

EUROTECH S.p.A.

Corporate Governance Report

Issuer: EUROTECH S.p.A.

Website: www.eurotech.com

Reporting period: 2007 financial year

Report approval date: 28 March 2008

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Shareholders,

As Chairman of the Board of Directors of Eurotech S.p.A. ("**Eurotech**" or the "**Company**"), on behalf of the Board of Directors, in compliance with the provisions of Section IA.2.6 of the Instructions to the Regulation of Markets organized and managed by Borsa Italiana S.p.A. (the "**Stock Market Regulation Instructions**") and pursuant to Article 124 *bis* of Legislative Decree 58/1998 (the Consolidated Law on Finance – "**TUF**"), and Article 89 *bis* Consob Issuer Regulation ("**Issuer Regulation**"), I wish to provide you with the following information on the corporate governance system adopted by your Company in compliance with the principles set out in the *Corporate Governance Code*, drafted by the *Corporate Governance Committee of Listed Companies* published on 14 March 2006 (the "**Corporate Governance Code**"), on the basis of, inter alia, the experimental format for the corporate governance report proposed by Borsa Italiana S.p.A..

The annual Report that follows provides you with the mandatory information regarding concrete implementation of the Corporate Governance Code for the financial year that ended 31 December 2007.

The information and data set out in this document will be updated annually by the Board of Directors, in the future Reports on compliance with the Corporate Governance Code.

1. Issuer Profile

Eurotech was incorporated in 1992 to exploit its founders' ambition to miniaturise the personal computer and thereby expand its possible use. Between the end of the 1980's and the beginning of the 1990's, PC technology, which had been considered fairly unsophisticated hitherto, had developed to the point that it could penetrate markets that had previously been dominated by computers based on different technologies. At that time, Eurotech was a genuine "hothouse of ideas" and innovation. It started to produce the first embedded computers, steadily growing from a laboratory into a full-fledged industry.

On 30 November 2005 the Company, parent company of the Eurotech Group, was listed on the TechStar market (MTAX-Star, "Segmento Titoli ad Alti Requisiti" – "High Requirement Securities Segment") of the Milan Stock Exchange. A total of 8,652,000 shares were offered for sale. Of these, 7,450,000 were newly issued shares, while 1,202,000 were existing shares put up for sale by the First Gen-e venture capital fund, which liquidated its entire shareholding in the Company upon listing. The remaining 1,297,992 shares owned by First Gen before IPO were used to create the greenshoe. The greenshoe was fully exercised given the investor's extremely high level of demand. Upon conclusion of the listing process, the total number of shares rose to 18,625,296 and a net total of Euro 23.644 million was realised from the capital increase.

Eurotech is organised in accordance with the traditional model of corporate governance, having a Shareholders' Meeting, Board of Directors and Board of Statutory Auditors.

The Company's accounts are audited by a specialised firm specifically retained by the Shareholders' Meeting.

2. Information on Ownership Structure (pursuant to Article 123 bis TUF)

a) Share capital

The Share Capital, which is fully subscribed and paid in, totals Euro 8,878,946.00.

Classes of stock comprising the share capital: ordinary

	No. of shares	% of the share capital	Listed (indicate the markets) / unlisted	Rights and obligations
Ordinary shares	35,515,784	100%	MTA/ STAR Segment	Every share entitles the shareholder to one vote. The shareholders' rights and obligations are set out in Sections 2346 et seq. Italian Civil Code.

Stock option plan for employees and directors

On 21 July 2005 the Extraordinary Shareholders' Meeting resolved on a rights issue, starting on the date that Company shares were admitted to trading on the MTA, through the issuance of 1,200,000 shares with a par value of Euro 0.52 each, to service a stock option plan reserved for Company employees and directors in service on the grant date (30 November 2005). The option strike price is equal to the offer price determined in the overall public offer of sale and subscription. The maximum term of the options was 25 months. The plan envisaged that 50% of the options granted be exercisable starting from 1 December 2006 until 29 December 2006 and the remaining 50% starting from 1 December 2007 until 28 December 2007 (the plan expiration date) inclusive, without prejudice to the fact that options not exercised during the first exercise period could be exercised during the second period. Cash settlement is not envisaged.

A total of 35,000 shares were cancelled in 2006, while a total of 6,000 options were cancelled in 2007, reducing the total number of options to be granted through the plan to 1,059,000. In December 2006, 547,500 options were exercised, resulting in a capital increase totalling Euro 1,862 thousand, while 511,500 options were exercised in December 2007, resulting in a total capital increase of Euro 1,739 thousand.

The following table illustrates the number of stock options offered under the stock option plan illustrated above:

	2006		2007	
	n. opzioni	prezzo medio di esercizio	n. opzioni	prezzo medio di esercizio
In circolazione all'inizio del periodo	1.100.000	-	517.500	-
Assegnate durante il periodo	-	-	-	-
Annullate durante il periodo	(35.000)	-	(6.000)	-
Esercitate durante il periodo	(547.500)	3,40	(511.500)	3,40
Scadute durante il periodo	-	-	-	-
In circolazione a fine del periodo	517.500	-	-	-
Esercitabili a fine del periodo	-	-	-	-

	no. of options	average price	strike	no. of options	average price	strike
Outstanding at beginning of						

period				
Granted during period				
Cancelled during period				
Exercised during period				
Expired during period				
Outstanding at end of period				
Exercisable at end of period				

The fair value of the granted options was estimated at the grant date using a binomial model, considering the terms and conditions for the grant. The following table illustrates the assumptions of the model used to estimate the value of the options:

Dividend yield (%)	0,36
Volatilità attesa (%)	52,94
Volatilità storica (%)	52,94
Tasso di interesse privo di rischio (%)	2,23
Durata attesa dell'opzione (anni)	2 anni e 1 mese
Prezzo medio ponderato delle azioni (euro)	7,41

Dividend yield	
Expected volatility	
Historic volatility	
Risk-free interest rate	
Expected duration of option (years)	2 years and 1 month
Weighted average price of shares (euro)	

The expected duration of the option is based on the residual contractual duration of the option and does not necessarily indicate its possible exercise. Since sufficient information on the historic volatility of the company's shares was not available on the option grant date (30 November 2005, first day of trading for Company stock), the expected volatility was determined on the basis of the historic volatility of the shares of similar companies that operate in the same sector and whose shares had been officially traded for at least three years. The same reference was considered in estimating the expected dividend. The expected volatility reflects the assumption that the historic volatility indicate future performance, which might not be confirmed. No other characteristic of the stock option plans was considered for measuring the fair value.

b) Restrictions on the transfer of shares

There are no restrictions on the transfer of shares.

c) Significant shareholdings

The significant direct or indirect shareholdings existing at the date on which this Report was approved are illustrated as follows, on the basis of the information provided pursuant to Article 120 TUF:

Reporting party	Direct Shareholder		% of Voting Shares	% of Ordinary Stock
	Name	Form of Ownership	%	%
VACCHI GIANLUCA	COFIVA HOLDING SPA	Ownership	2.054%	2,054%
		Total	2.054%	2,054%
	Total		2.054%	2.054%
MAURI MASSIMO	LAE SRL	Ownership	2.355%	2.355%
		Total	2.355%	2,355%
	MAURI MASSIMO	Ownership	0.564%	0.564%
		Total	0.564%	0.564%
	Total		2.919%	2.919%
SIAGRI ROBERTO	NEXTRA GEN SRL	Ownership	2.355%	2.355%
		Total	2.355%	2.355%
	SIAGRI ROBERTO	Ownership	4.446%	4.446%
		Total	4.446%	4.446%
	Total		6.801%	6.801%
FERAGOTTO DINO	THE NEXT SRL	Ownership	2.355%	2.355%
		Total	2.355%	2.355%
	FERAGOTTO DINO	Ownership	4.266%	4.266%
		Total	4.266%	4.266%
	Total		6.621%	6.621%
CHIANDUSSI ROBERTO	CHIANDUSSI	Ownership	2.746%	2.746%

	ROBERTO	<i>Total</i>	2.746%	2.746%
	<i>Total</i>		2.746%	2.746%
PEZZULLI GIORGIO		Ownership	2.889%	2.889%
	PEZZULLI GIORGIO	<i>Total</i>	2.889%	2.889%
	<i>Total</i>		2.889%	2.889%

d) Shares granting special rights

None.

e) Employee shareholdings: voting mechanism

No employees own shares.

f) Restrictions on voting rights

None.

g) Shareholders agreements

There are no shareholders agreements pursuant to Article 122 TUF.

h) Appointment of directors and amendments to bylaws

The Directors must satisfy the requirements imposed by law and other applicable provisions. They hold office for three financial years, and their term expires on the date of the shareholders' meeting called to approve the financial statements for the last year of their term. They can be re-elected.

Article 14 of the current Bylaws envisages that directors be elected on the basis of voting lists. The lists will be submitted by the shareholders according to the following procedures. The candidates must be indicated on the lists with a progressive number.

The lists that are submitted by the shareholders, signed by those who submit them, must be deposited at the registered office of the Company and given to anyone who requests them. They must be filed at least fifteen days before the shareholders' meeting on its first call and will be subject to other forms of notice in accordance with current law.

Every shareholder, the shareholders belonging to a relevant shareholders agreement pursuant to Article 122 TUF, the parent company, the subsidiaries, and those subject to joint control pursuant to Article 93 TUF, may not submit or participate in the submission directly, through an intermediary or a trust company, of more than one list and may not vote on separate lists. Every candidate may submit just one list, on

penalty of ineligibility. The acceptances and votes cast in violation of this rule will not be assigned to any list.

Only those shareholders who, either alone or together with other submitting shareholders, own a total of voting shares that represent at least 2.5% of the share capital entitled to vote at the Ordinary Shareholders' Meeting, or representing a different percentage set by law or regulation may submit lists.

They must submit the following together with each list by the deadlines envisaged hereinabove:

- (i) a specific certificate issued by a legally authorised intermediary that attests to the ownership of the number of shares necessary for submission of the lists;
- (ii) the statements in which the individual candidates accept their candidacy and certify, under their own responsibility, that there are no causes for their ineligibility and incompatibility, as well as the satisfaction of the requirements for the respective positions;
- (iii) a curriculum vitae setting out the personal information and professional qualifications of each candidate, with any indication of his or her fitness to be qualified as independent.

Lists that are submitted without complying with the foregoing rules shall be considered null and void.

The Board of Directors shall be elected as follows:

- a) all Directors to be elected but one shall be taken from the list that received the highest number of votes cast by the shareholders, and they shall be elected in the progressive order by which they are indicated on the list;
- b) the remaining Director is taken from the minority list that has no direct or indirect ties with the shareholders that submitted or voted for the list described at indent a) hereinabove, and which received the second highest number of votes cast by the shareholders. If the minority list envisaged at indent b) does not receive a percentage of votes that is at least equal to one half of those required for submitting the lists, as envisaged here at clause 14.3, all the Directors to be elected shall be taken for the list at indent a).

If election of the candidates according to the aforementioned procedures does not ensure the appointment of a number of Directors satisfying the requirements for independence envisaged for the Statutory Auditors pursuant to Article 148(3) TUF, equal to the minimum number established by law according to the total number of Directors, the non-independent candidate elected in last place according to the progressive order of the list that received the highest number of votes, as set out at indent a) of the preceding clause, shall be replaced by the first unelected independent candidate according to the progressive order on the same list or, if he is unavailable, by the first unelected independent candidate according to the progressive order of the other lists, according to the number of votes received by each one. This procedure for replacement shall be applied until the Board of Directors is comprised by a number of members who satisfy the requirements set out in Article 148(3) TUF, equal to at least the minimum prescribed by law. Finally, if this procedure does not ensure the final result indicated hereinabove, the vacant seat shall be filled by shareholders' resolution passed with a relative majority, following the submission of candidates satisfying the aforementioned requirements.

If a single list is submitted or if no list is submitted, the Shareholders' Meeting resolves with the legal envisaged majorities, without complying with the procedure envisaged hereinabove.

If one or more directors' seats should be vacated during the year, and provided that the majority of remaining directors have been elected by the Shareholders' Meeting, the provisions of Section 2386 Italian Civil Code shall apply, as follows:

- a) the Board of Directors shall fill the empty seats with persons from the same list on which the former director was elected, and the Shareholders' Meeting shall resolve according to the legal majorities in accordance with the same rule;

b) if the aforementioned list does not contain any more candidates who have not been previously elected or candidates satisfying the envisaged prerequisites, or if it is not possible for any reason to comply with the provisions of indent a) hereinabove, the Board of Directors shall fill the vacancy, as the Shareholders' Meeting shall subsequently decide, according to the legal majorities prescribed in the absence of a voting list. In any event, the Board of Directors and the Shareholders' Meeting shall appoint the replacement in order to ensure the presence of as many independent directors as necessary to comply with current legal minimums. If the majority of Directors elected by the Shareholders' Meeting should leave office upon resignation or other reasons, the remaining Directors must call the Shareholders' Meeting so that it replace the missing members.

If one or more director seats should be vacated during the year, the provisions of law shall apply to their replacement if the Shareholders' Meeting does not resolve to reduce the number of directors set in accordance with the aforementioned procedures. If the majority of directors appointed by the Shareholders' Meeting should leave office upon resignation or for other reasons, the remaining directors must call the Shareholders' Meeting so that it fill the vacant seats.

i) Delegations of authority to increase the share capital and authorisations for purchase of treasury shares

The Board of Directors was not granted delegations of authority in FY 2007 to increase the share capital pursuant to Section 2443 Italian Civil Code or to issue equity financial instruments.

The Ordinary Shareholders' Meeting held on 7 May 2007 authorised the purchase of treasury **shares** pursuant to Sections 2357 and 2357 *ter* Italian Civil Code, and Article 132 TUF and associated implementing measures, as follows:

one or more times for a period of 18 months starting from the date of the resolution, up to a maximum number of Eurotech ordinary shares owned by the Company and its subsidiaries, whose aggregate par value does not exceed 10% of the share capital, at a unit price not exceeding the arithmetic average of the official prices quoted for Eurotech ordinary shares during the preceding 30 stock market trading days. Every single purchase can be increased by 20% and may not be less than the aforementioned average reduced by 20%. The maximum number of treasury **shares** owned at any time in execution of the resolution may not exceed one-tenth of the share capital, while also considering the shares of the Company that might be owned by subsidiaries.

l) Change of control clauses

A loan agreement was signed on 19 December 2007 with the bank Unicredit Banca d'impresa S.p.A. for Euro 15,000,000. One of the covenants of the agreement imposes a limit on the "change of control/ownership," referring to the majority shareholders that control operating governance of the Company and the majority shareholders themselves. This covenant will be verified annually and certified by the Company. Failure to comply with this covenant will allow the bank to increase the interest spread by 50 bp if it does not exercise its right of withdrawal.

m) Benefits for directors upon resignation, dismissal or termination of relationship following a tender offer

There are no agreements between Eurotech and the Directors that envisage payment of benefits to the latter in the event they resign or are dismissed without cause or if the employment relationship terminates following a tender offer.

3. Compliance

Eurotech has adopted the principles set out in the *Corporate Governance Code*.

Eurotech SpA and its subsidiaries are not subject to non-Italian legal measures that influence the Company's corporate governance structure.

4. Management and Co-ordination

Eurotech is not subject to management and co-ordination pursuant to Sections 2497 et seq. Italian Civil Code.

5. Board of Directors

5.1 Role and functions

The Board of Directors plays a key role in the Company organisation. It develops and is responsible for strategic and organisational policies, and confirmation of the existence of the controls necessary for monitoring performance of the Company and Eurotech companies.

The Board of Directors is vested with full authority for Company management and may accordingly resolve or carry out all those acts deemed necessary or useful for implementation of the corporate purpose, with the exception of what is reserved by law or the bylaws to the Shareholders' Meeting.

The Board of Directors is also responsible for resolving on the following matters, in compliance with Section 2436 Italian Civil Code:

- (i) simplified mergers or demergers pursuant to Sections 2505, 2505-*bis*, 2506-*ter*, last subsection, Italian Civil Code;
- (ii) establishment or closure of branch locations;
- (iii) transfer of the Company registered office within Italy;
- (iv) indication of which Directors are the legal representative;
- (v) reduction of share capital following withdrawal;
- (vi) amendment of the bylaws in accordance with statutory and regulatory provisions,

without prejudice to the fact that these resolutions may also be taken by the Extraordinary Shareholders' Meeting.

On 29 July 2005 the Company Board of Directors assumed exclusive responsibility for the following matters, in addition to the resolutions indicated hereinabove and without prejudice to the matters that cannot be delegated pursuant to the law:

- (i) examination and approval of the strategic, industrial and financial plans of the Company and the corporate structure of the Group that it heads; in particular, this includes examination and approval

- of the business plan and annual budget of investments, as well as additions and/or changes to the same documents in an amount exceeding 20% of what was originally envisaged;
- (ii) grant and revocation of delegations of authority to the Chief Executive Officers; definition of the limits, terms, and conditions for exercising the delegations of authority, as well as the reports to be made by the Chief Executive Officers on how they exercised them; appointment of Group company General Managers;
 - (iii) after receiving the Board of Directors' opinion, determine the compensation of the Chief Executive Officers and those who hold specific positions, as well as breakdown of the total compensation owed to individual directors if the Shareholders' Meeting has not done so itself; determination of the pay and compensation of Group company General Managers;
 - (iv) determination of the terms and conditions for the stock option or stock grant plans and identification of the plan beneficiaries;
 - (v) monitoring general operating performance; while carrying out this function, the Board of Directors shall carefully assess potential conflicts of interest, consider the information received from the Chief Executive Officers, and periodically compare the achieved results with budget targets;
 - (vi) examination and approval of transactions having a specific impact on operating results, assets, liabilities, and the financial position pursuant to Consob regulations governing listed companies;
 - (vii) examination and approval of transactions with related parties;
 - (viii) acquisition or disposal of assets or a set of strategic assets that are instrumental to the Company's activity;
 - (ix) purchase or sale of interests or equity investments in other companies, and purchase, sale, or lease of businesses, business units, or real estate;
 - (x) audits of the adequacy of the general organisational and administrative structure of the Company and Group prepared by the Chief Executive Officers;
 - (xi) establishment, registration and renewal of mortgages and liens both against third parties and in favour of the Company, and against the Company and in favour of third parties; permit cancellations and limitations on mortgages both against third parties and in favour of the Company, and against the Company and in favour of third parties; waive mortgages and mortgage subrogation, including legal ones, and carry out any other mortgage transaction, both against third parties and in favour of the Company, and against the Company and in favour of third parties, while releasing the public registrars from any and all liability;
 - (xii) hire, suspend, and terminate executives, conclude the relevant agreements, determine their compensation, duties and any bonds, and satisfy all obligations involving and consequent upon management of these relationships.

Pursuant to Article 17 of the Bylaws, a majority of current Directors must be in attendance for resolutions to be valid. Resolutions are passed by a majority of the voting members, with the abstaining members not being included in the calculation.

Pursuant to clause 19.2 of the Bylaws, the Board of Directors – within the limits imposed by law or the Bylaws – may delegate its own authority and powers to the Executive Committee and may also appoint one or more Chief Executive Officers to whom to delegate authority and powers.

The same clause envisages that the Executive Committee, the Chief Executive Officer or the Chief Executive Officers if appointed, must adequately and promptly report to the Board of Directors and the Board of Statutory Auditors at least once every quarter on exercise of the delegated authority and activities performed, the general operating performance and business outlook, and the most significant transactions in terms of dimensions and characteristics carried out by the Company and its subsidiaries.

Pursuant to Article 21 of the Bylaws, the Board of Directors may appoint an Executive Committee, setting its term and number of members in advance. The Chairman, Vice Chairman or Vice Chairmen (if there is more than one and if appointed) are ex-officio members of the Committee.

Pursuant to Article 22 of the Bylaws, the terms and conditions for calling and operating the Executive Committee, without prejudice to the provisions of applicable laws or regulations or the Bylaws – are defined by the specific Regulation approved by the Board of Directors.

5.2 Appointment, composition and term

Pursuant to Article 14 of the Bylaws, the Board of Directors has no less than five and no more than eleven members. The Ordinary Shareholders' meeting determines their number when it appoints them. If the number of directors has been set at a level lower than the maximum limit, the Shareholders' Meeting may increase this number during the Board's term. The Directors must satisfy the requirements envisaged by law and other applicable measures, and a minimum number of them, corresponding to the legal minimum, must satisfy the independence requirements envisaged in Article 148(3) TUF. The Directors serve for a term of three financial years, which expires on the date of the Shareholders' Meeting called to approve the financial statements for the last year of their term. They may be re-elected at the end of their term.

In accordance with the provisions of article 14.2 of the Bylaws, the current Directors satisfy the applicable statutory or regulatory rules.

The current Board of Directors, appointed by the Shareholder's Meeting on 9 June 2005 and subsequently expanded to its current membership on 21 July and 2 September 2005 without recourse to the voting list system (in accordance with the Bylaws applicable at that date) and in office until approval of the financial statements at 31 December 2007, has nine members, of whom five do not have executive authority, pursuant to clause 2.C.1 of the Corporate Governance Code. The non-executive directors are Michele Vitali, Caterina Belletti, Alberto Felice de Toni and Giovanni Spangaro, with the last three of these being independent.

The following table sets out the names and functions of each member of the Board of Directors in office at the date of this Report:

POSITION	NAME AND SURNAME	PLACE AND DATE OF BIRTH	IN OFFICE SINCE	EXECUTIVE	INDEPENDENT
Chairman of the Board of Directors	Roberto Siagri	Motta di Livenza (TV), on 20/06/1960	09/06/2005		
Vice Chairman of the Board of Directors	Dino Feragotto	Gemona del Friuli (UD), on 22/04/1957	09/06/2005		
Vice Chairman of the Board of Directors	Massimo Mauri	Rho (MI), on 09/04/1971	09/06/2005		
Executive Director	Giampietro Tecchiolli	Trento (TN), on 09/12/1961	09/06/2005		
Non-executive Director	Eros Goi	Gemona del Friuli (UD), 30/06/1965	09/06/2005		

Non-executive Director; Chairman of the Compensation Committee	Michele Vitali	Milano (MI), on 24/11/1956	09/06/2005	X	
Independent Director; Chairman of the Internal Control Committee	Caterina Belletti	Gorizia (GO), on 12/7/1965	21/07/2005	X	X
Independent Director; Lead Independent Director; member of the Compensation Committee; member of the Internal Control Committee	Alberto Felice De Toni	Curtarolo (PD), on 27/6/1955	21/07/2005	X	X
Independent Director; member of the Compensation Committee; member of the Internal Control Committee	Giovanni Spangaro	Ampezzo (UD) 30 May 1930	02/09/2005	X	X

Each member of the Board of Directors must take his decisions on an informed, independent basis, in view of creating value for shareholders, and promises to dedicate the time necessary to ensure diligent performance of his functions. Accordingly, each candidate for a director's seat shall first determine whether he can discharge his assigned duties with due care and effectiveness when accepting his position in the Company, particularly in regard to the number of director and statutory auditor positions he holds at other companies listed on regulated markets inside and outside Italy, in financial companies, banks, insurance companies, or large companies, and the overall commitment required by these other positions. Each member of the Board of Directors must also inform the Board of Directors if he has accepted positions as director or statutory auditor in the aforementioned companies, so that full disclosure thereof may be provided in the annual report on operations.

Pursuant to the combined provisions of Articles 147-ter(4) and 148(3) TUF, in accordance with what is prescribed by clause 2.2.3(3)(l) of the Regulation of Markets Organised and Operated by Borsa Italiana S.p.A. (the "**Stock Market Regulation**") and clause IA.2.13.6 of the Stock Market Regulation Instructions – which are both applicable to the issuers holding the STAR qualification – and in accordance with Article 3 of the Corporate Governance Code, the Board of Directors currently has three Independent Directors: Mrs. Caterina Belletti, Prof. Alberto Felice De Toni and Mr. Giovanni Spangaro, who:

- (i) do not control the Company directly or indirectly, through subsidiaries, trust companies, intermediaries or otherwise, and cannot exercise significant influence over it;
- (ii) do not directly or indirectly participate in any shareholders agreement through which one or more persons can exercise control or significant influence over the Company;
- (iii) are not and have not been key executives during the past three financial years (with "key executives" meaning the chairman, legal representative, chairman of the board of directors, director with executive authority or executive with strategic responsibilities) of the Company, one of its key subsidiaries, a company subject to joint control with it, a company or entity that, either separately or jointly with others through a shareholders agreement, controls the Company or can exercise significant influence over it;
- (iv) do not have or have not had during the previous year, directly or indirectly (e.g. through subsidiaries or of which they are key executives, in the sense set out at indent (iii) hereinabove, or as partner of a professional firm or consulting firm), a significant commercial, financial or professional relationship (pursuant to clause IA.2.13.6 of the Stock Market Regulation Instructions) or is an employee of: (a) the Company, one of its subsidiaries or key executive, in the sense set out at indent (iii) hereinabove, at said companies; (b) a party that, either separately or jointly with others through a shareholders agreement, controls the Company or – in the case of a company or entity – key executives, in the sense set out at indent (iii) hereinabove, at said companies;
- (v) without prejudice to what is set out at indent (iv) hereinabove, do not have freelance or employee work relationships, or other financial or professional relationships that could compromise their independence: (a) with the Company, its subsidiaries or parent companies, or with companies subject to joint control with it; (b) with directors of the Issuer; (c) with parties that are spouses or relatives to the fourth degree of the directors of the companies envisaged at indent (a) hereinabove;
- (vi) do not receive and have not received during the last three financial years from the Company or a subsidiary or parent company, significant compensation in addition to the fixed compensation as director without executive authority of the Company, including participation in Company performance incentive plans, including stock incentive plans;
- (vii) have not been directors of the Company for more than nine years during the last twelve years;
- (viii) are not directors with executive authority at another company where a director with executive authority of the Company serves as director;
- (ix) are not shareholders or directors of a company or entity belonging to the network of the company in charge of auditing the accounts of the Company;
- (x) are not close relatives of a person who is in one of the situations envisaged at the preceding points, and are not spouses or relatives to the fourth degree of directors of the Company, its subsidiaries, the companies that control it and those subject to joint control with it.

Before the Ordinary Shareholders' Meeting that appointed the current Board of Directors, certifications were deposited at the registered office of the Company that attest to satisfaction of the pre-requisites set out in the Corporate Governance Code for independent directors.

The Board of Directors assesses current satisfaction of these pre-requisites according to the information that the interested parties are required to provide under their own responsibility, or the information available to the Board of Directors.

Satisfaction of the pre-requisites for independence set out in Article 3 of the Corporate Governance Code and Article 148(3)(b, c) TUF of the current Independent Directors was verified by the Board of Directors at its meeting on 29 March 2007. On 13 April 2007 the Board of Directors, acting in accordance with clause

3.C.5 of the Corporate Governance Code, acknowledged that the principles and procedures for verification adopted by the Board of Directors to assess the pre-requisites of independence were properly applied.

On 23 December 2005 the Board of Directors appointed Prof. Alberto Felice De Toni, formerly an Independent Director, as Lead Independent Director, in order to enhance further the role of the Independent Directors in accordance with best practice in corporate governance. The Lead Independent Director is the contact for coordinating the requests and contributions of Independent Directors and may also call Independent Directors executive sessions either independently or on request by the other Directors.

On 29 March 2007, the Board of Directors of Eurotech carried out the annual assessment pursuant to clause 1.C.1(g) of the Corporate Governance Code, holding that the composition and functions of the management body are adequate in regard to the operating and organizational requirements of the Company. The presence of five non-executive directors, including three Independent Directors, out of a total of nine Directors, ensures that the Board of Directors Committees have the right balance of members. Therefore, the Board of Directors did not find it necessary to alter the composition of the Board of Directors by co-opting new Directors.

In accordance with clause 1.C.2. of the Corporate Governance Code, the following table illustrates the principal activities performed by the members of the Board of Directors outside the Company, and specifically the positions held by Eurotech Directors in other listed companies, financial companies, banks, or insurance companies, or at large companies as at today:

Name and Surname	Positions held and company
Roberto Siagri	<p><u>CHAIRMAN:</u> E-tech Inc, E-tech Ltd</p> <p><u>DIRECTOR:</u> Eurotech Finland, ETHLab srl, Parvus Corp, Applied Data Systems Inc, Eurotech France, Nice spa, Advanet Inc., Synfactory S.r.r.l., U.T.R.I. S.p.A.</p> <p><u>SOLE DIRECTOR:</u> Nextra Gen S.r.l.</p>
Dino Feragotto	<p><u>CHAIRMAN:</u> IPS Sistemi Programmabili S.r.l.</p> <p><u>VICE CHAIRMAN:</u> ETHLab S.r.l.</p> <p><u>DIRECTOR:</u> Eurotech Finland, Parvus Corp, Emilab srl, Eurotech France CO.S.IN.T. - Consorzio per Sviluppo Industriale Tolmezzo</p> <p><u>SOLE DIRECTOR:</u> The Next S.r.l.</p>

Massimo Mauri	<p><u>DIRECTOR:</u> Eurotech Ltd, Arcom Inc, E-tech Inc, E-tech Ltd, IPS Sistemi Programmabili srl Applied Data Systems Inc., Advanet Inc.</p> <p><u>SOLE DIRECTOR:</u> Lae S.r.l.</p>
Giampietro Tecchioli	<p><u>CHAIRMAN:</u> ETHLab S.r.l.</p> <p><u>DIRECTOR:</u> Neuricam S.p.A.; EVS – Embedded Vision Systems; DELOS S.r.l.; Consorzio ALC (Assisted Living Consortium)</p> <p><u>EXECUTIVE DIRECTOR:</u> Istituto di Genomica Avanzata di Udine (IGA)</p>
Eros Goi	<p><u>DIRECTOR:</u> Arcom Inc., Parvus Eurotech Ltd, Advanet Inc.</p>
Michele Vitali	<p><u>CHAIRMAN:</u> SAGITTA Finanziaria S.r.l.</p> <p><u>DIRECTOR:</u> EnergyFog Systems S.a.s (Paris, France), Giulio Fiocchi S.p.a, Meca Lead Recycling S.p.A.</p> <p><u>ALTERNATE DIRECTOR:</u> Fondo Nazionale Pensione Complementare COMETA.</p>
Caterina Belletti	-
Alberto Felice De Toni	<p><u>CHAIRMAN:</u> Agemont S.p.A.</p> <p><u>DIRECTOR:</u> Gruppo Euris (Euris S.r.l., Euris Solutions S.p.A. and Gesta Consulting S.p.A.) Mercurio S.p.A.</p>
Giovanni Spangaro	<p><u>CHAIRMAN AND SHAREHOLDER:</u> MISA S.r.l.</p> <p><u>DIRECTOR:</u> Settimanale Vita Catolica, Radio Spazio 103</p>

In regard to the positions held by the Directors of Eurotech on the boards of directors and boards of statutory auditors of other companies, the Board of Directors does not currently deem it necessary to impose preset limits on the number of those positions. Without prejudice to the obligation of each Director to assess the compatibility of his positions as director and statutory auditor at other companies listed on regulated markets, in financial companies, banks, insurance companies or large companies with diligent performance of the duties assumed as Director of Eurotech, the Board of Directors has decided that the

number and quality of the positions held by its members in the aforementioned companies do not interfere and are compatible with effective performance of their positions at the Issuer.

5.3 Board of Directors meetings and Chairman's role

The Board of Directors meetings are chaired by the Chairman or, if he is absent or prevented from attending, by the sole Vice Chairman or, if there are several Vice Chairmen, the one with the greatest seniority in that position who is in attendance and, if they have the same seniority, the oldest in age. The Chairman – or the person acting for him in the cases set out hereinabove – calls the Board of Directors meetings, sets their agenda, and moderates their proceedings, ensuring that the Directors are promptly provided with the necessary documents and information pursuant to Article 16 of the Bylaws. He also chairs the Shareholders' Meeting, performing the roles and functions set out in clause 10.2 of the Bylaws.

The Board of Directors meets regularly, and whenever the Chairman deems necessary, or when it is requested by the Chief Executive Officer or at least three members. The Board of Directors may also be called by two Statutory Auditors, upon notification to the Chairman of the Board of Statutory Auditors.

The Board of Directors held total of 13 (thirteen) meetings during the financial year that ended 31 December 2007, on the following dates: 22 January, 14 February, 10 and 29 March, 1 and 14 April, 3 and 14 May, 22 June, 10 August, 26 September, 3 and 31 October, 14 November and 18 December.

The members of the Board of Directors and the Board of Statutory Auditors regularly attended these meetings.

The Executive Director Giampietro Tecchiolli excused his absence from the meeting held 10 March; the Director Giovanni Saladino excused his absence from the meetings held on 29 March, 14 May and 22 June.

The Director Michele Vitali excused his absence from the meeting held on 14 February. The Director Eros Goi excused his absence from the meeting held on 18 December.

At least 8 (eight) Board of Directors meetings are planned for the current year, according to the calendar of Board meetings (previously communicated to the market and Borsa Italiana S.p.A. in accordance with regulatory provisions). In addition to the meetings that have already been held on 1 February for analysis of the 2008 budget, 14 February (approval of the quarterly report at 31 December 2007), 25 February for analysis of strategic options for FY 2008 and 28 March (approval of the draft statutory financial statements and Group consolidated financial statements), it is expected that the Board of Directors will meet on the following dates:

- 15 May (approval of the 1Q report at 31 March 2008);
- 13 August (approval of the 2Q report at 30 June 2008);
- 29 August (approval of the 1H report at 30 June 2008);
- 14 November (approval of the 3Q report at 30 September 2008).

Pursuant to Article 25 of the Bylaws, the Chairman is the legal representative of the Company and has power of signature for it. If he is absent or prevented from acting on a temporary basis, these powers are exercised by the Vice Chairman or Vice Chairmen according to the conditions set out in the Bylaws. The Chief Executive Officer(s) is/are also legal representatives of the Company, if appointed, within the limits of their delegated authority.

5.4 Delegations of authority

a) Chairman of the Board of Directors

The Board of Directors meeting held 29 July 2005 granted the Chairman of the Board of Directors, Dr. Roberto Siagri, full powers of representation and ordinary management with free power of signature, including those envisaged in the following list which shall not be considered complete, in order to carry out and supervise organisation and management of the company and its subsidiaries:

Legal representative

- represent the Company before any third party;
- represent the company before any Italian or foreign judicial or administrative authority, at any level of jurisdiction, in disputes of any nature and vis-à-vis anyone;
- decide on and pursue actions in any judicial, civil, criminal and administrative venue, at any level of jurisdiction, both as plaintiff and as defendant;
- appoint and dismiss experts on behalf of the Company, lawyers and attorneys-in-fact, granting them the relevant powers of attorney and all other duties on behalf of the company;
- settle any controversy, accept or reject any proposals for settlements. Defer to or reach compromises in arbitration proceedings, appointing arbitrators and handling all formalities involved in the arbitration proceedings;
- file appearance as aggrieved party seeking damages in criminal proceedings;
- file all legally required notices or reports on behalf of the Company.

Shareholders' Meetings

- Draft the report on the Shareholders' Meeting agenda topics pursuant to Ministry of Justice Decree 437 of 5 November 1998 and applicable regulations, and publish the notice of call of meetings.

Administrative and tax representative

- As the Company's representative, discuss and settle all administrative matters before any authority and agency, ministry or state entity;
- represent the Company before all authorities, agencies or entities with jurisdiction over tax matters;
- file all notices or reports that the Company must submit pursuant to law;
- sign and file tax returns and declarations;
- sign and submit appeals, objections and reservations against tax assessments, make arrangements and settle all tax matters;
- participate in inspections by the tax police and all other authorities, signing the relevant reports;
- file all reports or declarations that the Company must submit pursuant to law;
- request any authority with jurisdiction for administrative and public safety licenses, particularly trade licenses, including registration thereof in his own name as the Company's legal representative.

Representation before Consob

- Represent the Company before Consob and at the market management companies, including in any proceedings that might have been filed with them, with the authority to draft notices and/or any other document pursuant to law and regulations;
- file all reports or declarations that the Company must submit pursuant to law .

Trademarks and patents

- Deposit, abandon, limit and expand patents for inventions of ornamental, utility and industrial models, for factory and trade marks in Italy and at the international level, protect them in administrative venues, carrying out all acts as necessary pursuant to current law, appointing correspondents for this purpose and granting them authority as necessary;
- represent the company for all matters regarding the deposit, registration, and cancellation of patent, trademark and utility model rights.

Representation at affiliates

- Exercise voting rights and represent the Company at shareholders' meetings, consortia or other entities in which the Company has an equity interest, and exercise all the Company's other rights in regard to its participation in these other companies, consortia or other entities, delegating authority to others as necessary;
- represent the Company at the subsidiaries or foreign associates, as well as before representatives and customers outside Italy in general, and before foreign bodies and authorities in general.

Employees

- Hire, suspend and terminate employees, with the exception of executives, execute the relevant agreements, defining their compensation, duties and any bonds, and satisfying all relevant obligations consequent upon administration of the employment relationships;
- represent the Company before trade unions, with the power to settle disputes;
- represent the company before all authorities, entities and institutes in regard to labour matters;
- represent the Company before all social security and insurance institutions, satisfying the obligations imposed by applicable labour laws and regulations;
- make, amend and terminate agreements with external consultants and freelance workers.

Sales agreements

- participate in the tenders called by state agencies, public and private entities inside and outside Italy, for the supply of goods and services in general, submit bids and, if the contracts are awarded, sign them if they are for less than Euro 1,000,000.00 (one million and no/100), for every single tender or bid, with the obligation to inform the Executive Committee in regard to the tenders, bids and agreements regarding this point that are equal to or more than Euro 1,000,000.00 (one million and no/100);
- Execute all documents and agreements regarding the sale of goods, with the exclusion of capital goods, and the provision of services relevant to the Company's activity whose value is less than Euro 1,000,000.00 (one million and no/100) and for less than three years.

Agency agreements

- Execute, amend and terminate agency agreements, commercial licensing or sub-licensing agreements, commission agreements and bailment agreements when the value of each individual agreement is less than Euro 50,000.00.

Company management agreements

- Execute all documents and agreements necessary for management of the company whose individual value is less than Euro 200,000.00 and for a term of less than three years;
- execute, amend and terminate agreements for the purchase of spaces and/or systems for advertising services and advertising, promotion and experimentation materials; agreements for the Company's advertising activity and market research.

Transport vehicles

- Purchase, sell and exchange all land transport vehicles, with a limit of Euro 50,000.00;
- represent the Company before all authorities and entities, signing all documents regarding the legal status of the transport vehicles and grant authorisations to drive Company owned vehicles to employees or third parties.

Financial transactions and relations with banks

- Within the limits of the granted credit lines, execute any debit or credit transaction on the Company's current accounts at banks and post offices inside and outside Italy, excluding the countries included on the black list published by the Ministry of Economic Affairs;
- issue, endorse and collect bank cheques, have issued, endorse and collect banker's drafts;
- issue, receipt and endorse bills of exchange; have issued, accept and endorse merchandise notes;
- make or release security deposits in cash or securities;
- deposit public or private securities at banks, on custodian, trust or pledge accounts; withdraw them by issuing a receipt in release thereof;
- rent and cancel rental of safe deposit boxes, with the power to open them and remove their contents;
- issue bills of exchange and endorsements only to suppliers and for legal transactions, accept bills and paper from only suppliers only and only if issued against legally compliant orders.

Administrative matters

- Collect postal and telegraph money orders, issuing receipts and quitclaims therefor as necessary;
- pick up postal packets, registered and insured letters from all post offices, issuing receipts and quitclaims therefor;
- give and accept security deposits;
- execute all Customs clearance transactions, making and withdrawing the required deposits and all other matters with the Customs Offices, signing all documents as necessary.

Endorsement and collection of negotiable instruments

- Negotiate, sign and collect bills (paper and IOUs), promissory notes, cheques and any other trade instrument or bills, signing the relevant documents, endorsements and receipts;
- endorse bills, cheques and all other negotiable instruments for collection;
- file protests, issue orders to pay, take preventive and enforcement measures and possibly handle their revocation.

Correspondence and other documents

- Sign all company correspondence;

- issue, sign and issue receipts for invoices, debit and credit memoranda, and receive them;
- sign and issue waybills, transport bills, and receive them.

Collection of receivables

- Collect receivables, collect and withdraw cash and cash equivalents for any reason from any bank, entity and person, issuing receipts and releases;
- issue bills to customers and other debtors;
- serve notices of placement in default and have bank protests be issued;
- take enforcement and preventive measures, obtaining injunctions, orders, attachments and seizures, registration of court mortgages and claims on merchandise, including the merchandise held at third party locations, and revocation of those acts;
- file bankruptcy petitions, represent the principal in bankruptcy proceedings, file the relevant credit claims, certify their effective existence, vote in composition with creditors, collect final and partial distributions, participate in composition with creditors and receivership, carrying out all acts involved in those procedures.

Special mandates

- Within the limits of his own powers, grant mandates and special powers of attorney to Company employees and third parties that authorise them to execute specific transactions and classes of actions in the name and on behalf of the Company, using the power of Company signature to do so and revoking these mandates as necessary;
- even if not expressly specified here, do whatever else is appropriate and necessary on behalf of the principal, with no exceptions except for those specified, with the foregoing list of powers having to be considered examples but not mandatory. All of the foregoing authority is granted with promise of full ratification and approval and full exemption of anyone from liability.

In addition to the authority listed above, merely by way of example but not limited to those powers, all the operating powers of the Board of Directors itself, with the exception of those that cannot be delegated under the law or that are reserved to the exclusive jurisdiction of the Board of Directors or those assigned to the jurisdiction of the Company's Executive Committee, with the power of legal representation and free power of signature of the Company.

b) Vice Chairman and Executive Director

The Board of Directors meeting held 29 July 2005 granted the Vice Chairman of the Board of Directors, Mr. Dino Feragotto, full powers of representation and ordinary management with free power of signature, including those envisaged in the following list which shall not be considered complete, in order to carry out and supervise organisation and management of the company and its subsidiaries:

Legal representative

- represent the Company before any third party;
- represent the company before any Italian or foreign judicial or administrative authority, at any level of jurisdiction, in disputes of any nature and vis-à-vis anyone;
- decide on and pursue actions in any judicial, civil, criminal and administrative venue, at any level of jurisdiction, both as plaintiff and as defendant;
- appoint and dismiss experts on behalf of the Company, lawyers and attorneys-in-fact, granting them the relevant powers of attorney and all other duties on behalf of the company;

- settle any controversy, accept or reject any proposals for settlements. Defer to or reach compromises in arbitration proceedings, appointing arbitrators and handling all formalities involved in the arbitration proceedings;
- file appearance as aggrieved party seeking damages in criminal proceedings;
- file all legally required notices or reports on behalf of the Company.

Administrative and tax representative

- As the Company's representative, discuss and settle all administrative matters before any authority and agency, ministry or state entity;
- represent the Company before all authorities, agencies or entities with jurisdiction over tax matters;
- file all notices or reports that the Company must submit pursuant to law;
- sign and file tax returns and declarations;
- sign and submit appeals, objections and reservations against tax assessments, make arrangements and settle all tax matters;
- participate in inspections by the tax police and all other authorities, signing the relevant reports;
- file all reports or declarations that the Company must submit pursuant to law;
- request any authority with jurisdiction for administrative and public safety licenses, particularly trade licenses, including registration thereof in his own name as the Company's legal representative.

Trademarks and patents

- Deposit, abandon, limit and expand patents for inventions of ornamental, utility and industrial models, for factory and trade marks in Italy and at the international level, protect them in administrative venues, carrying out all acts as necessary pursuant to current law, appointing correspondents for this purpose and granting them authority as necessary;
- represent the company for all matters regarding the deposit, registration, and cancellation of patent, trademark and utility model rights.

Employees

- Hire, suspend and terminate employees, with the exception of executives, execute the relevant agreements, defining their compensation, duties and any bonds, and satisfying all relevant obligations consequent upon administration of the employment relationships;
- represent the Company before trade unions, with the power to settle disputes;
- represent the company before all authorities, entities and institutes in regard to labour matters;
- represent the Company before all social security and insurance institutions, satisfying the obligations imposed by applicable labour laws and regulations;
- make, amend and terminate agreements with external consultants and freelance workers.

Sales agreements

- participate in the tenders called by state agencies, public and private entities inside and outside Italy, for the supply of goods and services in general, submit bids and, if the contracts are awarded, sign them if they are for less than Euro 1,000,000.00 (one million and no/100), for every single tender or bid, with the obligation to inform the Executive Committee in regard to the

tenders, bids and agreements regarding this point that are equal to or more than Euro 1,000,000.00 (one million and no/100);

- Execute all documents and agreements regarding the sale of goods, with the exclusion of capital goods, and the provision of services relevant to the Company's activity whose value is less than Euro 1,000,000.00 (one million and no/100) and for less than three years.

Agency agreements

- Execute, amend and terminate agency agreements, commercial licensing or sub-licensing agreements, commission agreements and bailment agreements when the value of each individual agreement is less than Euro 50,000.00.

Company management agreements

- Execute all documents and agreements necessary for management of the company whose individual value is less than Euro 200,000.00 and for a term of less than three years.

Transport vehicles

- Purchase, sell and exchange all land transport vehicles, with a limit of Euro 50,000.00;
- represent the Company before all authorities and entities, signing all documents regarding the legal status of the transport vehicles and grant authorisations to drive Company owned vehicles to employees or third parties.

Financial transactions and relations with banks

- Within the limits of the granted credit lines, execute any debit or credit transaction on the Company's current accounts at banks and post offices inside and outside Italy, excluding the countries included on the black list published by the Ministry of Economic Affairs;
- issue, endorse and collect bank cheques, have issued, endorse and collect banker's drafts;
- issue, receipt and endorse bills of exchange; have issued, accept and endorse merchandise notes;
- make or release security deposits in cash or securities;
- deposit public or private securities at banks, on custodian, trust or pledge accounts; withdraw them by issuing a receipt in release thereof;
- rent and cancel rental of safe deposit boxes, with the power to open them and remove their contents;
- issue bills of exchange and endorsements only to suppliers and for legal transactions, accept bills and paper from only suppliers only and only if issued against legally compliant orders.

Administrative matters

- Collect postal and telegraph money orders, issuing receipts and quitclaims therefor as necessary;
- pick up postal packets, registered and insured letters from all post offices, issuing receipts and quitclaims therefor;
- give and accept security deposits;
- execute all Customs clearance transactions, making and withdrawing the required deposits and all other matters with the Customs Offices, signing all documents as necessary.

Endorsement and collection of negotiable instruments

- Negotiate, sign and collect bills (paper and IOUs), promissory notes, cheques and any other trade instrument or bills, signing the relevant documents, endorsements and receipts;
- endorse bills, cheques and all other negotiable instruments for collection;
- file protests, issue orders to pay, take preventive and enforcement measures and possibly handle their revocation.

Correspondence and other documents

- Sign all company correspondence;
- issue, sign and issue receipts for invoices, debit and credit memoranda, and receive them;
- sign and issue waybills, transport bills, and receive them.

Collection of receivables

- Collect receivables, collect and withdraw cash and cash equivalents for any reason from any bank, entity and person, issuing receipts and releases;
- issue bills to customers and other debtors;
- serve notices of placement in default and have bank protests be issued;
- take enforcement and preventive measures, obtaining injunctions, orders, attachments and seizures, registration of court mortgages and claims on merchandise, including the merchandise held at third party locations, and revocation of those acts;
- file bankruptcy petitions, represent the principal in bankruptcy proceedings, file the relevant credit claims, certify their effective existence, vote in composition with creditors, collect final and partial distributions, participate in composition with creditors and receivership, carrying out all acts involved in those procedures.

Special mandates

- Within the limits of his own powers, grant mandates and special powers of attorney to Company employees and third parties that authorise them to execute specific transactions and classes of actions in the name and on behalf of the Company, using the power of Company signature to do so and revoking these mandates as necessary;
- even if not expressly specified here, do whatever else is appropriate and necessary on behalf of the principal, with no exceptions except for those specified, with the foregoing list of powers having to be considered examples but not mandatory. All of the foregoing authority is granted with promise of full ratification and approval and full exemption of anyone from liability.

Specific activities

- perform all supervisory duties and implement statutory and regulatory provisions governing accident prevention, fire prevention, occupational health, noise, air, water and soil pollution, occupational medicine, health, personal data protection, and all other laws and regulations regarding organisation and operation of the Company, where failure to comply therewith entails civil and/or criminal liability, with him being expressly delegated and responsible for (i) the business owner's delegated responsibilities for occupational health, safety and accident prevention and environmental protection under mandatory laws and statutes, orders issued in any form by public and private authorities with jurisdiction, specific technical experience, and all other rules of prudence and diligent work conduct that limits its risks or prevents the consequences of physical harm to persons or things; (ii) implementing, complying and enforcing compliance with the aforementioned accident protection and occupational health laws, environmental protection laws (noise, air, water, soil and other pollution), and building and city planning codes and

regulations, and all other laws and regulations regarding organisation and operation of the Company, where failure to comply therewith entails civil and/or criminal liability;

- within the scope of the independence and powers described hereinabove, the delegated attorney-in-fact is granted the power to issue purchase orders on an ordinary or urgent basis in order to implement those measures as necessary and sufficient for the delegated functions.

In addition to the authority listed above, merely by way of example but not limited to those powers, all the operating powers of the Board of Directors itself, with the exception of those that cannot be delegated under the law or that are reserved to the exclusive jurisdiction of the Board of Directors or those assigned to the jurisdiction of the Company's Executive Committee, with the power of legal representation and free power of signature of the Company.

c) Vice Chairman and Executive Director

The Board of Directors meeting held 29 July 2005 granted the Vice Chairman of the Board of Directors, Mr. Massimo Mauri, full powers of representation and ordinary management with free power of signature, including those envisaged in the following list which shall not be considered complete, in order to carry out and supervise organisation and management of the company and its subsidiaries:

Legal representative

- represent the Company before any third party;
- represent the company before any Italian or foreign judicial or administrative authority, at any level of jurisdiction, in disputes of any nature and vis-à-vis anyone;
- decide on and pursue actions in any judicial, civil, criminal and administrative venue, at any level of jurisdiction, both as plaintiff and as defendant;
- appoint and dismiss experts on behalf of the Company, lawyers and attorneys in fact, granting them the relevant powers of attorney and all other duties on behalf of the company;
- settle any controversy, accept or reject any proposals for compromises. Defer to or reach compromises in arbitration proceedings, appointing arbitrators and handling all formalities involved in the arbitration proceedings;
- file appearance as aggrieved party seeking damages in criminal proceedings;
- file all legally required notices or reports on behalf of the Company.

Administrative and tax representative

- As the Company's representative, discuss and settle all administrative matters before any authority and agency, ministry or state entity;
- represent the Company before all authorities, agencies or entities with jurisdiction over tax matters;
- file all notices or reports that the Company must submit pursuant to law.

Representation before Consob

- Represent the Company before Consob and at the market management companies, including in any proceedings that might have been filed with them, with the authority to draft notices and/or any other document pursuant to law and regulations;
- file all reports or declarations that the Company must submit pursuant to law .

Trademarks and patents

- Represent the company for all matters regarding the deposit, registration, and cancellation of

patent, trademark and utility model rights.

Representation at affiliates

- Exercise voting rights and represent the Company at shareholders' meetings, consortia or other entities in which the Company has an equity interest, and exercise all the Company's other rights in regard to its participation in these other companies, consortia or other entities, delegating authority to others as necessary;
- represent the Company at the subsidiaries or foreign associates, as well as before representatives and customers outside Italy in general, and before foreign bodies and authorities in general.

Employees

- Hire, suspend and terminate employees, with the exception of executives, execute the relevant agreements, defining their compensation, duties and any bonds, and satisfying all relevant obligations consequent upon administration of the employment relationships;
- represent the Company before trade unions, with the power to settle disputes;
- represent the company before all authorities, entities and institutes in regard to labour matters;
- represent the Company before all social security and insurance institutions, satisfying the obligations imposed by applicable labour laws and regulations;
- make, amend and terminate agreements with external consultants and freelance workers.

Sales agreements

- participate in the tenders called by state agencies, public and private entities inside and outside Italy, for the supply of goods and services in general, submit bids and, if the contracts are awarded, sign them if they are for less than Euro 1,000,000.00 (one million and no/100), for every single tender or bid, with the obligation to inform the Executive Committee in regard to the tenders, bids and agreements regarding this point that are equal to or more than Euro 1,000,000.00 (one million and no/100);
- Execute all documents and agreements regarding the sale of goods, with the exclusion of capital goods, and the provision of services relevant to the Company's activity whose value is less than Euro 1,000,000.00 (one million and no/100) and for less than three years.

Agency agreements

- Execute, amend and terminate agency agreements, commercial licensing or sub-licensing agreements, commission agreements and bailment agreements when the value of each individual agreement is less than Euro 50,000.00.

Company management agreements

- Execute all documents and agreements necessary for management of the company whose individual value is less than Euro 200,000.00 and for a term of less than three years;
- execute, amend and terminate agreements for the purchase of spaces and/or systems for advertising services and advertising, promotion and experimentation materials; agreements for the Company's advertising activity and market research.

Administrative matters

- Collect postal and telegraph money orders, issuing receipts and quitclaims therefor as necessary;
- pick up postal packets, registered and insured letters from all post offices, issuing receipts and quitclaims therefor;

- give and accept security deposits;
- execute all Customs clearance transactions, making and withdrawing the required deposits and all other matters with the Customs Offices, signing all documents as necessary.

Endorsement and collection of negotiable instruments

- Negotiate, sign and collect bills (paper and IOUs), promissory notes, cheques and any other trade instrument or bills, signing the relevant documents, endorsements and receipts;
- endorse bills, cheques and all other negotiable instruments for collection;
- file protests, issue orders to pay, take preventive and enforcement measures and possibly handle their revocation.

Correspondence and other documents

- Sign all company correspondence;
- issue, sign and issue receipts for invoices, debit and credit memoranda, and receive them;
- sign and issue waybills, transport bills, and receive them.

Collection of receivables

- Collect receivables, collect and withdraw cash and cash equivalents for any reason from any bank, entity and person, issuing receipts and releases;
- issue bills to customers and other debtors;
- serve notices of placement in default and have bank protests be issued;
- take enforcement and preventive measures, obtaining injunctions, orders, attachments and seizures, registration of court mortgages and claims on merchandise, including the merchandise held at third party locations, and revocation of those acts;
- file bankruptcy petitions, represent the principal in bankruptcy proceedings, file the relevant credit claims, certify their effective existence, vote in composition with creditors, collect final and partial distributions, participate in composition with creditors and receivership, carrying out all acts involved in those procedures.

Special mandates

- Within the limits of his own powers, grant mandates and special powers of attorney to Company employees and third parties that authorise them to execute specific transactions and classes of actions in the name and on behalf of the Company, using the power of Company signature to do so and revoking these mandates as necessary;
- even if not expressly specified here, do whatever else is appropriate and necessary on behalf of the principal, with no exceptions except for those specified, with the foregoing list of powers having to be considered examples but not mandatory. All of the foregoing authority is granted with promise of full ratification and approval and full exemption of anyone from liability.

Specific activities

- perform all activities as necessary to realise the sales programmes and marketing development, managing the product and Company image, organising trade fairs, promotional demonstrations and whatever is deemed useful for this purpose;
- handle relations with national representatives and national and international competitors;
- handle the development of new products and marketing on the national and international levels.

In addition to the authority listed above, merely by way of example but not limited to those powers, all the operating powers of the Board of Directors itself, with the exception of those that cannot be delegated under the law or that are reserved to the exclusive jurisdiction of the Board of Directors or those assigned to the jurisdiction of the Company's Executive Committee, with the power of legal representation and free power of signature of the Company.

d) Executive Director

The Board of Directors meeting held 29 July 2005 granted Dr. Giampietro Tecchioilli, Director, full powers of representation and ordinary management with free power of signature, including those envisaged in the following list which not shall be considered complete, in order to carry out and supervise organisation and management of the company and its subsidiaries.

Research and specific activities

- within the scope of the strategic guidelines issued by the Board of Directors, co-ordinate Company research and development, and in particular:
- take those initiatives as necessary to realise corporate and group research and development programmes;
- take all measures as necessary to promote the study, design and completion of new products, exploiting the assistance of all members of the Company and Group organisation as defined in the Company and Group organisational chart, and using the creative talents and experience of all personnel;
- co-ordinate Group research and development activities, reporting to the Executive Committee once monthly on his activities;
- chair and co-ordinate the activities of the Scientific Committee.

Trademarks and patents

- Deposit, abandon, limit and expand patents for inventions of ornamental, utility and industrial models, for factory and trade marks in Italy and at the international level, protect them in administrative venues, carrying out all acts as necessary pursuant to current law, appointing correspondents for this purpose and granting them authority as necessary;
- represent the company for all matters regarding the deposit, registration, and cancellation of patent, trademark and utility model rights.

Administrative matters

- Collect postal and telegraph money orders, issuing receipts and quitclaims therefor as necessary;
- pick up postal packets, registered and insured letters from all post offices, issuing receipts and quitclaims therefor;
- give and accept security deposits;
- execute all Customs clearance transactions, making and withdrawing the required deposits and all other matters with the Customs Offices, signing all documents as necessary.

Correspondence and other documents

- Sign all company correspondence;
- issue, sign and issue receipts for invoices, debit and credit memoranda, and receive them;
- sign and issue waybills, transport bills, and receive them.

Special mandates

- Within the limits of his own powers, grant mandates and special powers of attorney to Company employees and third parties that authorise them to execute specific transactions and classes of actions in the name and on behalf of the Company, using the power of Company signature to do so and revoking these mandates as necessary;
- even if not expressly specified here, do whatever else is appropriate and necessary on behalf of the principal, with no exceptions except for those specified, with the foregoing list of powers having to be considered examples but not mandatory. All of the foregoing authority is granted with promise of full ratification and approval and full exemption of anyone from liability.

In addition to the authority listed above, merely by way of example but not limited to those powers, all the operating powers of the Board of Directors itself, with the exception of those that cannot be delegated under the law or that are reserved to the exclusive jurisdiction of the Board of Directors or those assigned to the jurisdiction of the Company's Executive Committee, with the power of legal representation and free power of signature of the Company.

6. Handling of confidential information

6.1 Inside information

At its 2 September 2005 meeting, the Company Board of Directors adopted a specific "**Internal Regulation of Inside Information**" that also governs the terms and procedures for external communication of documents and information regarding Eurotech, particularly in regard to the inside information envisaged in Articles 114 and 181 TUF and the recommendations of Consob and Borsa Italiana S.p.A..

The purpose of this Regulation is to maintain the secrecy of inside information, while simultaneously ensuring that market disclosures of Company information are fair, complete, adequate, timely and non-selective.

In general, the Regulation assigns responsibility for management of inside information to the Company's delegated bodies. The Regulation establishes specific procedures to be followed for external communication of Company documents and information, dwelling in particular on the disclosure of inside information, and meticulously governs the terms and conditions by which Company officers manage contacts with the press and other channels of mass communication (i.e. with financial analysts and institutional investors).

6.2 Code of Conduct – Internal Dealing

In regard to management of the disclosure obligations set out in the Internal Dealing regulation pursuant to Article 114(7) TUF and Articles 152-*sexies*, 152-*septies* and 152-*octies* of the Issuer Regulation, applicable to listed companies from 1 April 2006, on 28 March 2006 the Company Board of Directors resolved to adopt the Internal Dealing Procedure (the "**Internal Dealing Procedure**"), designed to ensure maximum transparency and uniform market disclosures in accordance with legal obligations. During the meeting held on 29 March 2007, the Eurotech Board of Directors amended the Internal Dealing Procedure by prohibiting certain persons from executing transactions during the 15 days prior to the Board of Directors meeting called to approve period accounts ("black-out period"), pursuant to Article 2.2.3(3)(p) of the Stock Market Regulation, applicable to issuers with the STAR qualification, as recently amended.

Notices of material transactions pursuant to the Internal Dealing Procedure that were executed in FY 2006 were disclosed to the market in accordance with the Internal Dealing Procedure and are available on the Company website (www.eurotech.com/company_documents/internaldealing).

6.3 Register of persons possessing inside information

Particularly in regard to the obligation of listed issuers, the parties that control them and the persons that act in their name or on their behalf to set up and maintain a register of persons with access to inside information as envisaged in Article 115-*bis* TUF and Articles 152-*bis* et seq. of the Issuer Regulation (the “**Register**”), the Company Board of Directors has resolved to establish the Register and approved the “Procedure for Managing the Register of Persons with Access to Inside Information,” in effect since 1 April 2006. The Board of Directors then set up the Group Register of Persons with Access to Inside Information (“**Group Register**”), which replaces the Register kept at Eurotech, on behalf of all Eurotech Group companies, by the Director Massimo Mauri in his capacity as Group Register Officer.

7. Board of Directors Committees

a) Executive Committee

Pursuant to Article 19 of the Bylaws, the Board of Directors – within the limits imposed by law or the Bylaws – may delegate its own powers and authority to the Executive Committee, while determining the number of that committee’s members and their term in accordance with Article 21 of the Bylaws. Pursuant to the same clause of the Bylaws, the Chairman, the Vice Chairman or Vice Chairmen (if there is more than one and if appointed) are ex-officio members of that committee.

By resolution on 2 September 2005, the Board of Directors appointed an Executive Committee comprised of three members, who will hold office until approval of the financial statements at 31 December 2007, and granted it the following authority:

1. examine, amend, approve and cancel contracts of sale and exchange, including those that envisage the receipt of commissions, of movable property, machines, automobiles, finished products, semi-finished products, raw materials, merchandise, equipment and plant for performing company activities in the amount of up to Euro 2,000,000.00;
2. examine, amend, approve and cancel agreements for joint-ventures and partnerships with universities and research institutes;
3. examine, amend, approve and cancel lease agreements, including finance leases, commercial leases and subleases for the use of goods in the amount of up to Euro 500,000.00 and with a term of up to nine years;
4. examine, amend, approve and cancel agency, commercial licensing or sub-licensing, commission and bailment agreements;
5. request all forms of new loans and credit lines from banks, amend, approve and cancel loans in Euro and/or foreign currency, with the power to sign the relevant documentation for amounts of up to Euro 500,000.00, excluding financial transactions in countries included on the black list kept by the Ministry of Economic Affairs;
6. execute all transactions with factoring companies, including the execution of agreements, sale of receivables and/or acceptance of sales by suppliers, the establishment of guarantees, collection orders, discounting and whatever else connected with factoring relationships;
7. execute and approve all documents and agreements regarding the transfer of goods and provision of services, with the exception of capital assets, connected with the Company’s activity and for a value of up to Euro 5,000,000.00 and/or for a term of three years or more;
8. participate in the tenders held by state agencies, public and private entities in Italy and abroad, for the supply of goods and services in general, submit bids and, if the contract is awarded, grant authority for signing the contracts for each individual tender or bid for an amount up to Euro 5,000,000.00;

9. examine, amend, approve and cancel supply contracts in general, including service agreements, work agreements, or similar provision of goods and all relevant and consequent acts for an amount equal to or less than Euro 2,000,000.00 for every single agreement, other than the sale of goods, provision of services and participation in tenders as envisaged at previous two indents;
10. define the guidelines for cash pooling operations such as, but not limited to, opening and closing of deposit accounts, swaps, negotiation of interest rates, opening and extinguishment of operating mandates and all similar transactions in general.

The Chairman of the Board of Directors Roberto Siagri, and the two Vice Chairmen Dino Feragotto and Massimo Mauri are members of the Executive Committee.

The Executive Committee held three meetings during the financial year that ended on 31 December 2007, and specifically on 29 March, 30 July and 13 December 2007.

8. Nominations Committee / Committee for Board of Directors Candidates

Considering the Issuer's size and organisational structure, the Board of Directors does not currently find it necessary to set up a Nominations Committee. Furthermore, following the amendments to the Bylaws in accordance with Law 262/2005, as amended, and the associated implementing regulations, the members of the Board of Directors are appointed by means of the voting list mechanism illustrated hereinabove, and thus on the basis of the lists containing the candidacies submitted by the shareholders owning the shareholdings envisaged in Article 14 of the Bylaws.

9. Compensation Committee

The Company Board of Directors has established a Compensation Committee in accordance with clause 2.2.3(3)(n) of the Stock Market Regulation, applicable to the issuers with STAR qualification, and in accordance with the Corporate Governance Code. This Committee was set up pursuant to a resolution by the Board of Directors on 2 September 2005 and will hold office as long as the Board of Directors that appointed it is in office.

In accordance with the Corporate Governance Code, this Committee may only make proposals. In particular, the Chief Executive Officers remain responsible for defining the policies and amounts of compensation for top management.

In accordance with clause 2.2.3(3)(n) of the Stock Market Regulation and Articles 5 and 7 of the Corporate Governance Code, the Committee is comprised exclusively of Directors without executive authority, most of whom are independent, and makes proposals to the Board of Directors in the absence of those directly affected by the proposals (i) for compensation, including any stock option plans, of the Chief Executive Officers and those that hold particular positions, as well as (ii) on recommendation by the Chief Executive Officers, for determination of the principles governing the compensation of Company top management, without prejudice to the prerogative of the Board of Directors, pursuant to Section 2389(2) Italian Civil Code, to determine the compensation of the Directors that hold specific positions.

The Committee also periodically reviews the criteria used to determine the compensation of Company top management and supervises their application on the basis of the information provided by the Chief Executive Officers, making general recommendations to the Board of Directors in this regard.

During the financial year that ended on 31 December 2007, the Compensation Committee held four meetings, on 26 January, 4 February, 14 March and 26 October. All of these meetings were duly recorded in the minutes.

In FY 2007, the Compensation Committee was comprised by two Directors: Michele Vitali, acting as Chairman, and Alberto Felice De Toni. During its meeting held on 29 March 2007, the Board of Directors increased the number of seats on the Compensation Committee to three, by appointing the Independent Director Giovanni Spangaro.

10. Directors' Compensation

As prescribed by Article 20 of the Bylaws, the members of the Board of Directors are entitled to annual compensation, determined by the Shareholders' Meeting for the entire period of their term, and reimbursement of the expenses they incur on official business. After receiving the opinion of the Board of Statutory Auditors, the Board of Directors determines the compensation of the Chairman, Vice Chairmen, Chief Executive Officers and members of the Executive Committee. Alternatively, the Shareholders' Meeting may determine a total amount for compensation of all Directors, including those assigned special duties, with the allocation of that aggregate amount being determined by the Board of Directors upon consultation with the Board of Statutory Auditors.

In addition to the fixed compensation, a share-based incentive plan is offered to Company Board of Directors (see above, in section 2(a)).

The compensation of directors without executive authority is based on the commitment requested from each one, considering the participation of each on one or more committees. Their compensation is not tied to the operating results of the Issuer. The directors without executive authority are not beneficiaries of share-based incentive plans.

The following table illustrates the compensation received by the members of the Board of Directors, as reported in the draft financial statements for the financial year that ended 31 December 2007.

Name and Surname	Position Held	Period of service	31/12/2007			
			Compensation for the position in the company that prepares the balance sheet	Non-monetary benefits	Bonuses and other incentives	Other compensation
Siagri Roberto	Chairman of the Board of Directors - Chief Executive Officer	01/01/2007 - 31/12/2007	306	3	-	-
Feragotto Dino	Vice Chairman of the Board of Directors - Executive Director	01/01/2007 - 31/12/2007	221	-	-	-
Mauri Massimo	Vice Chairman of the Board of Directors - Executive Director	01/01/2007 - 31/12/2007	221	-	-	-
Tecchiolli Giampietro	Executive Director	01/01/2007 - 31/12/2007	166	-	-	-
Belletti Caterina	Director	01/01/2007 - 31/12/2007	5	-	-	-
Saladino Giovanni	Director	01/01/2007 - 10/08/2007	3	-	-	-

Spangaro Giovanni	Director	01/01/2007 - 31/12/2007	5	-	-	-
Vitali Michele	Director	01/01/2007 - 31/12/2007	5	-	-	-
De Toni Alberto Felice	Director	01/01/2007 - 31/12/2007	5	-	-	-
Goi Eros	Director	10/08/2007 - 31/12/2007	2	-	-	83
Siciliotti Claudio	Chairman of the Board of Statutory Auditors	01/01/2007 - 31/12/2007	26	-	-	-
Lago Umberto	Statutory Auditor	01/01/2007 - 31/12/2007	17	-	-	-
Milanese Stefano	Statutory Auditor	01/01/2007 - 31/12/2007	17	-	-	-
Roncoli Roberto	General Manager	01/01/2007 - 31/12/2007	-	-	-	309
			999	3	-	392

11. Internal Control Committee

On 2 September 2005, the Board of Directors set up an Internal Control Committee with the functions prescribed by the Corporate Governance Code. It delegated the Chairman of the Board of Directors with the task of defining and adopting internal operating and administrative procedures that could ensure healthy and efficient company management.

In accordance with clause 2.2.3(3)(o) of the Stock Market Regulation, applicable to issuers with STAR qualification, and clause 8.C.3 of the Corporate Governance Code, the Internal Control Committee provides advice and proposals to the Board of Directors on the internal control system. It has the following specific duties:

- (i) assist the Board of Directors in defining the guidelines of the internal control system
- (ii) assist the Board of Directors in conducting periodic audits of the adequacy and effective functioning of the internal control system;
- (iii) assess the work plan prepared by the Compliance Officer and the periodic half-year reports submitted by him;
- (iv) in collaboration with the administrative officers of the Company and the auditors, assess the adequacy of the accounting principles used and their uniformity in preparation of the consolidated financial statements;
- (v) assess the proposals made by the external accounting firm for engagement as independent auditor, the work plan it prepared for auditing Company accounts and the results set out in its report and letter of suggestions;
- (vi) report to the Board of Directors on Committee activities and the adequacy of the internal control system at least once every six months, upon approval of the annual report and half-year report;

- (vii) carry out the additional duties that the Board of Directors assigns to the Committee, particularly in regard to relations with the independent auditor.

During FY 2007, the Internal Control Committee had two members, the Director Caterina Belletti, who acted as Chairman, and Director Giovanni Spangaro. At its 29 March 2007 meeting, the Board of Directors increased the number of members of the Internal Control Committee to three, in accordance with clause 2.2.3(3)(m, o) of the Stock Market Regulation and Articles 5 and 8 of the Corporate Governance Code. It appointed Alberto Felice De Toni to the new Committee seat.

Prof. Alberto Felice De Toni has adequate experience in accounting and financial matters, having taught management engineering for many years at the University of Udine.

The Internal Control Committee held three meetings during the year that ended 31 December 2007: on 26 January, 29 July and 26 October 2007. Minutes of all these meetings were duly kept.

12. Internal Control System. Delegated Director. Compliance Officer

The Board of Directors has set up an internal control system for auditing effective compliance with the internal operating and administrative procedures adopted to ensure healthy and efficient management and – where possible – identification, prevention and management of financial and operating risks and fraud against the Company.

The internal control system was consequently organised and managed by four bodies for all of FY 2007: the Board of Directors, the Director delegated with executive authority to supervise the internal control system (the “**Delegated Director**”), the Compliance Officer and the Internal Control Committee (see section 11 hereinabove).

The Board of Directors defines the guidelines for the internal control system, construed as a set of processes designed to monitor the efficiency of corporate operations, the reliability of financial information, compliance with laws and regulations, and the protection of Company assets.

Accordingly, the Board of Directors:

- (i) handles the prevention and management of Company and Group risks through the definition of internal control system guidelines that can ensure that these risks are properly identified and adequately measured, monitored, managed and assessed, in view of protecting corporate assets and healthy and fair corporate management, inter alia;
- (ii) assesses the adequacy, effectiveness and effective functioning of the internal control system on a periodic basis, and at least once annually.

The Delegated Director is responsible for:

- (i) identifying typical corporate risks, according to the characteristics of Company activity and the activity of its subsidiaries and the sector in which they operate;
- (ii) through the design, management and monitoring of the internal control system, implement the guidelines established by the Board of Directors, reporting on its operations to the Board of Directors when requested. In order to carry out these functions, the Delegated Director relies on the assistance of the Compliance Officer.

The Compliance Officer (who is not in charge of any operating area and does not report hierarchically to the heads of operating areas) is assigned the following duties:

- (a) assisting the Delegated Director in carrying out internal control functions;
- (b) reporting on his activities at least once quarterly to the Delegated Director and at least once every six months to the Internal Control Committee and the Board of Statutory Auditors;

(c) attending the meetings of the Board of Directors and the Internal Control Committee to which he has been invited;

(d) immediately informing the Delegated Director, the Board of Directors and the Internal Control Committee if risks for the Company or potential prejudice to it are revealed by the aforementioned periodic audits;

(e) verifying that the internal control system is always adequate, fully operational and functioning. In order to carry out these duties, the Compliance Officer has direct access to all information as useful in regard to his functions and disposes of adequate resources.

The Board of Directors designated Vice Chairman and Executive Director Dino Feragotto as Delegated Director on 2 September 2005.

Furthermore, the Delegated Officer has also been named the Internal Audit Officer.

Mr. Marco Polo is the Compliance Officer. He was appointed as such by the Board of Directors on 5 September 2005.

In FY 2007 the Compliance Officer reported on its activities to the Internal Control Committee, the Board of Statutory Auditors and the Delegated Director.

The principal activities carried out in FY 2007 concern analysis of the risks connected with the business and auditing of corporate procedures regarding those risks.

13. Organisational Model pursuant to Legislative Decree 231/2001

The Organisational Model pursuant to Legislative Decree 231 of 8 June 2001 (the "Model") was approved on 29 March 2008.

The Model is based on the principles and guidelines set out in the:

- a) Stock Market Regulation;
- b) Corporate Governance Code issued by Borsa Italiana in March 2006, to which complete reference is made by the Model
- c) Guidelines for Drafting Organisational, Management and Control Models pursuant to Legislative Decree 231/01, approved by Confindustria on 7 March 2002 and subsequently amended.

The Model envisages the following:

1. Supervisory Body
 - a. Designation of an existing body as such or establishment of a new body
 - b. Definition of the flow of information from and to the Supervisory Body
2. Identification of the principal areas at risk of criminal offences (Articles 24 and 25)
 - a. Historic Analysis
 - b. Identification of the principal corporate areas involved in possible cases of criminal offence
 - c. Identification of affected persons
3. Risk assessment (Articles 24 and 25)
 - a. Identification and assessment of existing controls
 - b. Identification of any defects in controls
4. Other parts of the Model

- a. Code of Ethics
 - b. Organisational system
 - c. Delegations of authority, including power of signature
 - d. Manual and IT procedures
 - e. Management control system
 - f. Information and training of personnel on the programme
 - g. Disciplinary system
 - h. Formalisation of the Programme summary document
5. Model monitoring
- a. Analysis of results and definition of corrective measures
 - b. Assisting the Supervisory Body in:
 - i. Defining an audit plan
 - ii. Carrying out audits on the model

13.1 Independent auditor

The independent auditor in charge of auditing Company accounts is Reconta Ernst & Young.

The independent auditor was retained by the Ordinary Shareholders' Meeting on 21 July 2005 for the three-year period 2005-2007, and was extended to the period 2008-2013 by the Ordinary Shareholders' Meeting of 7 May 2007.

13.2 Financial Reporting Officer

In accordance with Article 19(4) of the Bylaws, as amended by the resolutions approved on 22 June 2007, the Financial Reporting Officer must be appointed by the Company Board of Directors after receiving the mandatory opinion of the Board of Statutory Auditors. He must satisfy the professional pre-requisites of specific expertise in business administration and accounting, and he must be granted adequate authority and resources to perform the functions illustrated hereinabove. Finally, he must be paid adequate compensation for performance of his duties.

Dr. Eros Groi, formerly the CFO of Eurotech Group, was appointed by the Board of Directors on 10 August 2007 as the Financial Reporting Officer ("Reporting Officer"), pursuant to Article 154 *bis* TUF.

Furthermore, the Reporting Officer, is delegated full authority as directly and/or indirectly related to performance of the duties assigned to him, including, for example, the power to access all types of information and/or documents regarding the Company and/or Group companies as deemed relevant and/or appropriate for discharging the duties assigned to him by law.

14. Transactions with Related Parties

Transactions with related parties are currently delegated to the purview of the Company Board of Directors. The possibility of subjecting certain transactions with related parties to the authority of one or more delegated bodies is being studied, and specifically in regard to commercial transactions that are part of normal Company business or that are settled on an arm's-length basis, or with subsidiaries. The Board of Directors will decide whether or not to implement this change according to changes in the structure of Eurotech Group following the acquisitions made in FY 2007.

15. Appointment of Statutory Auditors

Pursuant to Article 26 of the Bylaws, the Board of Statutory Auditors is comprised of three Statutory Auditors and two Alternate Auditors. Their term is for three financial years and expires on the date of the Shareholders' Meeting called to approve the financial statements for the last financial year of their term. They may be re-elected. The Statutory Auditors must satisfy the requirements, including those governing the possession of various positions at the same time, envisaged by law and other applicable provisions. Pursuant to Article 1(3) of Ministry of Justice Decree 162 of 30 March 2000, research, development, production and marketing of software, systems, and devices in the IT, electronic and electro-mechanical sectors must be considered strictly related to Company activities.

The members of the Board of Statutory Auditors are appointed on the basis of lists submitted by shareholders. The candidates are indicated on the lists in order, according to a progressive number. Each list has two sections: one for candidates as Statutory Auditor, and the other for candidates as Alternate Auditor. Only those shareholders who, either individually or in combination with others, together own voting shares equivalent to at least 2 (two) per cent of the voting shares at the Ordinary Shareholders' Meeting, or representing any different percentage that might be established or cited by statutory or regulatory provisions may submit lists. Every shareholder, as well as the shareholders belonging to a relevant shareholders agreement pursuant to Article 122 TUF, the controlling shareholder, subsidiaries and the companies subject to joint control pursuant to Article 93 TUF may not submit or participate in the submission of more than one list or vote for different lists either directly or through an intermediary or trust company. No candidate may run on more than one list, on penalty of ineligibility. The lists may not include candidates who (without prejudice to any other cause of ineligibility or forfeiture) do not satisfy the requirements set out in any applicable laws or regulations that are envisaged in Article 148(2) TUF. Outgoing statutory auditors may be re-elected. The submitted lists must be deposited at the registered office of the Company at least fifteen days before the scheduled date of the Shareholders' Meeting on its first call, and mention thereof shall be made in the notice of call, without prejudice to any other forms of public notice and procedures of deposit required pursuant to any applicable laws and regulations. If, upon expiration of the deadline for submission of the lists, just one list has been submitted, or only lists submitted by Shareholders who are associated by relevant relationships pursuant to applicable law and regulations, lists may be submitted until the fifth day after that date. In this case, the minimum threshold for submitting lists is reduced by one-half.

The lists must contain:

- a) information on the identity of the shareholders that submitted the lists, with an indication of their total shareholding and certification issued by a legally authorised intermediary attesting to their ownership of that shareholding;
- b) a statement by shareholders other than those that individually or jointly own a controlling or relative majority equity interest in the Company, attesting to the absence of relationships with the latter pursuant to current laws and regulations;
- c) complete information about the candidate's experience and qualifications, and a statement by the candidates themselves attesting to their satisfaction of legal requirements and acceptance of candidacy, as well as the list of any management and supervisory positions held at other companies.

Any list that does not comply with the foregoing requirements will be ignored.

The statutory auditors are elected as follows:

- 1) two statutory auditors and one alternate auditor are elected from the list that received the highest number of votes cast at the Shareholders' Meeting, according to the progressive number in which they are indicated on the respective sections of the list;
- 2) one statutory auditor, who shall be Chairman of the Board of Statutory Auditors, and the other alternate auditor are elected from the list that received the second highest number of votes cast at the Shareholders'

Meeting and that, pursuant to applicable laws and regulations, is not directly or indirectly associated with the shareholders that submitted or voted for the list that received the highest number of votes, according to the progressive number in which they are indicated on the respective sections of the list. In the case of a tie vote between two or more lists, the oldest candidates shall be elected statutory auditor.

A statutory auditor forfeits his position in the cases envisaged by law and regulation, and when the requirements established in the Bylaws for his candidacy are no longer satisfied. When a statutory auditor's seat is vacated, it is filled by the alternate auditor elected on the same list as that of the former statutory auditor. However, the Board of Statutory Auditors must always be chaired by the statutory auditor elected on the minority slate. When the Shareholders' Meeting has to appoint statutory auditors and/or alternate auditors in order to fill positions on the Board of Statutory Auditors, the following procedure must be followed: if statutory auditors elected on the majority slate must be replaced, the candidate is elected by a relative majority vote without restrictions as to the list; on the other hand, if it is necessary to replace statutory auditors elected on the minority list, the Shareholders' Meeting replaces them by relative majority vote, chosen from the candidates included on the list to which the former statutory auditor belonged. If, for any reason, application of this procedure does not permit replacement of the statutory auditors designated by the minority, the Shareholders' Meeting shall vote according to a relative majority. Nevertheless, when ascertaining the results of this last vote, the votes of the shareholders who, according to the notices served pursuant to applicable laws and regulations, own directly or indirectly or jointly with other shareholders belonging to a relevant shareholders agreement pursuant to Article 122 TUF, the relative majority of votes that can be cast at the shareholders' meeting, as well as those of the shareholders that control, are controlled or are subject to joint control with them shall not be counted. The preceding provisions for election of statutory auditors do not apply at the Shareholders' Meetings where just one list is submitted or just one list is voted. In these cases the Shareholders' Meeting decides according to a relative majority.

The Board of Statutory Auditors performs the functions delegated to it by law and other applicable regulatory provisions. The Board of Statutory Auditors also exercises all other duties and powers envisaged by special laws. The directors must report to it in writing on a quarterly basis pursuant to Article 150 TUF.

The Board of Statutory Auditor meetings may also be held by conference call and/or video conference, on condition that:

- a) the Chairman and person taking the minutes are present at the same place as that where the meeting has been called;
- b) all participants can be identified and follow the discussion, receive, transmit and read documents, and orally participate in real time on all matters. If these requirements are satisfied, the Board of Statutory Auditors meeting is considered to have been held where the Chairman and keeper of the minutes are located.

A specially qualified independent auditor (see above at section 13.1) audits the Company accounts in accordance with applicable statutes.

16. Statutory Auditors

The current Board of Statutory Auditors, appointed by the Ordinary Shareholders' Meeting on 9 June 2005 (without using the voting list system, in accordance with provisions of law in force at that time) and in office until approval of the balance sheet at 31 December 2007, is comprised as follows:

POSITION	NAME AND SURNAME	PLACE AND DATA OF	POSITION HELD	INDEPENDENTS
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			SINCE	
Chairman	Claudio Siciliotti	Udine, 28 July 1952	09/06/2005	X
Statutory Auditor	Umberto Lago	Vicenza, 29 September 1964	09/06/2005	X
Statutory Auditor	Stefano Milanese	Udine, 11 August 1957	09/06/2005	X
Alternate Auditor	Michela Cignolini	Udine, 17 August 1967	09/06/2005	X
Alternate Auditor	Roberto d'Imperio	San Nazzaro Sesia, 20 April 1958	09/06/2005	X

The following list indicates the principal activities performed by members of the Board of Statutory Auditors outside the Company.

Name and surname	Position at Eurotech	Positions held and Companies:
Claudio Siciliotti	Chairman	<p><u>CHAIRMAN BoD:</u> Hypo Alpe-Adria-Finance S.r.l, Rome 2006 S.r.l.</p> <p><u>EXECUTIVE DIRECTOR:</u> Hypo Alpe-Adria-Finance S.r.l.</p> <p><u>DIRECTOR:</u> Hypo Alpe Adria Finance S.r.l., Roma 2006 S.r.l., Certicomm – National Certification Authority, Delta Erre S.p.A, OIC - Organismo Italiano di Contabilità (Italian Accounting Organisation).</p> <p><u>CHAIRMAN OF THE BOARD OF STATUTORY AUDITORS:</u> Advanced Global Solution A.G.S. S.p.A., C.O.A.S. - Italia S.p.A., Cefin S.p.A., Compumania S.p.A., Concast Technologies S.r.l., Efezeta S.p.A., Elveca S.p.A., Friulanagas S.p.A., Germacar Auto S.p.A., GIA S.p.A., Invec S.p.A., Lextel S.p.A., Neuricam S.p.A., Pittini S.p.A., RTH Group S.p.A., Sager S.r.l., Stark S.p.A., Thermokey S.p.A., Trastec Scpa in liquidazione, VSIX S.c.a.r.l.</p> <p><u>STATUTORY AUDITOR:</u> E.F. Fim S.p.A., Edilfriuli S.p.A., Friulmac S.p.A., Leasing '79 S.p.A., Prestitalia S.p.a., Redifin S.p.A., Sartogo S.p.A.</p> <p><u>ALTERNATE AUDITOR:</u> Amato Re S.r.l., BP Sedie S.p.A., Finanziaria 2008 S.p.A., Geber S.p.A., Germacar di Cesaro Sergio S.p.A., Germacar Immobiliare S.p.A., Germacar S.r.l., Germacar Udine S.p.A., Rizzani De Eccher S.p.A., Tardivello Gregorio & C. S.p.A., Tonon & C. S.p.A.</p> <p><u>MANAGING PARTNER AND REPRESENTATIVE:</u> Gemini S.n.c, Sagittario S.S., Sagittario Tre S.S, Siciliotti e Associati dottori commercialisti</p>
Umberto Lago	Statutory Auditor	<p><u>CHAIRMAN OF THE BOARD OF DIRECTORS:</u> Company italiana vini srl</p> <p><u>STATUTORY AUDITOR:</u> Va Bene srl</p>

Stefano Milanese	Statutory Auditor	<p><u>DIRECTOR:</u> Elyq S.P.A.; Friulco S.P.A.; Strixus S.P.A.</p> <p><u>CHAIRMAN OF THE BOARD OF STATUTORY AUDITORS:</u> Serichim Spa</p> <p><u>STATUTORY AUDITOR:</u> B Company S.P.A.; Bpt S.P.A.; Cantiere Se.Ri.Gi. Di Aquileia Spa; Ilcam S.P.A.; Mistral Fvg S.r.l.; Prosciuttificio Dok Dall'Ava S.r.l.; Safop S.p.A.; Tubificio Del Friuli S.P.A.; Banca Di Manzano</p> <p><u>STATUTORY AUDITOR:</u> Karton S.P.A.; Quality Food Group S.P.A.</p>
Michela Cignolini	Statutory Auditor	<p><u>CHAIRMAN OF THE BOARD OF DIRECTORS:</u> Private Trust Company S.r.l.</p> <p><u>SOLE DIRECTOR:</u> Giustidue S.r.l.</p> <p><u>EXECUTIVE DIRECTOR:</u> Private Trust Company S.r.l.</p> <p><u>DIRECTOR:</u> Private Trust Company S.r.l.</p> <p><u>CHAIRMAN OF THE BOARD OF STATUTORY AUDITORS</u> Germacar S.r.l., Germacar di Cesaro Sergio S.p.A., LO.GI.CA S.p.A.</p> <p><u>STATUTORY AUDITOR:</u> Amato Re S.r.l., B.P. Sedie S.p.A., Concast Technologies S.r.l., Geber S.p.A., Invec S.p.A., RTH Group S.p.A.</p> <p><u>STATUTORY AUDITOR:</u> Cefin S.p.A., Certicomm - Autorità Nazionale di Certificazione, Effezeeta S.p.A., Friulanagas S.p.A., Germacar Auto S.p.A., Germacar Immobiliare S.p.A., Germacar Udine S.p.A., Leasing '79 S.p.A., Neuricam S.p.A., Pittini S.p.A., Prestitalia S.p.A., Sager S.r.l., Tardivello Gregorio & C. S.p.A., Thermokey S.p.A.</p> <p><u>MANAGING PARTNER</u> Siciliotti e Associati dottori commercialisti</p>

Roberto d'Imperio	Alternate Auditor	<p><u>CHAIRMAN OF THE BOARD OF STATUTORY AUDITORS:</u> <u>Carlo Nobili S.p.A. – Rubinetterie - Vamoter S.r.l. - Interflex S.p.A - M.R.G. S.p.A – Infocert S.p.A. - AMATO RE S.r.l.</u></p> <p><u>STATUTORY AUDITOR:</u> <u>Germacar S.r.l. – Reali e Associati Company di Intermediazione Mobiliare (SIM) S.p.A. - Piscetta Fratelli S.r.l. - Germacar di Cesaro Sergio S.p.A. – Germacar Auto S.p.A. – Deoflor S.p.A. – Germacar Udine S.p.A. – Cefin S.p.A.</u></p> <p><u>ALTERNATE AUDITOR:</u> <u>Prestitalia – S.P.A.</u></p> <p><u>CHAIRMAN OF THE BOARD OF DIRECTORS:</u> <u>Certicomm – Autorità Nazionale di Certificazione</u></p> <p><u>DIRECTOR:</u> <u>Open Dot Com S.p.A. - Centro di Assistenza Fiscale Nazionale Dottori Commercialisti S.p.A. - Independent Director of Banca Popolare d'Intra</u></p>
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The Board of Statutory Auditors held 6 (six) meetings in FY 2007: 14 February, 26 March, 13 April, 4 July, 3 October and 18 December 2007.

On 29 March 2007 the Board of Statutory Auditors confirmed that its members still satisfied the requirement that its members be independent in accordance with the provisions of the Code governing the independence of Directors.

The Statutory Auditors periodically monitor the independence of the independent auditors, reporting on their findings in their annual report to the Shareholders' Meeting.

In carrying out its duties, the Board of Statutory Auditors regularly co-ordinated with the Internal Control Committee through contacts with the Compliance Officer.

17. Shareholder Relations

The Company believes that it has a specific interest, as well as duty to the market, in establishing a continuous dialogue based on mutual understanding of roles with the majority of shareholders and institutional investors. This dialogue must be conducted in compliance with the procedure governing external disclosure of corporate documents and information.

At its 2 September 2005, the Company Board of Directors appointed Massimo Mauri as *Investor Relator*, in order to ensure fair, continuous and complete communication in accordance with Article 2.2.3.(3)(j) of the Stock Market Regulation, applicable to the issuers holding STAR qualification. Nonetheless, the disclosure

of information regarding the Company in the course of these relations must be made in compliance with the internal Inside Information Regulation.

Disclosures are guaranteed by promptly publishing corporate documents on the Company website.

18. Shareholders' Meeting

In accordance with clause 11.P.1 of the Corporate Governance Code, the Directors are required to encourage and facilitate the broadest possible participation of shareholders at Shareholders' Meetings. Since Company Shareholders' Meetings have always been held on an orderly basis, the Board of Directors does not currently deem it necessary to propose adoption of a specific regulation to govern the proceedings of Shareholders' Meetings.

Pursuant to Article 8 of the current Company Bylaws, the shareholders who have been issued the notice by the intermediary that keeps the relevant accounts pursuant to Section 2370(2) Italian Civil Code at least two non-holidays before the Shareholders' Meeting are entitled to attend the Shareholders' Meetings.

The Directors and Statutory Auditors are also required to attend the Shareholders' Meetings. During those meetings, they are required to provide the Shareholders with the information regarding the Company in accordance with the rules governing price sensitive information.

As prescribed by clause 10.2 of the Bylaws, the Chairman of the Shareholders' Meeting is delegated with the responsibility of ascertaining the identity and qualifications of those present to attend the meeting, confirming that the Shareholders' Meeting was duly convened, and confirming that a quorum of shareholders as necessary to approve resolutions validly is present. The Chairman is also required to moderate the proceedings, establish the voting procedures and verify the results of voting.

During the Shareholders' Meetings held In FY 2006, the Directors and Statutory Auditors provided the Shareholders with information on the Company to the extent this was compatible with laws and regulations governing price sensitive information.

In regard to the changes in market capitalisation or ownership of the Issuer as envisaged in application criterion 11.C.6 of the Code, notice is hereby given that, in accordance with Article 144 *quater* of the Issuer Regulation, Articles 14 and 26 of the Issuer's Bylaws impose a threshold of 2.5% and 2% of the voting shares or the other percentage that might be established by law or regulation for the submission of lists of candidates to the Board of Directors and Board of Statutory Auditors. In particular, Consob Resolution no. 16319 of 29 January 2008 envisages that the minimum shareholding for submission of lists of candidates to the management and supervisory body is 4.5% of the share capital.

19. Changes since the End of the Reporting Period

Eurotech has not made any changes since the end of the reporting period.