the Majority List pursuant to the applicable provisions ("**Minority List**"), one Statutory Auditor, who will chair the Board of Auditors ("**Minority Auditor**") and one Alternate Auditor ("**Minority Alternate Auditor**") are elected, based on the progressive order with which they are listed in the list.

In the event of a tied vote between lists, the list submitted by Shareholders owning the largest shareholding at the time of submitting the list or, alternatively, by the largest number of Shareholders will prevail.

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If just one list has been submitted, the Shareholders' Meeting casts its vote on that list and if that list obtains the relative majority of voters, without counting abstentions, all candidates indicated on that list will be elected as Statutory and Alternate Auditors. The Chairman of the Board of Auditors is, in this case, the first Statutory Auditor candidate.

In the absence of lists, the Board of Auditors and the Chairman are appointed by the Shareholders' Meeting according to the ordinary statutory majorities.

If, for any reason, the Majority Auditor is not present, he is replaced by the Alternate Auditor taken from the Majority List.

If, for any reason, the Minority Auditor is not present, he is replaced by the Minority Alternate Auditor.

The Shareholders' Meeting, in accordance with article 2401, paragraph 1, of the (Italian) Civil Code makes appointments or replacements in observance of the principle of the necessary representation of minorities.

The current Board of Auditors was appointed by the Shareholders' Meeting of April 21, 2009 and its term of office will expire with the approval of the 2011 Financial Statements. As better detailed in the following table, the Board comprises Vincenzo Donnamaria, Chairman of the Board of Auditors, Maurizio Civardi and Alessandro Martinelli, Statutory Auditors. The appointment of the current Board of Auditors was made on the basis of a single list received by the Company, submitted by the majority Shareholder, S.G.G. Holding S.p.A.

For details, please refer to the apposite report to the Shareholders' Meeting prepared by the Directors on this subject, dated March 17, 2009, which was deposited at the registered offices, with Borsa Italiana S.p.A. and published on the Company's website [www.saesgetters.com](http://www.saesgetters.com) (section Investor Relations/Corporate Documents).



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The Board checks on an annual basis that the Auditors continue to satisfy the requirements of professionalism and integrity that they are required to possess in accordance with Ministry of Grace and Justice Decree no. 162 of March 30, 2000. In the Financial Year, as to 2009 this check was carried out on February 18, 2010. With reference to the Financial Year, the check was performed on February 17, 2011.

In addition to the requirements laid down under applicable legislation, the Company's Auditors must have also proven skills and expertise on tax, legal, organisational and accounting matters, in order to ensure the Company the maximum efficiency in the controls and the diligent performance of their duties.

By way of derogation from application criterion 10.C.2. of the 2006 Code, the Board did not consider it necessary to stipulate expressly that the Auditors must be chosen from and among individuals who are qualified as independent on the basis of the criteria indicated with reference to the Directors, deeming the legislative provisions to be sufficient. At the present time, the SAES Getters Corporate Governance Code stipulates that Shareholders who submit lists for the appointment of the Board must indicate the suitability, if applicable, of the candidates to be qualified as independent, leaving the Shareholders' Meeting during appointment to assess the weight of that qualification.

Also following application criterion 10.C.3. of 2006 Code, Auditors accept the appointment where they believe that they can devote the necessary time to the diligent performance of their duties.

Each Statutory Auditor notified to Consob the other management and control posts held within companies as laid down in Book V, Title V, Chapters V, VI and VII of the (Italian) Civil Code, pursuant to article 144-*quaterdecies* of the Issuers Regulation.

Also pursuant to principle 10.P.2. of 2006 Code, Auditors shall act with autonomy and independence even with regard to the Shareholders who elected them.

An Auditor who has an interest, either directly or on behalf of third parties, in a certain transaction of the Company shall inform the other Auditors and the Chairman of the Board of Directors in a timely and thorough manner about the nature, terms, origin and extent of his/her interest, also to the extent of application criterion 10.C.4. of 2006 Code.

The Board of Auditors, within the scope of the duties assigned to it by law, oversees the concrete implementation of the Corporate Governance rules set forth in the SAES Getters Corporate Governance Code and ascertains (as it positively verified during the Financial Year) the correct implementation of the assessment criteria and procedures adopted by the Board of Directors for evaluating the independence of its members. The outcome of these checks is disclosed to the market in the present Report or in the Auditors' report to the Shareholders' Meeting.

The Board of Auditors also monitors (as monitored during the Financial Year) the independence and autonomy requirements of its own members, disclosing the results to the Board of Directors in time for compiling the present Report. The Board of Auditors, monitored, in the first meeting after their appointment (which took place on April 21, 2009) and during the Financial Year, that each of the members maintain its requirements of independence. For the above mentioned evaluations, the Board did not apply the others criteria set for the independence of the Directors, but only the criteria

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defined by the law and regulations, because the SAES Getters Code of Corporate Governance did not require those criteria, as set forth below.

It is the duty of the Board of Auditors to evaluate the proposals submitted by the independent audit firms for obtaining the relevant appointment, as well as the work plan prepared for the audit and the results described in the report and in any letter of suggestions. The Board of Auditors, in compliance with application criterion 10.C.5. of the 2006 Code, also monitors the effectiveness of the auditing process and the independence of the audit firm, checking both compliance with legislative provisions and the nature and extent of services other than financial auditing provided to the Company and its subsidiaries by the same audit firm and by the entities belonging to its network.

During the Financial Year, the Board of Auditors checked the independence of the audit firm, verifying both compliance with legislative provisions and the nature and extent of services other than financial auditing provided to SAES Getters S.p.A. and its subsidiaries by Reconta Ernst & Young S.p.A. and the entities belonging to its network.

Furthermore, according to Legislative Decree no. 39/2010, the Board of Auditors has also the function of Internal and Account Audit Committee appointed to monitor, among other subjects provided for by the law, i) compliance with the law and with the by-laws, ii) financial information processes, iii) efficacy of the internal control, internal audit and management risk control systems, iii) individual and consolidated annual accounts legal audit, audit firm independence, with particular focus on non audit services rendered to the Company.

For other detailed information, please see paragraph 10 of this Report.

As part of its activities, the Board of Auditors may ask the Internal Audit Department to carry out checks on specific areas of operation or transactions of the Company, as recommended in application criterion 10.C.6. of 2006 Code.

Following application criterion 10.C.7. of 2006 Code, the Board of Auditors and the Audit Committee from time to time exchange relevant information required for the performance of their respective duties, for example during the meeting of the Board of Directors or of the Audit Committee (whose meeting the Chairman of the Board of Auditors or another Auditor attends).

During the Financial Year, the Board of Auditors met 6 times, with the constant participation of all the members. Each meeting of the Board of Auditors took an average of three hours. For 2011, five meetings are already scheduled; one meeting was already held on February 3, 2011.

With reference to principle 10.P.3. of 2006 Code, the Company believes to have taken all sufficient measures to ensure the Board of Auditors can efficiently perform its duties.

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## **8. RELATIONS WITH SHAREHOLDERS**

### **8.1. RELATIONS WITH INVESTORS**

The Chairman and the Managing Director, while complying with the procedure for the handling of inside information, try hard to develop a constant dialogue with Shareholders, with institutional investors, and with the market in general, in such a way as to guarantee the systematic disclosure of thorough and timely information about the Company's activities. The disclosure of information to investors, to the market and to the press is achieved through press releases and through regular meetings with institutional investors and with the financial community.

Even pursuant to application criterion 11.C.2. of the 2006 Code, the dialogue with institutional investors, the majority of Shareholders and analysts is entrusted to a dedicated unit called Investor Relations, in order to establish an ongoing professional relationship and a correct, continual and thorough flow of information.

At the present time, relations with Shareholders are managed by Emanuela Foglia, Investors Relations Manager, under the supervision of Giulio Canale, Chief Financial Officer and Managing Director.

During the Financial Year, meetings and conference calls were organised for the purposes of the regular accounting/financial reporting activities. During the Financial Year, in particular, the Company participated in the STAR Conference in Milan organised by Borsa Italiana S.p.A., on March 17, 2010 and in London on October 6, 2010.

The presentations showed during the meetings with the financial community are posted on the Company website [www.saesgetters.com](http://www.saesgetters.com) (section Investor Relations/Presentations), and sent in advance to Consob and Borsa Italiana S.p.A.

An email address is available ([investor\\_relations@saes-group.com](mailto:investor_relations@saes-group.com)) to which requests for information can be sent and from which clarifications and explanations to Shareholders can be sought on transactions carried out by the Company.

### **8.2. WEBSITE**

An important role is played by the Company's website ([www.saesgetters.com](http://www.saesgetters.com)), where it is possible to find economic/financial information (such as Financial Statements, half-yearly and quarterly reports) as well as information and documents of interest to the Shareholders as a whole (press releases, presentations to the financial community, calendar of Company events) in both Italian and English language.

Even pursuant to application criterion 11.C.1. of the 2006 Code, in the Investor Relations section of its website, the Company posts important or mandatory information which enables Shareholders to exercise their rights in full knowledge of the facts, including information on participation and exercise of voting rights in Shareholders' Meetings, as well as documentation concerning items on the agenda of Shareholders' Meetings, including the lists of candidates for the positions of Director and Auditor with an indication of their personal characteristics and professional qualifications.

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The Company's inclusion and continued presence on the STAR (Securities with High Requirements Segment) segment of Borsa Italiana S.p.A. is also an indicator of its ability to satisfy the strict reporting standards which constitute an essential requirement for such inclusion.

## 9. SHAREHOLDERS' MEETINGS

The Shareholders' Meeting, regularly constituted, represent all the Shareholders and its resolutions, taken according to the law, are binding for them, even if not attending or dissenting. Ordinary and Shareholders' Meetings are convened in the cases and the ways established by law, at the registered offices of the Company or even abroad, provided within the European Union.

The Shareholders Meeting is governed by the articles 8, 9, 10, 11, 12 and 13 of the By-laws, available on Company website, [www.saesgetters.com](http://www.saesgetters.com) (section Investor Relations/Corporate Governance/Company By-laws).

Sharing principles 11.P.1. and 11.P.2., and application criteria 11.C.3. and 11.C.4. of 2006 Code, the Chairman and Managing Director encourage and work hard to promote the widest possible participation of Shareholders in Shareholders' Meetings, as an effective opportunity for dialogue and interaction between the Company and investors. As a general rule, all Directors attend Shareholders' Meetings. No claim on this matter form the Shareholders ever came to the attention of the Company.

The Board of Directors tries to limit the restrictions and formalities that might make it difficult or burdensome for the Shareholders to participate in the Shareholders' Meeting and to exercise their voting right.

Shareholders' Meetings are also an opportunity to provide Shareholders with information on the Company, while complying with the rules governing inside information.

In particular, the Board reports to the Shareholders' Meeting on activities carried out and planned and tries to ensure that the Shareholders receive adequate information so that they can take the decisions for which they are responsible with full knowledge of the facts.

During the Financial Year, the Shareholders met on April 27, 2010:

a) in ordinary session with the following agenda:

- Report of the Board of Directors on the year ended 31 December 2009; Financial Statements for the year ended 31 December 2008; resolutions on losses coverage by means of use of reserves; inherent and consequent resolutions;
- Resolutions according to articles 2357 and 2357-ter of the (Italian) Civil Code;

b) In extraordinary session, with the proposal annulment of treasury shares, without reducing the share capital; consequent amendment of article 4 of the by-laws; inherent and consequent resolutions;

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For the purposes of attending Shareholders' Meetings, the Company requires prior notification pursuant to article 2370, paragraph 2, of the (Italian) Civil Code, which must arrive at least two working days before the Meeting. Indeed, article 10 of the By-laws reads:

*"Attendance and representation at Shareholders' Meeting are governed by statutory provisions.*

*Voting rights holders will have the right to attend the Meetings providing that their capacity to attend the meeting is certified according to the modalities and within the terms provided by the regulations and laws in force. .*

*The electronic notice of the delegation to attend the Meetings may be pursued by means of related link on the Company web site, according to the modalities set forth by the notice of calling, or, alternatively, by means of certified email sent to the email address indicated in the notice of calling.*

*The Chairman of the Meeting, also through appointees, shall be responsible for verifying the validity of the meeting's establishment, the identity and legitimacy of those present, and for regulating the meeting's progress, establishing the methods of discussion and voting (which shall in all cases be transparent), and announcing the results of votes."*

### **9.1. Regulation of Shareholders' Meetings**

The experience gained with regard to the orderly and functional nature of Shareholders' Meeting has led to the conclusion that there is no current need to prepare specific regulations for regulating the meetings. The orderly execution of the works has been granted up to today by the By-laws provisions that assign the Chairman the task of verifying the identity and legitimation of each attendant, the quorum necessary to deliberate, the orderly conduct and to define the way of voting.

Shareholders' Meetings have always been held with the utmost regularity, allowing all Shareholders involved to intervene in order to formulate requests for clarification and to express their observations thoroughly. A response has always been given to the queries raised by Shareholders and the drafting of the minutes of the Meetings, including in ordinary session, is entrusted to a Notary.

Therefore, the Board of Directors, taking into consideration the orderly and functional conduct of the Company's Ordinary and Extraordinary Shareholders' Meetings to date, and the lack of need to restrain the intervention of Shareholders during the Meeting in view of the limited free float, and wishing instead to encourage the broadest possible participation of Shareholders in Meetings, does not deem it necessary for the time being to draw up any procedure governing the participation of Shareholders, differently from the application criterion 11.C.5. of 2006 Code. However, the Company reserves the right to draw up such regulations should it observe a lack of fair debate during meetings.

In any case, in order to facilitate the participation of the Shareholders to the General Meeting, they are entitled to propose questions on the items in agenda, even before the Meeting, by sending a request by means of registered letter to the registered offices of the Company or by certified mail to [saes-ul@pec.it](mailto:saes-ul@pec.it) address. Answers to applications

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received before the Meeting will be provided by posting them on the Company's website or, at the latest, during the same Shareholders' Meeting, with the right of the Company to provide joint answers to questions with the same content.

## **9.2. Special Meeting of holders of savings shares**

The Special Meeting of holders of savings shares is convened in the way defined by law, at the Company registered offices or elsewhere, also abroad, but within the European Union.

Last meeting of holders of savings shares was held on April 23, 2009 to appoint their common representative, because his mandate expired. The holders of savings shares confirmed, for the fiscal years 2008-2010, Mr. Massimiliano Perletti, as their common representative, and to resolve upon on the related annual remuneration which is established in the amount of EUR 1,100.00 (one thousand and one hundred).

Being expired also the mandate granted by the meeting of holders of savings shares on April 23, 2009 (respectively, in first, second and third call), the Company has convened another meeting on April 18, 19 and 20, 2011 in order to appoint their common representative and decide upon the related compensation.

## **9.3 Significant Changes in the Market Capitalisation of Shares**

In the Financial Year ordinary and savings shares listed on STAR on the Italian *Mercato Telematico Azionario* managed by Borsa Italiana S.p.A., recorded an increase in value equal to 14% and a decrease in value equal to -7% respectively, to be compared with a decrease of 14% recorded by FTSE MIB and an increase of 2% recorded by FTSE Italia Star Indexes.

## **9.4. Significant Changes in the Shareholdings**

No sensitive changes has been reported during the Financial Year.

# **10. OTHER CORPORATE GOVERNANCE PRACTICES**

With reference to the new rules set forth by Legislative decree no. 39/2010, in order to facilitate a constant flow of information among the different corporate bodies that shall permit to the Internal and Account Audit Committee the adequate surveillance provided for by the law, among the other activities, periodical meetings have been scheduled with the participation of the member of the Committee itself, the Audit Committee, the Audit Firm, the Internal Control Officer, the Officer Responsible for the preparation of corporate financial reports pursuant to Decree no. 262/05 and the Group General Counsel. Such meetings are focused on the analysis and discussion of the financial information processes, efficacy of internal control, internal audit and management risk control systems, individual and consolidated annual accounts legal audit, audit firm independence, with particular focus on non audit services rendered to the Company.

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## 11. CONCLUSIONS

SAES Getters Corporate Governance system is substantially in line with the recommendations contained in the 2006 Code with which the Board of Directors decided to comply on December 21, 2006, with the following exceptions:

- With reference to application criterion 3.C.6., during 2008, the Independent Directors did not deem it necessary to meet without the presence of the other Directors;
- With reference to application criterion 5.C.1. lett. d), it is worth clarifying that the existing Committees (Compensation Committee and Audit Committee) are not endowed with a predefined budget but have unlimited disbursement powers, with a duty to report to the Board;
- Referring to principle 6.P.2., the Board did not consider necessary to establish an internal Committee to propose appointments for the position of Director, given the composition of the Company's Shareholders and not having experienced difficulties in gathering proposed appointments from Shareholders, so that Board composition is in line with SAES Getters Corporate Governance Code;
- By way of derogation from application criterion 10.C.2, the Board did not consider it necessary to stipulate expressly that the Auditors must be chosen from among individuals who are qualified as independent on the basis of the criteria indicated with reference to the Directors, deeming the legislative provisions to be sufficient. At the present time, the SAES Getters Corporate Governance Code stipulates that Shareholders who submit lists for the appointment of the Board shall indicate the suitability, if applicable, of the candidates to be qualified as independent, leaving the Shareholders' Meeting during appointment to assess the weight of that qualification;
- referring to the application criterion 11.C.5., the Board of Directors, taking into consideration the orderly and functional conduct of the Company's Ordinary and Extraordinary Shareholders' Meetings to date, and the lack of need to restrain the intervention of Shareholders during the Meeting in view of the limited free float, and wishing instead to encourage the broadest possible participation of Shareholders in Meetings, does not deem it necessary for the time being to draw up any procedure governing the participation of Shareholders;
- With reference to application criterion 11.C.6. of 2006 Code, The Board did not opportune to propose Shareholders amendments to the By-laws as to percentages required to trigger actions and minority perquisites.

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## **12. CHANGES AFTER THE END OF THE FINANCIAL YEAR**

On January 1, 2011, the Procedure on Related Parties' Transactions approved by the Company on November 11, 2010 and subsequently by the Group subsidiaries, has come into force within SAES Group.

Lainate, March 14, 2011

for the Board of Directors

Massimo della Porta  
Chairman

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## APPENDIX 1 - COMPOSITION OF THE BOARD OF DIRECTORS AND THE COMMITTEES

BOARD OF DIRECTORS										Audit Cttee	Compen- sation Cttee
Name	Position	In office since	In office until	List (M/m)	Executive	Non- executive	Independent acc. to Code	Independent acc. to Consolidated Financial Act	Number other positions		
Massimo della Porta	Chairman	21.04.09	Shareholders' Meeting approving Annual Report 2011	M	X				3		
Giulio Canale	Vice Chairman, Managing Director and Chief Financial Officer	21.04.09	Shareholders' Meeting approving Annual Report 2011	M	X				2		
Stefano Baldi	Director	21.04.09	Shareholders' Meeting approving Annual Report 2011	M		X			1		X
Adriano De Maio	Director and Lead Independent Director	21.04.09	Shareholders' Meeting approving Annual Report 2011	M		X	X	X	3	X	X
Giuseppe della Porta	Director	21.04.09	Shareholders' Meeting approving Annual Report 2011	M		X			-		
Andrea Dogliotti	Director	21.04.09	Shareholders' Meeting approving Annual Report 2011	M		X			-	X	

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BOARD OF DIRECTORS										Audit Cttee	Compensation Cttee
Name	Position	In office since	In office until	List (M/m)	Executive	Non-executive	Independent acc. to Code	Independent acc. to Consolidated Financial Act	Number other positions		
Andrea Gilardoni	Director	21.04.09	Shareholders' Meeting approving Annual Report 2011	M		X			3		
Pietro Mazzola	Director	21.04.09	Shareholders' Meeting approving Annual Report 2011	M		X			8		
Roberto Orecchia	Director	21.04.09	Shareholders' Meeting approving Annual Report 2011	M		X	X	X	-		
Andrea Sironi	Director	21.04.09	Shareholders' Meeting approving Annual Report 2011	M		X	X	X	2	X	X
Gianluca Spinola	Director	21.04.09	Shareholders' Meeting approving Annual Report 2011	M		X			1		
<b>Directors ceased during the Financial Year</b>											
No Directors ceased during the Financial Year											
Quorum requested to submit lists during last appointment (April 21, 2009)							2.5%				
<b>Number of meeting during the Financial Year</b>			<b>Board of Directors</b>			<b>Audit Cttee</b>			<b>Compensation Cttee</b>		
			7			6			2		

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**APPENDIX 2 - DIRECTOR OR AUDITOR POSTS HELD BY THE DIRECTORS IN OTHER COMPANIES LISTED ON REGULATED MARKETS, INCLUDING FOREIGN MARKETS, IN FINANCIAL COMPANIES, BANKS, INSURANCE COMPANIES OR LARGE-SIZED COMPANIES**

NAME	POST	
	COMPANY	OFFICE
Stefano Baldi	S.G.G. Holding S.p.A.	Non executive Director
Giulio Canale	S.G.G. Holding S.p.A.	Director, Vice President and Managing Director
	Telima Italia S.r.l.	Non executive Director
Adriano De Maio	Telecom Italia Media S.p.A.	Member of the Compensation Committee
	TxT e-solutions S.p.A.	Non executive Director e and member of both the Audit Committee and the Compensation Committee
	EEMS S.p.A.	Non executive Director
Giuseppe della Porta	-	-
Massimo della Porta	S.G.G. Holding S.p.A.	Director, Vice President and Managing Director
	Alto Partners SGR S.p.A.	Non executive Director
	MGM S.r.l.	Executive Director
Andrea Dogliotti	-	-
Andrea Gilardoni	Società Gasdotti Italia S.p.A.	Non executive Director
	AGICI – Finanza d’Imprese S.r.l.	Executive Director
	Kinexia S.p.A.	Non executive Director
Pietro Mazzola	Euraleo S.r.l.	Chairman Statutory Auditor
	IW Bank S.p.A.	Non executive Director
	Banca Leonardo S.p.A.	Statutory Auditor

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	Berger Trust S.p.A.	Non executive Director, Chairman of Board of Directors
	Felofin S.p.A.	Non executive Director
	Fratelli Testori S.p.A.	Chairman Statutory Auditor
	Partners S.p.A.	Executive Director
	ARCA Impresa Gestione SGR S.p.A.	Non executive Director
Roberto Orecchia	-	-
Andrea Sironi	Banco Popolare società cooperativa Banca Aletti S.p.A.	Non executive Director Non executive Director
Gianluca Spinola	Diadora Group Holding S.p.A.	Chairman

Please be advised that, among the companies referred above, only S.G.G. Holding S.p.A. is part of the SAES Getters Group, as ultimate parent company.