

Report on CORPORATE GOVERNANCE



2010

This document has been translated into English solely for the convenience of the international reader. In the event of conflict or inconsistency between the terms used in the Italian version of the document and the English version, the Italian version shall prevail, as the Italian version constitutes the official document.

Company Profile

Datalogic Group is a world-class producer of bar code readers, data collection mobile computers, RFID and vision systems, offering innovative solutions for a comprehensive range of applications in the manufacturing, transportation & logistics and retail industries.

Datalogic S.p.A. is listed on the STAR segment of the Italian Stock Exchange since 2001 as DAL.MI, and is headquartered in Lippo di Calderara di Reno (Bologna). It employs 2,000 staff members worldwide, distributed in 30 countries across Europe, Americas, Asia, and Oceania.

The Group invests over 26 million Euro each year in Research and Development and has a large and growing portfolio of 898 patents across the world.

For more information on Datalogic, please visit www.datalogic.com

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DEFINITIONS

Shareholders' meeting	Datalogic Shareholders' Meeting
Borsa Italiana	Borsa Italiana S.p.A., registered office in Milan, Piazza degli Affari no. 6
Code of Conduct	Code of Conduct for listed companies approved in March 2006 by the Corporate Governance Committee and promoted by Borsa Italiana; the complete document may be found at www.borsaitaliana.it
Italian Civil Code	Royal Decree no. 262 of 16 March 1942, as amended and supplemented
Board of Statutory Auditors	Datalogic Board of Statutory Auditors
Audit Committee	Committee established within the Board of Directors on 15 February 2001, whose tasks and functions are set forth in paragraph 5.2
Remuneration Committee	Committee established within the Board of Directors on 15 February 2001, whose tasks and functions are set forth in paragraph 5.1
Director	Board of Directors member
Board	Datalogic Board of Directors
Consob	National Commission for Listed Companies and the Stock Exchange, registered office in Rome, via G.B. Martini no. 3
Datalogic	Datalogic S.p.A., headquartered in Calderara di Reno (Bologna) on Via Marcello Candini no. 2, resolved, subscribed and paid-in share capital EUR 30,392,175.32, Bologna Company Register enrolment number and tax code 01835711209, Administrative and Economic Index no. BO-391717
Manager in charge	Manager responsible for preparing the company's financial and corporate reports
Financial year 2010	From 1 January 2010 to 31 December 2010
Datalogic Group	Datalogic S.p.A. and its subsidiaries or associates
Stock Exchange Instructions	Instructions to the Stock Exchange Rules
M.T.A.	Electronic equity market organised and managed by Borsa Italiana

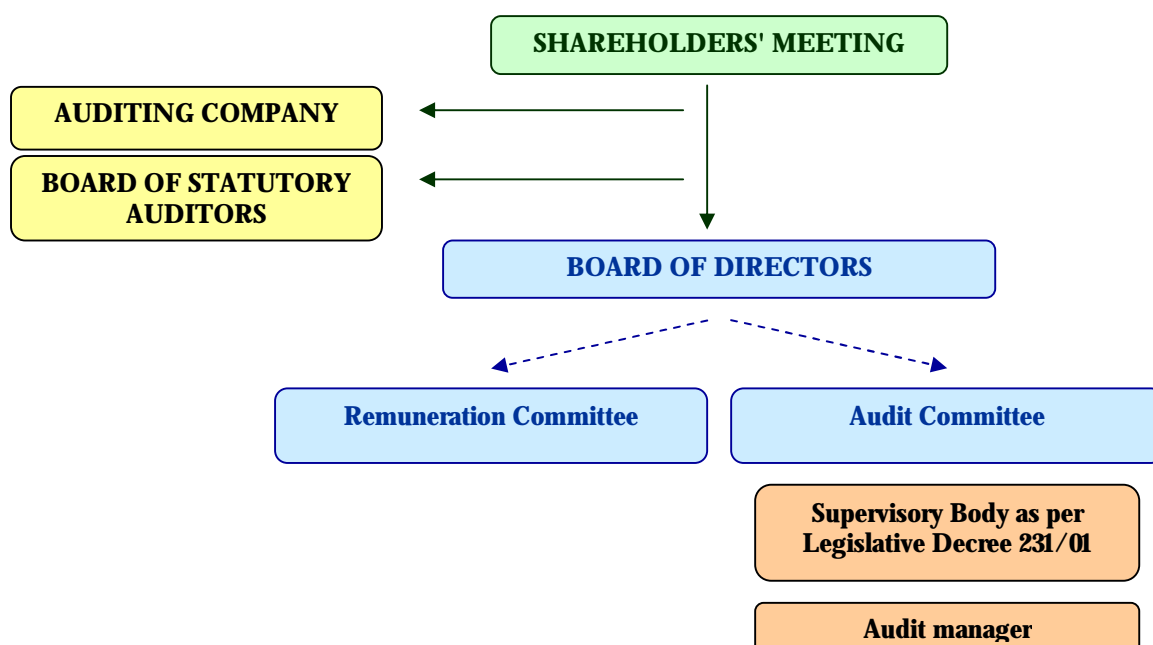
Model 231	Organisation and management model as per Italian Legislative Decree 231/2001
Supervisory Body	Supervisory Body established as per Italian Legislative Decree 231/2001
Chairman of the Board of Directors	Chairman of the Datalogic Board of Directors
Stock Exchange Rules	Rules of the markets organised and managed by Borsa Italiana
Issuers' Regulations	Regulation implementing the Consolidated Law on Finance, concerning the discipline of issuers (adopted by Consob with resolution no. 11971 of 14 May 1999), as amended and supplemented
Corporate Report	Report on Corporate Governance and ownership structures prepared by the Company in accordance with art. 123- <i>bis</i> of the TUF and art. 89- <i>bis</i> of the Issuers' Regulations
S.T.A.R. Segment	Electronic equity market high requirements segment
Internal Auditor	Member of the Board of Statutory Auditors
Articles of Association	Datalogic Articles of Association in force as of 31 December 2010
Consolidated Law on Finance	Italian Legislative Decree no. 58 of 24 February 1998 - "Consolidated Law of financial intermediation provisions"- as subsequently supplemented and amended

1. DATALOGIC CORPORATE GOVERNANCE

Datalogic continuously places particular focus on the effectiveness and functioning of its corporate governance system, and uses national corporate governance best practices as a basis for the development of its decision-making and control structures.

Datalogic's traditional corporate governance system, shown in the flowchart below, is inspired by the principles of management and informational fairness and transparency, which it achieves through a process that continuously controls the effective implementation and effectiveness of those principles.

In line with the unique aspects and characteristics of its corporate structure, Datalogic complies with the Code of Conduct in the forms and manners set forth in this Corporate Report¹, which refers to the 2010 financial year and was approved by the Board on 7 March 2011.



¹ For additional information on Datalogic's corporate governance system, please see both the subsequent pages of this Corporate Report as well as the corporate articles of association in force as of 31 December 2010, which may be found on the website www.datalogic.com.

2. OWNERSHIP STRUCTURE INFORMATION²

The information below refers to Datalogic's ownership structure as of 31 December 2010.

(i) *Share capital structure*³

Datalogic's resolved share capital, which is entirely subscribed and paid-in, equals EUR 30,392,175.32 and is broken down into 58,446,491 ordinary shares.

(ii) *Securities transfer restrictions*⁴

There are no restrictions to the transfer of securities.

(iii) *Relevant shareholdings*⁵

On the basis of statements made pursuant to article 120 of the Consolidated Law on Finance and the information available to Datalogic, the relevant shareholdings are as follows:

✚ **Hydra S.p.A.: 67.3%**

✚ **Tamburi Investment Partners S.p.A.: 6.4%**

✚ **D'Amico Società di Navigazione S.p.A.: 2.03%**

(iv) *Securities which provide special rights*⁶

No securities which provide special control rights have been issued.

(v) *Employee shareholding*⁷

No system of employee shareholding has been established.

² As per art. 123-bis, paragraph 1, Consolidated Law on Finance.

³ As per art. 123-bis, paragraph 1, letter a), Consolidated Law on Finance.

⁴ As per art. 123-bis, paragraph 1, letter b), Consolidated Law on Finance.

⁵ As per art. 123-bis, paragraph 1, letter c), Consolidated Law on Finance.

⁶ As per art. 123-bis, paragraph 1, letter d), Consolidated Law on Finance.

⁷ As per art. 123-bis, paragraph 1, letter e), Consolidated Law on Finance.

(vi) Voting right restrictions⁸

There are no voting right restrictions.

(vii) Shareholders' agreements⁹

There are no shareholders' agreements pursuant to article 122 of the Consolidated Law on Finance.

(viii) Change of control clauses¹⁰

The main agreements that involve the possibility to renegotiate contractual conditions if Datalogic's control changes are the medium-/long-term bank financing contracts signed by Datalogic¹¹.

(ix) Authority to increase the share capital and authorisations to purchase treasury shares¹²

The Board has not been authorised to increase share capital pursuant to article 2443 of the Italian Civil Code and may not issue financial instruments entitling the bearer to interest in the share capital.

On 29 April 2010, the shareholders' meeting authorised the Board to purchase and sell treasury shares in accordance with and for the effects pursuant to articles 2357 and 2357-ter of the Italian Civil Code, as well as art. 132 of the Consolidated Law on Finance.¹³

At the 2010 year-end close, 3,999,935 treasury shares were held in the Datalogic portfolio (6.84% of the share capital).

⁸ As per art. 123-bis, paragraph 1, letter f), Consolidated Law on Finance.

⁹ As per art. 123-bis, paragraph 1, letter g), Consolidated Law on Finance.

¹⁰ As per art. 123-bis, paragraph 1, letter h), Consolidated Law on Finance.

¹¹ For additional information on those loan agreements, please see the Annual Financial Report for the 2010 financial year, published by Datalogic in accordance with art. 154-ter of the Consolidated Law on Finance, which may be found on www.datalogic.com.

¹² As per art. 123-bis, paragraph 1, letter m), Consolidated Law on Finance.

¹³ For additional information on that buy-back transaction, please see the relative directors' report drawn up in accordance with art. 73 of the Issuers' Regulations, which may be found at www.datalogic.com.

(x) Management and coordination¹⁴.

In accordance with art. 2497-*bis* of the Italian Civil Code, Datalogic is subject to the management and coordination of Hydra S.p.A.

(xi) Additional information.

Please note that the information required by art. 123-*bis*, first paragraph, letter l) of the Consolidated Law on Finance ("*rules applying to the appointment and replacement of directors (...) and to amendments to the articles of association, if different from those applied as a supplementary measure*") is not provided in this Corporate Report since Datalogic's corporate governance system does not include any of the types taken into consideration therein.

¹⁴ As per art. 2497 *et seq* of the Italian Civil Code

3. BOARD OF DIRECTORS

On the basis of the only list submitted by the majority shareholder Hydra S.p.A., pursuant to article 15 of the Articles of Association, on 21 April 2009 the Shareholders' Meeting resolved to appoint a Board of 13 (thirteen) members, setting the duration of the term as 3 (three) financial years, or until the approval of the yearly financial statements as at 31 December 2011¹⁵.

During the year closed on 31 December 2009, Director Roberto Tunioli and Director John O'Brien resigned as of 30 June 2009 and 11 November 2009, respectively.

On 29 April 2010, the ordinary Shareholders' Meeting resolved to decrease the number of Board members from 13 (thirteen) to 11 (eleven), and the extraordinary meeting resolved to amend article 15 of the Articles of Association in order to introduce a provision that expressly governs the methods for replacing Board members if one or more members of the Board resigns or in any case leaves his position.

During the 2010 financial year, Director Lodovico Floriani resigned as of 30 June 2010.

3.1 Information on the Board's composition¹⁶

On the basis of the preceding paragraph, the Board has 10 (ten) members¹⁷ as of the publication date of this Corporate Report, as set forth in the table below:

DIRECTORS IN OFFICE AS AT 31 DEC. 2010				
Name	Term start date	Term expiry date	Other positions held Application Criteria 1.C.2. Code of Conduct	% of meeting attendance
Romano Volta <i>Chairman</i>	21/04/2009	Approval of the financial statements as at 31 Dec. 2011	I.M.A. S.p.A. <i>(Director)</i>	100

¹⁵ For additional information on the mechanisms for appointing and replacing Board members (as per art. 123-bis, paragraph 1, letter l), Consolidated Law on Finance) please see art. 15 of the Articles of Association, which may be found at www.datalogic.com.

¹⁶ As per art. 123-bis, paragraph 2, letter d), Consolidated Law on Finance.

¹⁷ For additional information on the Directors' professional CVs, please see the list submitted by the shareholder Hydra S.p.A., which may be found at www.datalogic.com.

Mauro Sacchetto <i>Chief Executive Officer</i>	21/04/2009	Approval of the financial statements as at 31 Dec. 2011	-	100
Pier Paolo Caruso <i>Director</i>	21/04/2009	Approval of the financial statements as at 31 Dec. 2011	MONRIF S.p.A. <i>(Chairman of the Board of Statutory Auditors)</i>	100
			SASIB S.p.A. <i>(Standing auditor)</i>	
			CEVOLANI S.p.A. <i>(Chairman of the Board of Statutory Auditors)</i>	
			COMPAGNIA GENERALE MACCHINE S.p.A. <i>(Standing auditor)</i>	
Gianluca Cristofori <i>Independent director</i>	21/04/2009	Approval of the financial statements as at 31 Dec. 2011	CANGIALEONI GROUP S.r.l. <i>(Standing auditor)</i>	80
			CALZEDONIA HOLDING S.p.A. <i>(Standing auditor)</i>	
Angelo Manaresi <i>Independent director</i>	21/04/2009	Approval of the financial statements as at 31 Dec. 2011	CALZEDONIA S.p.A. <i>(Standing auditor)</i>	100
			-	
Elserino Piol <i>Director</i>	21/04/2009	Approval of the financial statements as at 31 Dec. 2011	YOOX S.p.A. <i>(Director)</i>	100
Luigi Di Stefano <i>Independent director</i>	21/04/2009	Approval of the financial statements as at 31 Dec. 2011	-	100

Giovanni Tamburi <i>Director</i>	21/04/2009	Approval of the financial statements as at 31 Dec. 2011	TAMBURI INVESTMENT PARTNERS S.p.A. <i>(Chairman and Chief Executive Officer)</i> MANAGEMENT&CAPITALI S.p.A. <i>(Deputy Chairman)</i> INTERPUMP GROUP S.p.A. <i>(Director)</i> DE LONGHI S.p.A. <i>(Director)</i> ZIGNAGO VETRO S.p.A. <i>(Director)</i> SECON TIP S.p.A. <i>(Chairman and Chief Executive Officer)</i> DATAHOLDING 2007 S.r.l. <i>(Director)</i> GRUPPO IPG HOLDING S.r.l. <i>(Chairman)</i> LIPPIUNO S.r.l. <i>(Director)</i> CLUBTRE S.r.l. <i>(Chairman and Chief Executive Officer)</i>	90
Gabriele Volta <i>Director</i>	21/04/2009	Approval of the financial statements as at 31 Dec. 2011	-	90
Valentina Volta <i>Director</i>	21/04/2009	Approval of the financial statements as at 31 Dec. 2011	-	20

Directors who resigned during the 2010 financial year		
Name	Term start date	Effective date of resignation
Lodovico Floriani <i>Director</i>	21/04/2009	30/06/2010

3.2 Role of the Board¹⁸

The Board is vested with the broadest powers for the ordinary and extraordinary management of Datalogic, and, more specifically is entitled to carry out all deeds deemed necessary to achieve the corporate purpose, excluding those which the law or the Articles of Association necessarily assign to the Shareholders' Meeting¹⁹.

Specifically, the Board has the power to establish committees and commissions, also in order to adapt the corporate governance system to the model set forth in the Code of Conduct²⁰.

¹⁸ As per art. 123-*bis*, paragraph 2, letter d), Consolidated Law on Finance.

¹⁹ In its 21 April 2009 meeting, the Board, in its new composition resolved on by the Shareholders' Meeting, resolved, *inter alia*, to assign itself the following exclusive authorities:

- analysis and approval of Datalogic's strategic, business and financial plans, as well as the definition of the corporate governance system and the corporate structure of the group led by Datalogic;
- purchase, sale, exchange and contribution of property assets and real property rights; establishment of rights to property provided as security;
- establishment of new subsidiaries; assuming, acquiring or selling shareholdings; purchase, sale, exchange and contribution of the entire Datalogic business complex or of individual business units;
- purchase, sale, exchange and contribution and any other deed of purchase or provision of goods, rights and services, as well as generally taking on obligations, commitments and responsibilities of any type whatsoever valued, individually or jointly with other related deals, at over EUR 10,000,000 (ten million/00) as well as amendments to those agreements, contracts, negotiations, commitments or assumptions of responsibility which involve economic effects worth more than the amount indicated above;
- hiring, appointment and dismissal of general managers, authorisations for the assignment of the relative proxies and definition of the relative remuneration;
- issue of sureties and collateral or personal guarantees of any type whatsoever worth over EUR 10,000,000.00 (ten million/00) for each individual deed and, if in the interest of parties other than Datalogic and its subsidiaries, of any amount;
- analysis and approval of related party transactions;
- control of the suitability of the general organisational and administrative structure of Datalogic and the Datalogic Group, set up by the authorised bodies.

²⁰ In compliance with Code of Conduct application criteria 1.C.1, the Board:

- analyses Datalogic's and the Datalogic Group's strategic, business and financial plans, the Datalogic corporate governance system and the Datalogic Group corporate structure;
- assesses the suitability of the general organisational, administrative and accounting structure of Datalogic and its strategically significant subsidiaries, set up by the executive directors, with particular reference to the internal control system and the management of conflicts of interest;
- assigns and withdraws delegations to and from executive directors, defining their limits and service procedures;
- after examining the proposals of the dedicated committee and consulting with the Board of Statutory Auditors, determines the remuneration of executive directors and other directors with specific functions and, if not done by the Shareholders' Meeting, also allocates the overall remuneration due to Board members;

Datalogic is led by a Board that meets regularly and is organised and works so as to guarantee that its functions are carried out effectively.

For this reason, the Board met 10 (ten) times in 2010 and planned at least 7 (seven) meetings to be held throughout 2011. As a rule, Datalogic managers with specific tasks and responsibilities in relation to the subjects discussed by the Board were invited to attend.

3.3 Chairman of the Board of Directors

A shareholders' meeting resolution of 21 April 2009 appointed the Director Romano Volta as Chairman of the Datalogic Board of Directors.

The Chairman of the Board of Directors was not assigned management delegations within Datalogic.

The position of Chairman of the Board of Directors is held by a person who indirectly controls Datalogic.

The Chairman Board of Directors is allowed to legally represent Datalogic and use the corporate signature both in relation to third parties and before the court, with the ability to lodge legal actions and judicial and administrative appeals before all courts and tribunals, including rulings for cassation and revocation.

The Chairman of the Board of Directors has a fundamentally significant role in Datalogic's external, national and international relations. In particular, the Chairman of the Board of Directors is responsible for representing Datalogic before the highest institutional, national and international offices, and before top business, research and economic/financial sector representatives.

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- assesses the general business performance, particularly considering the information received from authorised bodies, and also periodically compares planned and actual results;
 - preventively analyses and approves transactions with a significant economic, equity-related and financial importance, with particular reference to related party transactions;
 - at least once per year, assesses the size, composition and operations of the Board and of its committees and, if applicable, provides advice on the professional figures whose presence on the Board would be deemed appropriate;
 - provides information in the Report on Corporate Governance on the role of the Board and in particular on the number of Board meetings held during the year and each Director's relative proportion of participation.

3.4 Chief Executive Officer

A Board resolution of 21 April 2009 appointed Director Mauro Sacchetto as Datalogic's Chief Executive Officer.

Specifically, the Chief Executive Officer was granted - separately from the other directors - all powers of ordinary and extraordinary administration, legal representation and the use of the corporate signature (in accordance with art. 19 of the Articles of Association) to fulfil all transactions of amounts no greater than, separately or together with other related deals, a maximum of EUR 10,000,000.00 with limitations for all deeds and responsibilities attributed to the Board²¹.

The Chief Executive Officer reports to the Board about activities carried out in fulfilling his delegations at the first possible meeting.

3.5 Independent directors

A suitable number of non-executive Directors are independent, in the sense that they do not have, nor have they recently had, even indirect relations with Datalogic or with persons linked to Datalogic which could currently condition their independent judgement. Specifically, there are three members of the Board that possess the independence requirements set forth in art. 148, paragraph 3, of the Consolidated Law on Finance: Gianluca Cristofori, Angelo Manaresi and Luigi Di Stefano.

The independence of those Directors is routinely assessed by the Board, more in relation to the substance than to the form, taking the application criteria 3.C.1. of the Code of Conduct as a reference.

In compliance with application criteria 3.C.6. of the Code of Conduct, those Directors meet at least once per year without the other Directors. During the 2010 financial year, they met one time, on 4 November. During that meeting, on which minutes were regularly taken, the independent directors formulated a series of observations aimed at improving the exchange of information and the interaction between the independent directors and the main corporate functions, as well as promoting the adoption of a structured procedure for the Board's self-evaluation.

²¹ For the Board's exclusive responsibilities, please see note 4.

3.6 *Lead Independent Director*

Since the position of Chairman of the Board of Directors is held by a person who controls Datalogic, the Board appointed an independent director as lead independent director in compliance with Code of Conduct application criteria 2.C.3. This director is a point of reference and coordination for the requests and contributions of the non-executive directors and, in particular, the independent directors.

Specifically, on 21 April 2009, the Board appointed the Director Angelo Manaresi as lead independent director, and assigned him the following rights:

- a) the right to make use of corporate structures to carry out his tasks;
- b) the right to call meetings of only the independent directors to discuss topics that involve the functioning of the Board and the management of the company.

3.7 *Directors' remuneration*

In accordance with art. 20 of the Articles of Association, the Directors may be assigned remuneration pursuant to article 2389 of the Italian Civil Code.

In particular, the Shareholders' Meeting resolves on the overall maximum amount of the remuneration to be allocated to Directors, including those who fill particular positions. Within the limit of the overall maximum amount established by the Shareholders' Meeting, the Board assigns each Director the remuneration due on the basis of his position and any special delegations assigned.

Directors' remuneration is structured as follows:

- a) the same base remuneration for all Board members;
- b) an additional remuneration for members of the Audit Committee and the Remuneration Committee;
- c) an additional fixed remuneration for the Chairman and for the Chief Executive Officer;

- d) an additional variable remuneration linked to corporate results and/or the achievement of specific objectives for the Chief Executive Officer²².

In relation to point d), please note that the Chief Executive Officer is the only Director who receives the long-term incentive plan (2010 - 2012) approved on 29 April 2010 by the Shareholders' Meeting, in accordance with and for the effects of the provisions of art. 2389 of the Italian Civil Code and art. 20 of the corporate Articles of Association²³, in line with the new text of art. 7 of the Code of Conduct.

Information on indemnities in the case of early termination, required by Consob in Notice no. DEM/11012984 of 24 February 2011, pursuant to article 114, paragraph 5, of the Consolidated Law on Finance

On 24 February 2011, Consob approved Notice no. DEM/11012984 which, pursuant to article 114, paragraph 5, of the Consolidated Law on Finance, required share issuers as defined by art. 65, paragraph 1, letter c) of the Issuers' Regulations, to indicate the following information on indemnities in the case of early termination in the "Report on Corporate Governance and ownership structures":

- a) *the existence of the agreements referred to in article 123-bis, paragraph 1, i), of the Consolidated Law on Finance. In case these agreements do not exist, issuers shall disclose this circumstance;*
- b) *the criteria used in order to determine the indemnity in favour of each director, member of the control body or supervisory council. In the case the indemnity is expressed as a function of the yearly payment, issuers shall provide detailed information on the components of this yearly payment;*
- c) *a description of the effects generated by the termination of the employment relationship on the assignments made according to the schemes based on financial instruments or on cash payments;*
- d) *the events in which the right accrues;*
- e) *the existence, if any, of agreements which envisage the assignment or the retention of non monetary benefits in case of termination (so-called "post-retirement perks") or the stipulation of post-retirement consulting contracts;*
- f) *the possible existence of agreements which envisage remuneration for non competition clauses.*

²² For additional information on the remuneration assigned to Directors in 2010, please see the Annual Financial Report for the 2010 financial year, published by Datalogic in accordance with art. 154-ter of the Consolidated Law on Finance, which may be found at www.datalogic.com.

²³ For additional information on that long-term incentive plan, please see the minutes of the relative shareholders' meeting resolution, which may be found at www.datalogic.com.

The information required by aforementioned Notice no. DEM/11012984 is provided below. Please note that Datalogic did not adopt any incentive plan based on financial instruments and that there are no postretirement perks or postretirement consulting contracts:

- (i) if the Chief Executive Officer's employment terminates before the long-term incentive plan (2010-2012) maturity date, he is not entitled to benefit from the plan and will lose the right to receive any incentive that may have accrued;
- (ii) with particular reference to the information pursuant to art. 123-*bis*, paragraph 1, lett. i) of the Consolidated Law on Finance, there are agreements between Datalogic and the Chief Executive Officer which involve paying indemnities in the event of voluntary resignation, or in the event of removal without just cause by Datalogic, or in the event of Datalogic's change of control;
- (iii) the indemnities set forth in point (ii) vary according to the moment in which the event in question occurs, from a minimum of 1 annual payment up to a maximum of 3 annual payments of annual fixed and variable remuneration recently received (excluding any ongoing incentives that may have been paid out during the year);
- (iv) Datalogic has agreements with the Chief Executive Officer which involve paying compensation to remunerate the post-contractual non competition agreement signed in accordance with art. 2596 of the Italian Civil Code.

4. CORPORATE INFORMATION MANAGEMENT

In compliance with Code of Conduct application criteria 4.C.1., on 15 May 2006 the Board resolved to establish and adopt a procedure for external communication and the internal management of privileged information and documents, as defined by art. 181 of the Consolidated Law on Finance.²⁴

Moreover, Datalogic established and continuously updates a register of people who have either continuous or occasional access to privileged information²⁵, in accordance with and for the effects of art. 115-*bis* of the Consolidated Law on Finance and articles 152-*bis* 152-*ter*, 152-*quater*, and 152-*quinquies* of the Issuers' Regulations.

On 15 May 2006, the Board also resolved to adopt a new insider dealing Code of Conduct (to replace the previous code adopted by the Board on 14 November 2002), in virtue of legislative updates on market abuse and in compliance with art. 114 of the Consolidated Law on Finance and articles 152-*sexies*, 152-*septies* and 152-*octies* of the Issuers' Regulations. This code fulfils the need to govern informative obligations and any limitations inherent in transactions to purchase, sell, subscribe or exchange shares or other Datalogic financial instruments for any reason, carried out by relevant parties or by individuals closely associated with them²⁶.

²⁴ The complete text of that procedure may be found at www.datalogic.com.

²⁵ For additional information on the procedures for maintaining that register, please see paragraph no. 10 of the procedure for external communication and the internal management of privileged documents and information, which may be found at www.datalogic.com.

²⁶ For additional information on the internal dealing code of conduct, please see the full text, which may be found at www.datalogic.com.

5. BOARD COMMITTEES²⁷

The Remuneration Committee and the Audit Committee, whose functions include advising and making proposals, are established within the Board.

The establishment of specific committees within the Board was deemed an organisational method suitable for increasing the efficiency and effectiveness of its work, which is carried out jointly.

These committees do not replace the Board in the fulfilment of its duties, but they may appropriately carry out an investigatory role (which occurs by formulating proposals, recommendations and opinions) in order to ensure that the Board can make its decisions with the best awareness of the situation.

In consideration of the current shareholding breakdown of Datalogic, the Board did not deem it necessary to establish a Committee for Director appointment proposals.

5.1 Remuneration Committee

The Remuneration Committee is currently made up of the Directors Elserino Piol, Chairman, Gianluca Cristofori (independent director) and Angelo Manaresi (independent director), who shall remain in office until the approval of the financial statements as at 31 December 2011.

In compliance with Code of Conduct application criteria 7.C.3, the Remuneration Committee:

- a) submits proposals to the Board for the remuneration of the Chief Executive Officer and other directors with specific roles, monitoring the application of decisions adopted by the Board;
- b) routinely assesses the criteria for the remuneration of managers with strategic responsibilities, supervises their application on the basis of information provided by the Chief Executive Officer and makes general recommendations to the Board on this topic;

²⁷ As per art. 123-*bis*, paragraph 2, letter d), Consolidated Law on Finance.

- c) submits proposals to the Board for the adoption of incentive schemes based on shares, monitoring the implementation of those systems over time once they are approved by the Shareholders' Meeting at the Board's proposal.

The Remuneration Committee met 5 (five) times during the 2010 financial year, on 18 January, 3 March, 29 March, 7 May and 1 October.

During the meetings, on which minutes were regularly taken, the following were discussed:

- a) medium-/and long-term incentive schemes;
- b) general pay policies; in particular, payment for top management (including incentives for Datalogic Group country managers).

As a rule, the Chief Executive Officer, the Chief Financial Officer and a member of the Board of Statutory Auditors are invited to attend those meetings, along with the Datalogic managers who have specific tasks and responsibilities in relation to the subjects discussed by the Remuneration Committee.

No Director takes part in the Remuneration Committee meetings during which proposals to the Board regarding its remuneration are defined.

The Board resolved to adopt the regulation of the Remuneration Committee²⁸ on 5 August 2009.

5.2 Audit Committee

The Audit Committee is currently made up of the Directors Gianluca Cristofori, Chairman (independent director), Angelo Manaresi (independent director) and Elserino Piol²⁹, who shall remain in office until the approval of the financial statements as at 31 December 2011.

²⁸ The complete text of the Remuneration Committee regulation may be found at www.datalogic.com.

²⁹ On 1 February 2010, the Board accepted the resignation of Director Pier Paolo Caruso from his position on the Audit Committee and resolved to replace him with Director Elserino Piol.

Besides supporting the Board in executing its tasks in relation to the internal control system, in compliance with Code of Conduct application criteria 8.C1., the Audit Committee:

- a) together with the manager responsible for preparing the company's financial reports and the Auditing Company, assesses the correct application of accounting standards and their standardisation for the purpose of drafting the consolidated financial statements;
- b) at the request of the Chief Executive Officer, expresses opinions on specific aspects regarding the identification of business risks, as well as the design, realisation and management of the internal control system;
- c) examines the work plan and periodic reports prepared by the head of internal control;
- d) fulfils additional tasks assigned to it by the Board;
- e) reports to the Board on an at least half-yearly basis when the financial statements and half-yearly report are approved, on activities carried out as well as on the suitability of the internal control system.

The Audit Committee met 3 (three) times in 2010 on 17 February, 20 July and 4 November.

During the meetings, on which minutes were regularly taken, the following were discussed:

- a) activities carried out by Internal Audit during the 2010 financial year, with particular focus on obligations set forth in Law 262/2005;
- b) the Internal Audit activity plan, to be carried out in 2011;
- c) the activities carried out by the Supervisory Body in 2010;
- d) the Supervisory Body activity plan to be carried out in 2010;

- e) the assignment of the audit engagement pursuant to article 13, paragraph 1, of Legislative Decree no. 39 of 27 January 2010 (formerly art. 159, paragraph 1, of the Consolidated Law on Finance), for the years 2010-2018.

In compliance with Code of Conduct application criteria 8.C.4., the Chairman of the Board of Statutory Auditors always attended Audit Committee meetings.

As a rule, the Chief Executive Officer, the Chief Financial Officer and the Datalogic managers who have specific tasks and responsibilities in relation to the subjects discussed by the Audit Committee were also invited to attend.

The Board resolved to adopt the regulation of the Audit Committee³⁰ on 5 August 2009.

³⁰ The complete text of the Audit Committee regulation, as amended due to the entry into force of Legislative Decree no. 39 of 27 January 2010, is available at www.datalogic.com.

6. INTERNAL CONTROL SYSTEM

The internal control system is the set of rules, procedures and organisational structures constituting a suitable process to identify, measure, manage and monitor the principal risks in order to allow for running a healthy, fair company which is compliant with pre-established objectives.

An effective internal control system contributes toward guaranteeing the protection of corporate equity, the effectiveness and efficiency of corporate transactions, the reliability of financial information and respect for laws and regulations.

For this purpose, the Board assesses the suitability of the internal control system in relation to the characteristics of Datalogic and ensures that its assessments and decisions about the internal control system, the approval of the financial statements and the half-yearly report, and relations between Datalogic and the Auditing Company are supported by appropriate preparatory actions. To this end, the Board established an Audit Committee composed of non-executive directors, the majority of which are independent.

6.1 Financial reporting process risk management and internal control system-introduction.

The paragraphs below set out the procedures whereby Datalogic defined its risk management and internal control system in relation to the financial reporting process.

The goal of this system is to significantly mitigate risks in terms of the reliability, accuracy, trustworthiness and timeliness of reporting.

Within the internal control system, the administrative/accounting organisation model approved by the Board when the system was adapted to the requirements of Law 262/05 is particularly important.

This model is the benchmark framework of Datalogic's internal control system which, in defining its internal control system in relation to the financial reporting process, also complies with reference legislative and regulatory provisions.

6.1.1 Methodological approach.

Datalogic's financial reporting risk management and control system comprises a broader area of control, which includes numerous elements, such as:

- the Datalogic Group Code of Ethics;
- Model 231;
- the Insider Dealing code;
- the related party transactions procedure;
- the corporate organisational chart and the system of delegations and proxies;
- the procedure for distributing information to the market;
- the accounting control system.

In turn, the Datalogic accounting controls include the following elements:

- accounting and administrative controls model - a document provided to all employees directly involved in the process of forming and/or controlling accounting reports and aimed at defining the operational procedures of the accounting controls system;
- Datalogic Group accounting manual - document aimed at promoting the development and application of standard accounting policies within the Datalogic Group as regards the reporting, classification and measurement of operational transactions;
- financial statement and reporting technical instructions and closing calendars - documents aimed at communicating the main operating methodology for managing the preparation of the financial statements by defined and shared deadlines to the various corporate functions involved;

- software and template shared by all Datalogic Group companies to prepare reporting for the financial statements and periodic reports, as well as the relative operating manual.

6.1.2 Financial reporting process risk management and internal control system phases:

a) identification and assessment of financial reporting risks and controls for risks identified.

A structured risk assessment process is used to identify and assess risks related to preparing financial reporting.

This process first of all identifies:

- the objectives that the financial reporting internal control system intends to pursue in order to provide a true and fair view;
- the financial statement accounts, subsidiaries and administrative/accounting processes considered relevant on the basis of quantitative and qualitative assessments carried out.

The financial statement accounts and business processes were linked in order to identify and assess the risks of each process in terms of potential impact on financial reporting. The risks were assessed highlighting possible impacts related to financial statement "assertions" (completeness, existence and occurrence of events, assessment and reporting, presentation and disclosure, rights and obligations).

Once key risks were identified at the process level, key controls necessary to manage those risks were identified.

The activities described above were formalised in a generic test plan document which schematically provides information on:

- processes: description of the process being mapped;

- risks: the financial reporting risks linked to the process being examined are indicated, highlighting the possible impacts on financial statement assertions;
- controls: the necessary controls and relative characteristics are set out, in terms of ownership, objectives, frequency and procedure (manual or automatic);
- test procedure: a periodic testing procedure is suggested, in order to assess both the design and the effectiveness of existing controls.

The generic test plan is a document distributed to the most significant Datalogic Group companies for the purpose of accounting and financial reporting. This plan is shared with the administrative managers of those companies, who are also responsible for the model's walkthrough, insofar as they are responsible.

In summary, the walkthrough allows for verifying the model's suitability by mapping the operating processes from their origin to the ways in which they are reflected in the financial statements, as well as the design of the controls.

Any gaps found must be submitted to the Manager in charge or, instead, corrective action aimed at reducing the gap must be planned.

The first walkthrough took place when the administrative/accounting organisation model was implemented in 2007, and another is required if there is a change in the companies involved, or if new processes or controls are introduced.

The effective application of controls is assessed through specific monitoring actions (tests), in line with best practices in that area.

To that end, the Internal Auditor annually submits a plan of testing activities to the Manager in charge. This plan defines policies and timelines for executing tests during the subsequent year. This document is a dynamic tool, able to guarantee continuous adaptation of controls both at the entity level and at the process level.

Testing is normally carried out continuously throughout the year by the Datalogic Group administrative structures, with coordination by the Internal Auditor who verifies that the required controls are actually carried out, and also guarantees specific control as part of his ordinary auditing activity.

Testing wraps up with the assessment of the results obtained during the operating phase and the identification of corrective actions/improvement plans; this information is submitted to the Internal Auditor who periodically consolidates the test results and assesses the suitability of the corrective actions indicated. The Auditor then prepares a summary report for the Manager in charge to support the signing of legal affirmations.

The report is also provided to the Chief Executive Officer, the Audit Committee and the Board of Statutory Auditors. The subsidiaries' administrative managers are called on to make supporting statements to the Manager in charge regarding the suitability and effective application of administrative and accounting procedures.

b) Roles and functions involved.

The financial reporting risk management and internal control system is governed by the Manager in charge, who is responsible for designing, implementing and approving the accounting and administrative model, as well as assessing its application and issuing a certification of the separate and consolidated interim and annual financial statements.

In carrying out his tasks, the Manager in charge:

- a) interacts with the Internal Auditor, who independently controls the functioning of the control system and supports the Manager in charge in system monitoring activity;

- b) is supported by the division administrative managers who, relative to their applicable areas: (i) ensure that information flows to the Manager in charge for the preparation of accounting disclosures are complete and reliable; (ii) together with authorised bodies, are in charge of implementing a suitable accounting control system to supervise administrative/accounting processes within their company and assessing their effectiveness over time, reporting the results to the parent company through an internal attestation process; (iii) test the administrative/accounting control systems, as set forth in the annual plan;
- c) establishes a reciprocal exchange of information with the Audit Committee and with the Board, reporting on the activities carried out and the suitability of the internal control system.

The Manager in charge informs the Board of Statutory Auditors and the Audit Committee about the suitability and reliability of the administrative/accounting system and about the latter's reliability.

Finally, please note that the operating roles carried out by the functions mentioned above are part of Datalogic's corporate governance structure, set up according to the traditional model, which includes company bodies with various control functions, as better explained in other paragraphs of this Corporate Report.

6.2 Executive Director in charge of internal control

The executive director in charge of supervising the internal control system:

- a) is in charge of identifying the principal business risks, considering the characteristics of the business of Datalogic and of its subsidiaries, and periodically submits them to the Board for analysis;
- b) provides for implementing the guidelines defined by the Board, planning, executing and managing the internal control system and continuously verifying its overall suitability, effectiveness and efficiency; he is also in charge of adapting that system to the trend of operating conditions and the legislative and regulatory environment;

- c) proposes the appointment, withdrawal and remuneration of one or more heads of internal control to the Board.

The Chief Executive Officer currently fills the role of executive director in charge of supervising Datalogic internal control system operations.

6.3 Head of internal control

In compliance with Code of Conduct application criteria 8.C.7., the head of internal control is the manager of Datalogic's Internal Audit department, and was appointed by the Board on 26 January 2007, on proposal of the Chief Executive Officer.

Datalogic's Internal Audit manager is hierarchically independent from operating area and corporate function managers and reports directly to the Chief Executive Officer, who in turn periodically reports to the Audit Committee on the activity carried out by that department.

The head of internal control:

- a) has direct access to all information needed to fulfil the duties of his position;
- b) reports on his activities to the Audit Committee, the Board of Statutory Auditors and the Chief Executive Officer in charge of supervising internal control system operations.

The head of internal control is also a member of the Supervisory Body and the Audit Committee³¹.

³¹ With reference to this last body, please note that on 26 June 2007 the Board resolved to approve the Audit Committee regulation in order to govern the auditing tasks and functions of the special accounting committees in a coordinated and standardised manner. These committees, called "Audit Committees", were established within the Datalogic Group's operating divisions. Particularly, the Audit Committees ensure that the organisation and effectiveness of the internal control procedures and the process for preparing the financial statements are monitored and controlled, also guaranteeing the gathering, comparison and coordination of the activities carried out by already existing control bodies (such as the Audit Committee, the Board of Statutory Auditors and the Auditing Company). Audit Committees are currently established in the companies Datalogic Mobile S.r.l., Datalogic Automation S.r.l., and Datalogic Scanning Group S.r.l.

6.4 Organisation and management model as per Italian Legislative Decree 231/2001

Datalogic decided to adopt and implement Model 231 with the conviction that it could be a valid instrument for raising awareness in all parties that work in the name and on behalf of Datalogic, so that they behave correctly and consistently while carrying out their tasks in order to prevent the risk of committing *crimes*³² and *offences*³³.

To that end, Datalogic prepared its Model 231 keeping in mind the guidelines drawn up by Confindustria (the Italian Manufacturers' Federation), particularly the "*guidelines for forming organisation, management and control models as per Italian Legislative Decree 231/2001*".

A Board resolution passed on 12 May 2005 originally approved Model 231, and it was later amended and supplemented as a result of subsequent board resolutions. In 2010, Datalogic adopted a new version of Model 231 in light of legislative amendments and the Datalogic Group's new corporate and organisational structure.

In fact, since Model 231 is a "*deed issued by the directing body*" (in accordance with art. 6, paragraph 1, lett. a) of the Decree), subsequent substantial amendments and supplements are delegated to the responsibility of the Board at the impetus of the Supervisory Body.

Model 231 currently includes a *general part*³⁴ and the following *special parts*³⁵:

- A) Offences against the public administration;

³² That is, the type of offence to which the administrative liability regulations set forth in the Legislative Decree 231/01 apply. Model 231 considers only the offences for which a possible risk level has been detected within Datalogic's business.

³³ That is, administrative offences regarding the abuse of privileged information (art. 187-*bis* Consolidated Law on Finance [TUF]) and market manipulation (art. 187-*ter* TUF), regarding which a possible level of risk has been detected in relation to Datalogic's business.

³⁴ That is, the part of the Model containing, *inter alia*, a description of the role of Model 231 and the Supervisory Body as well as a description of Datalogic and the Group.

³⁵ That is, the parts of Model 231 expressly dedicated to each *crime* and *offence* (see notes 16 and 17), which also set forth the relative prevention procedures.

- B) Corporate offences;
- C) Market abuse;
- D) Occupational safety;
- E) Receiving stolen goods and money laundering.

Model 231, which is the result of an assessment of the risk of offences related to Datalogic's business, is consistent with the principles of Legislative Decree 231/01 and in line with national best practices³⁶.

6.4.1 Model 231 and Code of Ethics

As part of its compliance activities related to Legislative Decree 231/2001, on 5 August 2009 the Board resolved to approve and adopt the new Datalogic Group Code of Ethics, in line with reference best practices³⁷.

The conduct rules in Model 231 are complementary to those in the Code of Ethics, although, due to the ends that Model 231 intends to pursue in the implementation of the provisions set forth in Legislative Decree 231/01 and the TUF, its scope is different from that of the Code of Ethics.

In fact, while the Code of Ethics is an instrument adopted independently, and is generally applied by Datalogic in order to express the principles of "corporate ethics" that the Datalogic Group recognises as its own, Model 231, on the other hand, satisfies specific precepts contained in Legislative Decree 231/01 and in the TUF, aimed at preventing the commission of *crimes* and *offences*.

6.4.2 The Supervisory Body established in accordance with Legislative Decree 231/2001

Endowed with autonomous powers of initiative and control, the Supervisory Body supervises the functioning and effectiveness of and compliance with Model 231, and is in charge of continuously and promptly updating it.

³⁶ Model 231 is available at www.datalogic.com.

³⁷ The new Datalogic Group Code of Ethics is available at www.datalogic.com.

Specifically, the Supervisory Body verifies the suitability of Model 231 in relation to the prevention of committing liable offences as per Legislative Decree 231/2001, and makes proposals to the Board for possible updates and changes to Model 231 in order to make it compliant with any legislative innovations or any changes in the company's structure.

In consideration of the specific characteristics of the Supervisory Body's tasks, it was decided to establish a collective body, currently including three members (two of whom are external to Datalogic):

- ✚ Mr. Gerardo Diamanti, Chairman; external consultant and financial/corporate expert;
- ✚ Attorney Andrea Pascerini, Deputy Chairman; criminal lawyer, specialised on the topic of Legislative Decree 231/01;
- ✚ Mr. David Scapparone; Datalogic's Internal Audit department manager.

The Supervisory Body shall remain in office until the current Board's term ends.

The Supervisory Body met 6 (six) times in 2010 (on 10 February, 23 April, 8 July, 30 September, 25 November and 9 December). Minutes were regularly taken at all meetings.

As part of its work, the Supervisory Body, *inter alia*:

- a) analysed the most significant transactions;
- b) met some members of top management;
- c) satisfied the training requirements set forth for employees;

- d) carried out preventive controls on the core activities at risk of the liable offences set forth in Legislative Decree 231/01;
- e) collected and analysed some of the documents produced by other supervisory bodies;
- f) drew up its own annual disclosure report for the Audit Committee and the Board of Statutory Auditors.

6.5 Auditing Company

On 29 April 2010, the Shareholders' Meeting decided to assign the audit engagement pursuant to article 13, paragraph 1, of Legislative Decree no. 39 of 27 January 2010 (formerly art. 159, paragraph 1, of the Consolidated Law on Finance) for the years 2010–2018 to the company Reconta Ernst & Young S.p.A.

6.6 Manager responsible for preparing the company's financial and corporate reports

The Board appoints the manager responsible for preparing the company's financial reports after obtaining the obligatory opinion of the Board of Statutory Auditors.

The Manager in charge must possess the requirements of professionalism established by long-term administrative and financial experience and must also satisfy the same requirements of integrity as those set forth for the role of director.

The Manager in charge prepares suitable administrative and accounting procedures for drawing up the annual financial statements and, where applicable, the consolidated financial statements, as well as any other financial communication.

The Board grants powers and means to the Manager in charge for the exercise of his tasks in accordance with the law, as well as on the effective respect for administrative and accounting procedures, and it supervises to ensure that those powers and means are suitable for the aforementioned purposes.

The Manager in charge is responsible for preparing a statement attesting to the correspondence with documented results, the books and the accounting records and

attaching that report to all deeds and communications that the company discloses to the market regarding Datalogic's accounting reports, also interim.

The Chief Executive Officer and Manager in charge are required to draw up a dedicated report to be attached to the financial statements, the half-yearly report and, where applicable, to the consolidated financial statements attesting to the suitability and effective application of the procedures pursuant to art. 154-*bis*, third paragraph, of the Consolidated Law on Finance, as well as the correspondence of the documents with the results of the accounting records and books, and their suitability to provide a true and fair view of the equity, economic and financial situation of Datalogic and the companies included in the scope of consolidation.

The Manager in charge shall remain in office until the end of the term of the Board that appointed him, and may be removed by the Board and replaced in accordance with the law, without prejudice to the actions that may be implemented on the basis of the employment relationship with Datalogic.

The legislative provisions that govern the liability of directors also apply to the Manager in charge, in relation to the duties assigned to him, without prejudice to the actions that may be implemented on the basis of the employment relationship with Datalogic.

Datalogic's current manager responsible for preparing the company's financial reports is the Chief Financial Officer, Mr. Marco Rondelli, appointed through a Board resolution with the approval of the Board of Statutory Auditors on 11 May 2007.

7. DIRECTORS' INTERESTS AND RELATED PARTY TRANSACTIONS

In March 2010, Consob completed the process of approving the new regulations on related party transactions directly and indirectly carried out by Italian companies with shares listed in regulated markets, which integrates into a single design both transparency obligations and principles concerning the procedures that those companies must implement in order to ensure terms of fairness within the related party transaction process³⁸.

In compliance with this new regulation, in consideration of the particular attention placed on the suitability and functioning of its own corporate governance system, and progressing in the evolution of decision-making and control structures in compliance with national corporate governance best practices, on 4 November 2010, the Board adopted an internal regulation regarding related party transactions in order to ensure the transparency and substantive and procedural fairness of this type of transaction³⁹.

Please note that the aforementioned internal regulation on related party transactions was adopted by the Board with the unanimous approval of the Related Party Transactions Committee⁴⁰.

³⁸ Consob resolution no. 17221 of 12 March 2010, subsequently amended in Consob resolution no. 17389 of 23 June 2010.

³⁹ The complete text of that internal regulation may be found at www.datalogic.com.

⁴⁰ Committee established in a dedicated Board resolution on 30 July 2010, and exclusively made up of independent directors, specifically the Directors Cristofori, Manaresi and Di Stefano.

8. BOARD OF STATUTORY AUDITORS

On 29 April 2010, the Shareholders' Meeting resolved to appoint the new Board of Statutory Auditors on the basis of the only proposal provided, the list submitted by the majority shareholder Hydra S.p.A.

Specifically, the Shareholders' Meeting resolved to appoint a Board of Statutory Auditors made up of 3 (three) members, setting the duration of the term as 3 (three) financial years, that is, until the approval of the financial statements closed as at 31 December 2012⁴¹.

8.1 Information on the Board's composition

The Board of Statutory Auditors is made up of 3 (three) members⁴², as set forth in the table below:

STATUTORY AUDITORS IN OFFICE AS AT 31/12/2010				
Name	Term start date	Term expiry date	Other positions held Application Criteria 1.C.2. Code of Conduct	% of meeting attendance
Stefano Romani <i>Chairman</i>	29/04/2010	Approval of the financial statements as at 31 Dec. 2012	-	70
Massimo Saracino <i>Statutory auditor</i>	29/04/2010	Approval of the financial statements as at 31 Dec. 2012	-	90
Mario Stefano Luigi Ravaccia <i>Statutory auditor</i>	29/04/2010	Approval of the financial statements as at 31 Dec. 2012	POLTRONA FRAU S.p.A. <i>(Chairman of the Board of Statutory Auditors)</i> RETELIT S.p.A. <i>(Chairman of the Board of Statutory Auditors)</i> PRESTITALIA S.p.A.	90

⁴¹ For additional information on mechanisms for the appointment, replacement and operations of the Board (as per art. 123-bis, paragraph 2, letter d), Consolidated Law on Finance) please see art.s 21 and 22 of the Articles of Association, which may be found at www.datalogic.com.

⁴² For additional information on the Statutory Auditors' professional CVs, please see the list submitted by the shareholder Hydra S.p.A., which may be found at www.datalogic.com.

			(<i>Standing auditor</i>)	
			PIONEER GLOBAL A.M. S.p.A. (<i>Standing auditor</i>)	
Stefano Biordi <i>Alternate</i>	29/04/2010	Approval of the financial statements as at 31 Dec. 2012	-	-
Massimiliano Magagnoli <i>Alternate</i>	29/04/2010	Approval of the financial statements as at 31 Dec. 2012	-	-

In order to provide complete information, the table below indicates the names of the Board of Statutory Auditors members in office until the Shareholders' Meeting approved the annual financial statements closed as at 31 December 2009, on 29 April 2010.

STATUTORY AUDITORS IN OFFICE AS AT 29/04/2010		
Name	Term start date	Term expiry date
Stefano Romani <i>Chairman</i>	19/04/2007	29/04/2010
Massimo Saracino <i>Statutory auditor</i>	19/04/2007	29/04/2010
Mario Stefano Luigi Ravaccia <i>Statutory auditor</i>	19/04/2007	29/04/2010
Stefano Biordi <i>Alternate</i>	19/04/2007	29/04/2010
Patrizia Pascerini <i>Alternate</i>	19/04/2007	29/04/2010

8.2 Role of the Board

The Board of Statutory Auditors supervises the adequacy of Datalogic's organisational structure and, along with the directors and main representatives of the various corporate functions, verifies that the business initiatives undertaken actually respond to the interest of Datalogic and that, in any case, transactions are implemented with due transparency.

Furthermore, the Board of Statutory Auditors supervises compliance with Law and the Articles of Association, as well as respect for the principles of fair management. For this purpose, the Board of Statutory Auditors obtains periodic information from the directors on

the activity carried out, on the most significant transactions, either by size or by characteristics, carried out by Datalogic and by the subsidiaries, and also on the general business performance and foreseeable evolution.

The Board of Statutory Auditors acquires knowledge and, insofar as it is responsible, supervises the evolution of corporate activities and, more generally, the business of the Datalogic Group on the basis of information obtained:

- a) during meetings with the Board, the Audit Committee and the Remuneration Committee;
- b) during periodic documentation controls;
- c) from the managers of the various corporate functions;
- d) by exchanging data with the Auditing Company.

The Board of Statutory Auditors also supervises the internal control system, also by attending Audit Committee meetings, in order to control the ability of Datalogic and its subsidiaries to achieve planned corporate objectives.

In accordance with art. 19 of Legislative Decree no. 39 of 27 January 2010, the Board of Statutory Auditors exclusively assesses (i) the proposals made by the auditing company to obtain the assignment of the engagement and (ii) the audit work plan, and also supervises the effectiveness of the audit process.

The Board of Statutory Auditors met 6 (six) times in 2010, on 1 March, 8 March, 13 April, 29 April, 21 July and 19 October.

9. SHAREHOLDER RELATIONS

The Investor Relations department guarantees that relations with financial analysts, institutional investors and Italian and foreign private shareholders are properly managed.

The department manager, who supervises the management of investor relations, is the Chief Financial Officer, Mr. Marco Rondelli, who holds the position of Investor Relator.

In compliance with the criteria of fairness, clarity and balanced access to information, the Investor Relations department provides Datalogic's accounting, financial and corporate records, with particular reference to privileged and/or price sensitive information on the website www.datalogic.com in the Investor Relations section.

10. SHAREHOLDERS' MEETING

The Shareholders' Meeting represents the entirety of shareholders and is in charge of deciding:

- a) ordinarily, on the approval of the annual financial statements, the appointment and withdrawal of Board members, the appointment of Board of Statutory Auditors members and their Chairman, the definition of directors' and auditors' remuneration, the audit engagement assignment and the responsibility of directors and statutory auditors;
- b) extraordinarily, on amendments to the Articles of Association and extraordinary transactions such as share capital increases, mergers and demergers, except for items assigned to the Board's responsibility.

In compliance with Code of Conduct application criteria 11.C.4., the Board reports to the Shareholders' Meeting on activities carried out and planned, and works to ensure that shareholders are suitably informed on necessary items so that they can make the decisions for which the meeting is responsible.

One ordinary shareholders' meeting was held in 2010, on 29 April.

For additional information about the Shareholders' Meeting operating regulations, procedures for participating in the meeting, the relative documentation and shareholder's rights, with particular reference to the right to participate, please see the dedicated section of the website www.datalogic.com.

11. ADDITIONAL CORPORATE GOVERNANCE PRACTICES

a) *Datalogic Group and organisational models as per Italian Legislative Decree 231/2001*

The Datalogic Group⁴³ structure, set up to support a business model which is broken down by product and by market, has three strategic divisions operating in Europe, America, Asia and Oceania:

 **Scanning**

 **Automation**

 **Mobile**

Within this structure, Datalogic is responsible for defining the Datalogic Group's vision, strategy, values and policies by exercising management and coordination pursuant to article 2497 *et seq* of the Italian Civil Code.

The following direct wholly-owned subsidiaries of Datalogic head the three strategic divisions:

 **Datalogic Scanning Group S.r.l.**

 **Datalogic Automation S.r.l.**

 **Datalogic Mobile S.r.l.**

As a development of the path that Datalogic undertook on 12 May 2005 by adopting an organisation, management and control model as per Legislative Decree 231/2001 at the Group level, in 2010 the companies Datalogic Automation S.r.l., Datalogic Mobile S.r.l. and Datalogic Scanning Group S.r.l. formalised the adoption and implementation of their own Models 231, a result of the assessment of the risk of offences related to the respective businesses carried out, in line with the principles of Legislative Decree 231/01 and with national best practices.

⁴³ For a complete analysis of the updated Group structure, please see the chart published on the website www.datalogic.com in the Investor relations section, under Group Structure.

Therefore, at the publication date of this Corporate Report, the following organisation, management and control models are implemented within the Datalogic Group in accordance with articles 6 and 7 of Legislative Decree 231/2001:

1. Datalogic S.p.A. organisation, management and control model;
2. organisation, management and control model of Datalogic Automation S.r.l., incorporated under Italian law and wholly-owned by Datalogic S.p.A.⁴⁴;
3. organisation, management and control model of Datalogic Mobile S.r.l., incorporated under Italian law and wholly-owned by Datalogic S.p.A.⁴⁵;
4. organisation, management and control model of Datalogic Scanning Group S.r.l., incorporated under Italian law and wholly-owned by Datalogic S.p.A.⁴⁶

b) *The Board self-evaluation procedure*

On 27 January 2011, in consideration of Code of Conduct application criteria 1.C.1., letter g) (according to which "*the Board of Directors (...) shall assess, at least annually, the size, composition and operations of the board and of its committees and, if applicable, shall provide guidelines on the professional figures whose presence on the board would be deemed appropriate*") and on proposal of the independent directors, the Board resolved in relation to a specific and structured self-evaluation procedure particularly envisaging (i) the use of a questionnaire as a tool to collect Board member opinions and (ii) the identification of the Board of Statutory Auditors as the body in charge of collecting and processing the questionnaire's results.

On the basis of the results of the 2010 questionnaire as collected and processed by the Board of Statutory Auditors, on 7 March 2011 the Board resolved

⁴⁴ Please note that the Datalogic Automation S.r.l. Board of Directors resolved to adopt the organisation, management and control model in accordance with articles 6 and 7 of Legislative Decree 231/2001, and also resolved to establish its own Supervisory Body.

⁴⁵ Please note that the Datalogic Mobile S.r.l. Board of Directors resolved to adopt the organisation, management and control model in accordance with articles 6 and 7 of Legislative Decree 231/2001, and also resolved to establish its own Supervisory Body.

⁴⁶ Please note that the Datalogic Scanning Group S.r.l. Board of Directors resolved to adopt the organisation, management and control model in accordance with articles 6 and 7 of Legislative Decree 231/2001, and also resolved to establish its own Supervisory Body.

- a) on the compliance with Code of Conduct provisions on the size, composition and operations of the Board, as well as of the Remuneration Committee and the Audit Committee;
- b) to confirm each independent director's fulfilment of independence requirements and the absence of relations that could or appear to compromise his autonomous judgement;
- c) to assess the Datalogic internal control system as suitable, efficient and effectively operational.

..*

Pursuant to article 123-*bis*, paragraph 2, letter a) of the Consolidated Law on Finance, please note that during the 2010 financial year, Datalogic did not implement corporate governance practices other than those set forth in the paragraphs above.