

**SOGEFI S.P.A. - INTERNAL PROCEDURE ON THE SUBJECT OF PRIVILEGED INFORMATION**

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Annex 1 – *Legislation and Regulations on the subject*

1. Foreword

This procedure (hereinafter the “Procedure”) regulates the communication to the market of privileged information by SOGEFI S.p.A. (hereinafter also “SOGEFI” or the “Company”), and the companies that the latter either directly or indirectly controls, as per the terms of Art. 2359 of the Civil Code (hereinafter also the “Group”), as required by legislation and regulations on the subject (Annex 1).

The Company, on July 25 2016, in compliance with EU Regulation no. 596/2014 (hereinafter “MAR”), brought the “*Register of Persons who have access to Privileged Information*” into line with the new rules, appointed an officer responsible for keeping and managing the said register and updated the procedure for disclosing transactions in the financial instruments of the Company put in place by the so-called relevant persons.

A new version was therefore prepared of the “*Code of Conduct on the subject of Internal Dealing and the Register of Persons who have access to Privileged Information*” (hereinafter defined as the “Code”), replacing the one adopted by the Company in 2006.

The Code is an integral part of this Procedure.

Application criterion 1.C.1 j) of the Code of Conduct for Listed Companies adopted by the Corporate Governance Committee of Borsa Italiana S.p.A. stipulates that in order to evaluate the correct management of corporate information, the Board of Directors should, at the proposal of the Chief Executive Officer or of the Chairman of the Board of Directors, adopt a procedure for

managing internally and disclosing externally the documents and information regarding the issuer, with particular reference to privileged information.

The Company and the Group adhere to the rules and regulations of Consob and Borsa Italiana that are applicable on the subject of the publication of regulated and privileged information. For a precise identification of “Privileged Information”, “Financial Instruments” and “Relevant Persons” reference should be made to the definitions given in the Code.

The Procedure and the Code supplement the Organization Model as per D.Lgs. 231/01, thus providing an instrument of control aimed at preventing the formation and perpetration of the offences contained therein.

The Chairman of the Board of Directors and the Chief Executive Officer explicitly reserve the right to make any amendments or additions to this Procedure that may become necessary following measures introduced by law.

## 2. Information to be given to the market

Current regulations on the subject of company information require listed issuers to inform Consob and the body managing the regulated markets on which the financial instruments of the said issuers are listed (Borsa Italiana S.p.A.) and the general public of any privileged information, the knowledge of which could affect the way in which the said financial instruments are valued, thus the level of supply and demand for the same and therefore also their price.

On this subject, it should be noted that, in the event of a lengthy process, the intermediate stages of the process may be considered as privileged information.

On the basis of what has been explained above, the Chief Executive Officer even at the request of the Company departments involved at any one time, shall identify the events, the circumstances and the figures that could have a significant effect on the price of the financial instruments and as such could thus be considered as “privileged information”.

The disclosure obligations are complied with when the general public is informed in a timely manner of a circumstance or an event or a set of circumstances or events, which have become sufficiently specific and which are reasonably certain to occur, even though they have not yet been formalized.

The disclosure to the public of privileged information takes place through press releases, which must contain elements suitable to allow a complete and correct evaluation of the events and circumstances described in them, together with any links and comparisons with the content of previous press releases and must not refer to content of a promotional or marketing nature which could be misleading.

The Company is also required to publish press releases when there are sufficiently precise signs that would lead one to suppose that confidentiality obligations have not been respected by persons who have access to privileged information.

In the event of requests by Consob or Borsa Italiana for information or disclosure to the market, even with reference to market rumours regarding the Company and/or the Group, the Company will examine the situation and if appropriate will discuss the matter with Consob and Borsa Italiana before possibly publishing a press release.

### 3. Confidentiality obligation

In accordance with the terms of the Code of Ethics, Directors, Statutory Auditors, Executives and employees of SOGEFI and its subsidiaries and the persons who provide work and/or professional services in favour of the Company and its subsidiaries in a different working relationship from that of regular employment, are required to (i) not reveal to third parties or spread or use confidential information or data relating to the Company or the Group that has come to their knowledge except for carrying out their mandate or function, ensuring that any third parties are required by law, regulations, company bylaws or contract to respect the confidentiality of the information and documents received; and (ii) inform the Chairman of the Board of Directors or the Chief Executive Officer immediately of any act or fact that has come to their knowledge that could be a possible or potential infringement of the confidentiality obligation.

Such information, which could have or could take on the nature of privileged information, must be treated with every due caution when it is circulated within the Company in order to ensure that the confidential nature of the information is not prejudiced, until the same information is released to the market according to the terms of this Procedure.

### 4. Procedure for the use of delay in the disclosure of Privileged Information

As per the terms of Art. 17, paragraph 4, of the MAR Regulation, the Company can, under its own responsibility, delay the disclosure to the public of Privileged Information on condition that the following conditions are met with:

- a) Immediate disclosure would probably prejudice the legitimate interests of the Company;
- b) The delay of disclosure would probably not have the effect of misleading the public;
- c) The Company is able to guarantee the confidentiality of such information.

Decisions as to whether to exercise the right to delay disclosure of Privileged Information to the public are made on a case-by-case basis, under the direct responsibility (i) of the Chairman of the Board of Directors or the Chief Executive Officer or (ii) should it be deemed appropriate or necessary, by the Boards of Directors.

Regarding the “legitimate interests” mentioned in a) above, the MAR Regulation states that “*for the purposes of applying the obligations relating to the disclosure to the public of privileged information and the delay of such disclosure, which are established in this regulation, legitimate interests can refer specifically to the following circumstances, the list of which is not exhaustive:*

- *Negotiations in progress, or related factors, when disclosure to the public could jeopardize the outcome or the normal progress of the same. In particular, when there is a serious and imminent threat to the financial solidity of the issuer, even in cases where this is not in the sphere of the rules applicable on the subject of insolvency, disclosure to the public of the information may be delayed for a limited period of time if there is a risk of it seriously damaging the interests of existing or potential shareholders as it would prejudice the conclusion of the negotiations aimed at ensuring a long-term financial solution for the issuer;*
- *Decisions taken or contracts concluded by the management body of an issuer, the validity of which is subject to approval by another body of the same issuer, when the structure of*

*the issuer involves separation between the said bodies, provided that the disclosure to the public of the information before approval, combined with the simultaneous announcement that the approval is still in progress, risks compromising the correct evaluation of the news by the public”.*

As indicated in the definition of Privileged Information, in the event of the occurrence of a particular circumstance (or future event) that requires a longer process to reach completion, such a future circumstance or future event, together with the intermediate stages of the same process that are linked to its completion or to the determination of the future circumstance or event, may be considered as information having a precise nature and may give rise to Privileged Information in cases where, in addition to the characteristic of precision, the other three characteristics typical of Privileged Information are present.

However, pursuant to the above cited Art. 17, paragraph 4, the Company can, under its own responsibility, delay the disclosure to the public of Privileged Information even that relating to such a process, without prejudice to the conditions stated in a), b) and c).

It should be noted that periodic accounting disclosures are to be considered as Privileged Information when there is a “significant variance” between the actual performance of operations and the amounts previously disclosed to the public. The executive responsible as per Art. 154 bis assesses whether or not the conditions apply for using the delaying procedure and, having ascertained that the three conditions that make it legitimate do in fact exist, notifies the Chairman and the Chief Executive Officer of the decision to use the delaying procedure. The Chairman and the Chief Executive Officer will decide whether to go ahead and use the said delaying procedure.

## 5. Field of application

This Procedure is applicable – to the extent of their respective competence – to the Directors, Statutory Auditors, employees and external collaborators of SOGEFI and the companies of the Group controlled by the latter who, for their role or for their activities and projects, have access to and/or manage privileged information or information that could potentially become privileged.

To this end, the Company – even through its administrative body – must give its subsidiaries the instructions necessary to guarantee compliance with the obligations contained in this Procedure. The application of this Procedure is the result of the publication of rules of Law or Regulations which means that the rules contained in them are for the most part rules of Law punishable independently by the State.

However this does not mean that employees who fail to observe the Procedure will not be further sanctioned, as per the terms of the Law and the national labour contracts in force (CCNL), since this is serious misconduct and is a breach of the obligations entered into with the Company; for persons who do not have a regular employment contract with the Company – while the Company has the right to demand compensation for the damages even to its image and to take possible further action to safeguard itself – the Company has the right to terminate any existing agreement without notice.

## 6. Publication of press releases

In the presence of an event or a circumstance or of events or a series of circumstances which constitute Privileged Information likely to influence the price of SOGEFI shares, the competent departments of the Company send a draft press release to the Chairman of the Board of Directors, the Chief Executive Officer/General Manager with sufficient notice before the scheduled date of release in order to allow them to give their assessment as to the merit, the content and compliance with the criteria for the preparation of such releases.

In cases where the press release gives periodic reporting of economic and financial figures, budget numbers and/or quantitative objectives, it is submitted to a prior check by the Administration and Finance Department and by the Executive responsible for the preparation of the Company's accounts and corporate documents.

However, when regular economic and financial figures, budget numbers and/or quantitative objectives are to be released, the authorization process can be considered to be concluded – and, thus, the disclosure is ready to be divulged to third parties – only after first being examined, discussed and approved by the Board of Directors.

Once the required approvals have been obtained, the press release in its Italian and its English versions, is sent to the members of the Board of Directors and the Board of Statutory Auditors. At the same time it is released to the public and sent to Consob and Borsa Italiana through the SDIR – NIS system in accordance with applicable regulatory requirements, with particular reference to release when the market is open. The press release is also published on the Company's website [www.sogefigroup.com](http://www.sogefigroup.com), where it remains available for at least 10 years.

Following confirmation of publication using the procedures described above, the Communication Department sends the press release by email to a mailing list of journalists specializing in the economic and financial sector and uploads it into the Company's institutional website.

Information about the main corporate events, such as Board of Directors Meetings scheduled for the approval of interim financial reports, of the annual financial statements, the distribution of dividends as well as the calendar for Shareholders' Meetings is given at least thirty days before the end of the previous financial year; any subsequent change in the dates scheduled will be notified to Consob, Borsa Italiana and the market as soon as possible.

The Company's institutional website – in the sections intended for analysts/institutional investors - in addition to the press releases, also contains economic and financial reports, corporate documents, presentations to the financial community, information documents etc., concerning privileged information. The said documentation is published on the website only after the Company has fulfilled the disclosure obligations required by current regulations and is managed by the Central Finance and Investor Relations Department.

## 7. Meetings with market operators, interviews and statements made to the mass media

If the Company organizes or takes part in meetings with financial analysts, institutional investors or other market operators, it must check that all the documents made available contain information that has already been released to the public.

Without prejudice to delegated powers and legal representation, relations with the mass media are the exclusive responsibility of the Communication Department.

It is absolutely forbidden for anyone to give an interview to representatives of the mass media or to make any statements containing information on significant facts that can be classified as privileged information if the said information has not already been released to the public.

Allegato 1

**LEGISLATION AND REGULATIONS ON THE SUBJECT**

The legislation and regulations on the subject of corporate disclosures refers to the following:

- D.Lgs. no. 58 of February 24 1998 *“Single Text of the Rules on the subject of Financial Intermediation”* ss.ii.mm. (hereinafter, the **“TUF”**);
- Consob Regulation adopted with resolution 11971 of May 14 1999 and subsequent amendments etc. (**“Rules for Issuers”**);
- Regulation (EU) no. 596/2014 (**“MAR Regulation”**) relating to market abuse (market abuse regulation) which abrogated Directive 2003/6/EC of the European Parliament and the Council and Directives 2003/124/EC 2003/125/EC and 2004/72/EC of the Commission;
- Implementing Regulation (EU) no. 347/2016;
- D.Lgs. no. 231 of June 8 2001, *“Discipline of the Administrative Liability of Legal Entities and Associations even those without legal status”* and subsequent amendments etc. The internal regulatory framework on the subject of Privileged information comprises the following:
  - Code of Conduct of CIR S.p.A.;
  - Code of Ethics;
  - Organization, Management and Control Models, as per the terms of D.Lgs. no. 231 of June 8 2001;
  - Code of Conduct on the subject of internal dealing.