

## **SOGEFI S.p.A.**

Company subject to the direction and coordination of CIR S.p.A.

### **REPORT OF THE BOARD OF STATUTORY AUDITORS PURSUANT TO ARTICLE 153 OF ITALIAN LEGISLATIVE DECREE No. 58/1998**

To the Shareholders Meeting of SOGEFI S.p.A.

During the financial year closed at December 31, 2014, we carried out our supervisory activity as required by law and the Articles of Association, in accordance with the Rules of Conduct for the Board of Statutory Auditors recommended by the National Council of Accountants and the Code of Conduct issued by the Corporate Governance Committee of Borsa Italiana S.p.A., and hereby report on such activity. This report was drawn up following the recommendations set out in Consob Communication no. 1025564 of April 6, 2001 and subsequent amendments.

As regards the methods employed to perform our duties during the period under consideration, we report as follows:

- we attended the Shareholders Meetings and Board of Directors meetings held during the period under consideration and by the Directors we obtained timely and adequate information on operations and their outlook, as well as on significant operational, financial and equity-related operations conducted by the Company and subsidiaries within the Group, as required by law and the Articles of Association; all meetings of the Control and Risk Committee and of the Appointment and Remuneration Committee were attended by one or more members of the Board of Statutory Auditors;
- we obtained the necessary information to perform our tasks and determine compliance with the law and the Articles of Association, proper governance principles, adequacy of the Company's organizational structure, internal control system and of the administration-accounting system, by direct investigation, collecting information from the heads of the involved departments and sharing data and significant information with the appointed Independent Auditors;
- under art. 19 of Legislative Decree no. 39/2010, our activities in our capacity as Internal Control and Audit Committee addressed the following issues: a) financial reporting process; b) effectiveness of internal control, auditing and risk management systems; c) statutory audits of annual and consolidated accounts; d) independence of the Independent Auditors, and were conducted by direct investigation, collecting information from the heads of the involved departments, analysing the results of the Independent Auditors' work;
- we examined the results of the quarterly audits of accounts to ensure proper accounting conducted by the Independent Auditors;
- we obtained the Reports provided for by art. 14 and art. 19, paragraph 3 of Legislative Decree no. 39/2010 from the Independent Auditors;
- under art. 17, paragraph 9, letter a) of Legislative Decree no. 39/2010, the Independent Auditors submitted their annual Statement of Independence, a disclosure of any additional, non-audit services provided to SOGEFI S.p.A. and the Group by the Independent Auditors and entities belonging to its network;
- under art. 17, paragraph 9, letter b) of Legislative Decree no. 39/2010, we analysed the risks associated with the independence of the Independent Auditors and the measures they take to reduce such risk;

- we monitored the performance of the system used to control subsidiaries and the adequacy of the directions given to them, also under art. 114, paragraph 2 of Legislative Decree no. 58/1998;
- we monitored the actual methods used to implement the corporate governance rules set out in the Code of Conduct issued by Borsa Italiana S.p.A., as adopted by the Company;
- we determined whether the Organization, Management and Control Model as per Legislative Decree no. 231/2001 and subsequent amendments was updated to comply with the expanded scope of the Decree;
- under art. 4, paragraph 6 of the Regulation approved by Consob Resolution no. 17221 of March 12, 2010, we monitored compliance with the Discipline for related-party transactions approved by the Board of Directors;
- we ensured that no significant issues exist that the controlling bodies of SOGEFI S.p.A. subsidiaries would have to disclose;
- we determined compliance with law provisions and regulations concerning the preparation, layout and statements of the statutory and consolidated financial statements as well as their accompanying documents. We also determined that the relevant Reports on Operations comply with the law and regulations in force and are consistent with the resolutions of the Board of Directors;
- we ascertained the adequacy, in terms of method, of the impairment test process implemented to identify the presence of any impairment loss on assets entered to the financial statements subject to impairment test;
- we have noted, based on the statements made by the Directors and the opinions issued by the Board of Directors, that the criteria and procedure adopted expressed by the Board assessment of the independence of its members have been properly applied.

After completing our surveillance activity as outlined above, we did not identify any significant events such as would have to be reported to the Supervisory Authorities, nor any proposals concerning the financial statements, their approval or any other issue within our area of responsibility.

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Outlined below is the information specifically required by the above mentioned Consob Communication of April 6, 2001 and subsequent amendments.

- We obtained adequate information on significant operational, financial and equity-related operations conducted by SOGEFI S.p.A. and its subsidiaries and ascertained their compliance with the law and the Articles of Association; the Directors provide adequate disclosure on such transactions in the Report on Operations; we also obtained information on and assurance that the transactions resolved and carried out were not manifestly imprudent, risky, in conflict with resolutions or in potential conflict of interest with the same or, in any case, of such a nature as to jeopardize the integrity of corporate assets.
- We obtained adequate information on intercompany and related party transactions. Based on obtained information, we ascertained that such transactions comply with the law and the Articles of Association, satisfy the interest of the company and raise no doubts as to their accurate, exhaustive disclosure in the financial statements, the existence of any conflict-of-interest situations, the protection of corporate assets and

safe-guarding of minority shareholders; periodic audits and inspections carried out at the Company's premises did not identify any atypical and/or unusual transactions.

- The Directors provide adequate disclosures on key transactions, as well as on the dealings between SOGEFI S.p.A., Group companies and/or related parties in the Report on Operations and in the Explanatory and Supplementary Notes, and state that such dealings were conducted at arm's length, taking into account the quality and type of services rendered; such dealings mainly consisted in the provision of administrative and financial services, including the Group centralized treasury management with the related credit and debit interest, as well as management support services and the utilization of SAP Information system across the Group; Sogefi S.p.A. also receives by the parent company CIR S.p.A. strategic development services and services in administrative, financial, fiscal and corporate nature; appropriate financial details are provided and the impact on the statement of financial position is adequately described in the documents accompanying the 2014 statutory financial statements.

- The Independent Auditors Deloitte & Touche S.p.A. issued their Audit Reports under art. 14 of Legislative Decree no. 39/2010 on the statutory and consolidated financial statements as at December 31, 2014 on the same date as this document. These reports include the auditors' opinion on consistency as provided for by art. 14, paragraph 2, letter e) of Legislative Decree no. 39/2010 and art. 123-bis of Legislative Decree no. 58/1998, without any disclosure observations or statements.

- We received no complaints pursuant to art. 2408 of the Italian Civil Code, nor do we have any knowledge of any statements of complaints submitted to other parties.

- During the year 2014, SOGEFI S.p.A. engaged the Independent Auditors to perform certain certifications after due inspection - in addition to its auditing services - for a consideration of Euro 80,000. During the same year, SOGEFI S.p.A.'s subsidiaries engaged the Independent Auditors to entities belonging to the network to perform certain certifications after due inspection for a Euro 72,000 and other services for euro 56,000.

The amounts paid were found to be adequate to the size and complexity of the performed work are not deemed liable to affect the independence and discretion of the auditors in performing their auditing tasks.

- During the year under consideration, we have given advice pursuant to article 2389 of the Italian Civil Code.

- The following meetings were held during the year 2014: 7 Board of Directors meetings, 6 Control and Risk Committee meetings, 3 Appointment and Remuneration Committee meetings and 7 Statutory Board of Directors meetings.

- There are no particular observations to be made concerning compliance with proper administration principles, which appear to have been implemented consistently, or the adequacy of the organizational structure, which we found to be adequate to meet the requirements for operations management and control. It should be noted that following the termination of the employment relationship with the Managing Director Mr. Fiocchi in October 2014, the company assigned to the Vice President Mrs Monica Mondardini the ordinary administration and is currently searching for a manager to be entrusted with the function of Managing Director.

- We found the internal control system to be adequate to the size and management of the Company as we also ascertained during the meetings of the Control and Risk Committee, which are attended by the President of the Board of Statutory Auditors (or by a Statutory Auditor appointed by the President) as provided for by corporate governance rules. In addition, the Group's Chief Internal Auditing Officer and Internal Control Officer under the Code of Conduct issued by the Corporate Governance

Committee for listed companies acted as a liaison and provided the necessary information on the methods adopted to perform his duties of control and the results of his audits, among other things by attending certain meetings of the Statutory Board of Auditors.

- There are no observations to be made as to the adequacy of the administrative/accounting system and its ability to provide a reliable view of operations; with regard to the disclosures in the statutory and consolidated financial statements as at December 31, 2014, the Vice President and the Manager charged with preparing the company accounts have issued their relevant statements under art. 154-*bis*, paragraph 5 of Legislative Decree 58/1998 and art. 81-*ter* of Consob Regulation no. 11971 of May 14, 1999 as subsequently amended have issued their relevant statements.

- There are no observations to be made on the adequacy of information flows from subsidiaries to the Holding Company aimed at ensuring timely compliance with disclosure obligations under the law.

- During the periodic exchange of data and information between the Board of Statutory Auditors and the Auditors, under art. 150, paragraph 3 of Legislative Decree no. 58/1998, no issues have come up that would need to be disclosed in this report.

- The Company substantially followed the recommendations contained in the Code of Conduct issued by the Corporate Governance Committee for listed companies and described its corporate governance model in the relevant Report, which was prepared things under art. 123-*bis* of Legislative Decree no. 58/1998. Within the limits of our responsibility, we monitored the actual methods used to implement the corporate governance rules set out in the above mentioned Code of Conduct, as adopted by the Company, and ensured that the findings periodic assessment of the Board of Statutory Auditors compliance with the independence requirements according to the same criteria applicable to Independent Directors under the above mentioned Code of Conduct were included in the Corporate Governance Report of SOGEFI S.p.A. In compliance with Legislative Decree no. 231/2001, the Company adopted, implemented and maintained up-to-date an “Organisational Model” that governs its behaviour and business conduct and set up a Supervisory Body as provided for by the Decree. The Company also adopted a Code of Ethics.

- Our surveillance activity took place during the year 2014 in the normal course of business and identified no omissions, reprehensible facts and/or anomalies worth noting.

After completing our surveillance activity, we have no proposals concerning the statutory financial statements as at December 31, 2014, their approval or any other issue within our area of responsibility pursuant to article 153, paragraph 2 of Legislative Decree 58/1998, nor any remarks on the proposed allocation of the profit for the year submitted by the Board of Directors for approval.

Reminding you that the three-years term of the Board of Statutory Auditors expires and the Directors have called you to provide about, the Board of Statutory Auditors wished to thank you for your trust.

Milan, March 26, 2015

**The Board of Statutory Auditors**

Riccardo Zingales (Chairman of the Board of Statutory Auditors)

Giuseppe Leoni (Acting Auditor)

Claudia Stefanoni (Acting Auditor)