

## ***F) 40. RELATED PARTY TRANSACTIONS***

See IAS 24 and the related communications from Consob for the definition of related party transactions.

The Group is controlled by the Holding Company CIR S.p.A. (which in turn is controlled by the ultimate Holding Company F.lli De Benedetti S.p.A.), which as at 31 December 2016 held 55.68% of the share capital (57.06% of outstanding shares, excluding treasury shares). Sogefi S.p.A.'s shares are listed on the STAR segment of Mercato Telematico Azionario managed by Borsa Italiana S.p.A.

The Group's consolidated financial statements include the financial statements of the consolidated companies, listed in chapter H along with the stake held in the same by the Group.

Dealings between Group companies are conducted at arm's length, taking into account the quality and nature of services rendered. During the year 2016, the Parent Company Sogefi S.p.A. – in its capacity as the holding company of the Group – provided administrative, financial and management support services directly to the three French operating sub-holding companies Sogefi Filtration France S.A., Sogefi Suspensions France S.A. and Sogefi Air et Refroidissement France S.A. with a view to strengthening their role with respect to the operating companies that are part of the relating business units. The three sub-holding companies, for their part, redistribute the services rendered by the Holding Company to the companies operating in the relating business units, and also provide them with additional operating/business support and assistance services. The Holding Company also debits and credits interest at a market spread to those subsidiaries that have joined the Group's cash pooling system.

The Holding Company is also charging royalty fees on the Group "SAP" information system to those subsidiaries at which implementation has been completed, as well as a consideration for the Group centralised data communication service through a single provider.

During 2016, most purchasing functions that were previously concentrated in subsidiary Sogefi Purchasing S.A.S. (now named Sogefi Gestion S.A.S.) were re-assigned to the individual business units. As from 2016, subsidiary Sogefi Gestion S.A.S. also carries out centralised functions and charges Group companies for administrative, financial, legal, industrial and IT services.

As part of its activity, the Parent Company Sogefi S.p.A. makes use of the services provided by CIR S.p.A., its Parent Company, in areas such as strategic development and of an administrative, financial, fiscal and corporate nature. This relationship is regulated by contracts at arm's-length conditions and the cost is commensurate to the effective value of such services to the Sogefi Group in terms of the resources devoted to them and the specific economic advantages obtained as a result.

In 2016, the Parent Company Sogefi S.p.A. used the services of CIR S.p.A., paying Euro 500 thousand for them (Euro 850 thousand in the previous year).

As at 31 December 2016, the Italian companies of the Sogefi Group had receivables for the amount of Euro 5,867 thousand owed by CIR S.p.A. in connection with their participation in the group tax filing system, and payables for the amount of Euro

1,750 thousand. As at 31 December 2015, receivables amounted to Euro 6,378 thousand (Euro 5,683 thousand were collected during the course of 2016) and payables amounted to Euro 898 thousand.

At the end of 2016, the subsidiary Sogefi Italy S.p.A. recorded an income of Euro 413 thousand (Euro 212 thousand in the previous year) following the transfer of fiscal surplus to companies that have joined the CIR Group tax filing system in order to have an interest deduction. The Parent Company Sogefi S.p.A. recorded an expense of Euro 1,390 thousand (Euro 1,454 thousand in the previous year) due to the payment for the fiscal surplus received from the companies that have joined the CIR Group tax filing system.

As regards economic transactions with the Board of Directors, Statutory Auditors, Chief Executive Officer and the Manager with strategic responsibility in 2016, please refer to the attached table.

Apart from those mentioned above and shown in the table below, at the date of these financial statements, we are not aware of any other related party transactions.

The following table summarises related party transactions:

(in thousands of Euro)	2016	2015
<b>Receivables</b>		
- for the Group tax filing from CIR S.p.A.	5,867	6,378
- for income following the transfer of fiscal surplus to the CIR Group	413	212
<b>Payables</b>		
- for purchases of energy/gas from Sorgenia S.p.A.	8	8
- for expense due to fiscal surplus received from the CIR Group	1,390	1,454
- for Director's remuneration	114	76
- for services from other related companies	-	31
- for the Group tax filing from CIR S.p.A.	1,750	898
<b>Costs</b>		
- for services received from CIR S.p.A.	500	850
- for expense due to fiscal surplus received from the CIR Group	1,390	1,454
- for services from other related companies	33	123
<b>Revenues</b>		
- for income following the transfer of fiscal surplus to the CIR Group	413	212
<b>Compensation of directors and statutory auditors</b>		
- directors (*)	625	690
- statutory auditors	155	160
<b>Compensation and related contributions to the ex General Manager of the Holding Company (**)</b>	841	610
<b>Compensation and related contributions to Manager with strategic responsibilities ex Consob resolution no. 17221/2010 (***)</b>	453	1,132

(\*) the item includes the imputed income from phantom stock option plans of Euro 8 thousand (imputed cost of Euro 8 thousand in 2015) recognised in item "Administrative and general expenses", as well as the imputed cost of stock grant plans of Euro 2 thousand (Euro 76 thousand in 2015) recognised in item "Other non-operating expenses (income)"

(\*\*) in office since 8 June 2015. The item includes the imputed cost of stock grant plans of Euro 99 thousand in 2016 (Euro 13 thousand in 2015) recognised in item "Other non-operating expenses (income)"

(\*\*\*) the cost of the year 2015 includes indemnities for Euro 682 thousand associated with the termination of employment occurred in 2015. The item includes the net imputed income of stock grant plans of Euro 30 thousand in 2016 (imputed income of Euro 102 thousand in 2015) recognised in item "Other non-operating expenses (income)"