

**ANNUAL REPORT  
ON CORPORATE GOVERNANCE**

**YEAR 2016**

(Translation into English of the original Italian version)



JOINT-STOCK COMPANY - SHARE CAPITAL EURO 62,083,556.60  
MANTOVA COMPANY REGISTER AND TAX CODE 00607460201  
COMPANY SUBJECT TO THE DIRECTION AND COORDINATION OF CIR S.p.A.  
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**ANNUAL REPORT ON THE SYSTEM OF CORPORATE GOVERNANCE  
AND COMPLIANCE WITH THE CODE OF CONDUCT OF LISTED  
COMPANIES**

**– YEAR 2016 –**

***Report on Corporate Governance and on the ownership structure***

*(in accordance with art. 123-bis of the Consolidated Law on Finance – T.U.F.)*

The purpose of this Report (hereinafter the “Report”) is to illustrate the model of corporate governance that SOGEFI S.p.A. (hereinafter the “Company”) adopted during the year 2016.

The Report approved by the Board of Directors on February 27, 2017 is made available to Shareholders, as provided by the law, as part of the documents provided for the Shareholders meeting called to approve the 2016 Financial Statements. At the same time the Report will be also available on the authorized storage system eMarket STORAGE ([www.emarketstorage.com](http://www.emarketstorage.com)) and, together with other documents of interest to the market, on the Company’s website [www.sogefigroup.com](http://www.sogefigroup.com) (section Investor – Corporate Governance).

The main duties and functions of the corporate bodies and of the internal control and risk management system are described in the document "Code of Conduct of Sogefi S.p.A.", which was approved by the Board of Directors on February 26, 2013 and subsequently amended. This document (available on the Company’s website) is attached to this Report (Annex B).

**INFORMATION ON OWNERSHIP STRUCTURE (ex art. 123-bis, paragraph 1, T.U.F.) AS OF DECEMBER 31, 2016**

**a) Structure of share capital (ex art. 123-bis, paragraph 1, letter a), T.U.F.)**

The share capital of Sogefi S.p.A. fully paid in at December 31, 2016 amounts to € 62,065,356.60, split into 119,356,455 ordinary shares listed at Mercato Telematico Azionario organized and managed by Borsa Italiana S.p.A. – STAR segment.

All the ordinary shares have the same rights and obligations.

In previous years the Company has implemented stock option plans involving increases in share capital. Details of these plans can be found in the information documents drawn up in accordance with the art. 84-bis of Consob Regulation 11971/99 (Rules for Issuers) available on the Company's website.

The Extraordinary Shareholders' Meeting of September 26, 2014 resolved to increase the share capital by issuing up to 18,572,171 ordinary shares of the Company reserved to the conversion of bonds issued on May 21, 2014. For more details, please refer to the related documents available on the Company's website (in the section Shareholders - Meetings).

**b) Restrictions on the transfer of shares (ex art. 123-bis, paragraph 1, letter b), T.U.F.)**

The Company's shares are freely transferable, with the exception of some restrictions applicable to determined group of people for limited periods of time, as per Code of Conduct concerning Internal Dealing published on the Company website (section Investor – Corporate Governance).

The Stock Grant Plans, deliberated from 2011 to 2016, envisage a “minimum holding” commitment for the shares assigned to the beneficiaries. The beneficiaries irrevocably undertake to hold continuously a number of shares at least equal to 10% of the shares assigned pursuant to the plan until the fifth anniversary of the grant date. During the above period, the shares will be subject to the inalienability requirement, unless otherwise authorized by the Board of Directors.

**c) Relevant shareholding (ex art. 123-bis, paragraph 1, letter c), T.U.F.)**

As Sogefi S.p.A. falls into the SME category, as defined by art. 1 of T.U.F., only holdings exceeding 5% of voting right are listed below.

The shareholder that, in the last resort, holds directly or indirectly more than 5% of the capital with the voting right, fully paid in at December 31, 2016, as per the Shareholders' book and on the basis of communications received pursuant to art. 120 of the Legislative Decree n. 58/98 and information available at the Company, is:

F.lli De Benedetti S.p.A. (through CIR S.p.A.): 55.68%

**d) Shares granting special rights (ex art. 123-bis, paragraph 1, letter d), T.U.F.)**

The Company has not issued shares with special control rights.

**e) Shareholding of employees: mechanism to exercise the voting right (ex art. 123-bis, paragraph 1, letter e), T.U.F.)**

No particular mechanisms to exercise the voting right are in place concerning the participations from employees.

**f) Restrictions on the voting right (ex art. 123-bis, paragraph 1, letter f) T.U.F.)**

The Company's Articles of association doesn't provide limits to the voting right.

**g) Agreement between Shareholders (ex art. 123-bis, paragraph 1, letter g) T.U.F.)**

The Company is unaware of agreements between shareholders in accordance with art. 122 T.U.F.

**h) Change of control clauses (ex art. 123-bis, paragraph 1, letter h) T.U.F.)**

In the below mentioned financial agreements entered into by Sogefi S.p.A. "change of control" clauses are provided, whose effects are:

2011 financing with Banca Carige S.p.A.: option to terminate the agreement with the financing bank with ensuing obligation of refund in case of Sogefi changing control.

Financing with Mediobanca in 2015, Unicredit in 2014, Société Générale in 2014, BNP Paribas in 2014 and ING Bank in 2015: obligation of advanced refund in case the following conditions should be met: (i) acquisition of the control right on Sogefi by a third party having a credit rating lower than a given limit and (ii) a period of 30 working days has elapsed without the parties being able to come to an

agreement to continue the business relationship.

US private placements in 2013: right of noteholders to obtain the early refund in case of the acquisition of control on Sogefi by a third party with a credit rating lower than a given limit.

Bond issued in 2014: right of the bondholders to get the early refund in case of the acquisition of control on Sogefi by a third party.

The Stock Grant Plans, approved in 2011 and 2015, provide that in the event of a public offer or change of control a third of the *Units* allocated to beneficiaries, but not yet vested, shall immediately accrue regardless of the date and the conditions specified in the Plan.

**i) Indemnity to Directors in the event of resignation, dismissal without good cause or interruption of work contract as a result of a public offer (ex art. 123-bis, paragraph 1, letter i) T.U.F.)**

No indemnities are in force for Directors in case of resignation, dismissal without good cause or interruption of work contract as a result of public offer.

**l) Appointment and replacement of Directors and articles of association amendments (ex art. 123-bis, paragraph 1, letter l) T.U.F.)**

For the appointment and replacement of Directors, see point 5) of the Report and art. 5 of the attached Code of Conduct of Sogefi S.p.A.. For the amendments of the articles of association the provisions of the law are applied.

**m) Delegation of power to increase the share capital and authorizations to buy back of own shares (ex art. 123-bis, paragraph 1, letter m) T.U.F.)**

The Board of Directors may, for a period of maximum five years from the date of the registration in the Register of Enterprises from the Extraordinary Shareholders meeting resolution of April 23, 2014 increase share capital on one or more occasions, by a maximum total per value of Euro 250,000,000 by issuing shares either free of charge or for a fee, with or without a share premium, with faculty for the administrators to establish, time by time, the category of the shares, the issuing price of the shares, the enjoyment, the possible destination of the share capital increase to service the conversion of bonds issued by third parties both in Italy and abroad, as well as to service warrants and to determine the equity reserves available

to be attributed to the capital and their amount. In general, the Board can define the formalities, terms and conditions of the shares capital increase.

Furthermore, the Board of Directors may, for the same period, increase on one or more occasions the share capital by a maximum total par value Euro 5,200,000 by issuing up to 10,000,000 shares with or without a share premium also of particular categories (preference, savings, with special benefits), to be offered for subscription pursuant to art. 2441, V and last paragraph, of the Civil Code to Directors and employees of the Company and of its subsidiaries. The Board also has the faculty to fix the issuing price, the subscription requirements and limits to the shares availability, as well as, the terms and conditions of the subscription.

The Board of Directors may also (for the same period) issue, on one or more occasions, also with exclusion of the option right, and in this case in favour of institutional investors, convertible bonds with shares or with special rights of share attributions also in foreign currency, if admitted by law, with related share capital increase, up to Euro 250,000,000. More in general, the power to define the formalities, terms and conditions of the issuing of the bond and its rules.

The Ordinary Shareholders meeting on April 27, 2016 authorized the Board of Directors, according to art. 2357 of the Italian Civil Code, for eighteen months starting from the day after the meeting deliberation, to buy back a maximum of 10,000,000 own shares for a total nominal value of Euro 5,200,000 (including the own shares already being held as treasury stock even through subsidiaries) that cannot exceed the fifth part of the share capital of the Company. The purchases should not be more than 10% higher or lower than the official price recorded by the Sogefi shares in the Stock Exchange trading session before each transaction.

At December 31, 2016 the Company had no. 2,878,451 treasury shares equal to 2.41% of the share capital.

**n) Direction and coordination (ex art. 2497 and thereafter of the Civil Code)**

The Company is subject to the direction and coordination by its parent company CIR S.p.A., pursuant to art. 2497 and thereafter of the Civil Code.

**COMPLIANCE AND OTHER INFORMATION (ex art. 123-bis, paragraph 2, T.U.F.)**

**a) Compliance with a code of conduct regarding the corporate governance**

The Company complies with the Code of Conduct of the listed companies approved by the Committee for the Corporate Governance of the listed companies and promoted by Borsa Italiana S.p.A., available on the Committee for the Corporate Governance website [http://www.borsaitaliana.it/comitato-corporate-governance/codice/2015\\_clean.pdf](http://www.borsaitaliana.it/comitato-corporate-governance/codice/2015_clean.pdf).

SOGEFI S.p.A. and its strategic subsidiaries are not subject to non-Italian laws that influence the Issuer's corporate governance structure.

**b) Main characteristics of the risks management and internal control systems existing in relation to the financial disclosure process**

This information is provided in point 7) of the Report and in art. 7 of the attached Code of Conduct of Sogefi S.p.A. dedicated to the Internal control system and risk managing.

**c) Working mechanisms of the Shareholders meeting, main powers and rights of the Shareholders and procedures for their exercise**

See explanation in point 10) of the Report (Shareholders meetings) and art. 9 of the attached Code of Conduct of Sogefi S.p.A. (Relations with the Shareholders).

**d) Composition and working of the administrative and control bodies and of their committees**

See explanation:

- in this Report, points 1), 2), 3) and 5) for the Board of Directors, point 8) for the Statutory Auditors, and points 4), 5), 6) and 7) for the Committees;

- in the attached Code of Conduct, art. 1, 2, 3 and 5 for the Board of Directors, art. 8 for the Statutory Auditors, art. 4, 5, 6 and 7 for the Committees.

**d-bis) Description of policies on the subject of diversity**

The Company complies with what is prescribed by current regulations as well as with the principles and criteria of the Code of Conduct of Borsa Italiana S.p.A. in relation to the composition of the Board of Directors and the Board of Statutory

Auditors on aspects such as age, gender, professional background and experience and monitors the self-assessment process for the Board of Directors.

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**1) Role of the Board of Directors (ex art. 123-bis, paragraph 2, letter d), T.U.F.)**

For general provisions concerning the Role of the Board of Directors, see art. 1 of the “Code of Conduct of Sogefi S.p.A.” attached to this Report.

At the date of this Report, the Board of Directors has performed, among other things:

- on the basis of the internal procedures duly approved by the Board of Directors on October 23, 2012, examined and approved the strategic, industrial and financial plans of the Company and of the Group by checking their implementation on a regular basis;
- defined the nature and the risk level compatible with the strategic objectives of the Company, taking into account in terms of possible impact the main risks related to the businesses of the subsidiaries. The Board of Directors has performed a global risk assessment;
- assessed the adequacy of the organisational, administrative and accounting structure of the Company, as well as the one of the strategic subsidiaries, in particular referring to the internal control and risk management system;
- defined the intervals, usually quarterly, at which the Managing Director must report to the Board the activities that have been carried out in the execution of the assigned powers, under the provisions of the Company Bylaws;
- assessed the management performances by taking into account especially the information received by the Managing Director;
- examined and approved beforehand the transactions of the Company and examined the ones of its subsidiaries with a significant strategic importance. To this end, the Board of Directors held on October, 23, 2012 defined the



- corresponding parameters of importance, by adopting an ad hoc procedure;
- performed an assessment on the size, composition and operation of the Board itself and its committees, also taking into account the elements such as professional, practical and managerial characteristics, gender and office seniority. The valuation process took place according to a procedure already adopted by the company, through the filing of a questionnaire by the Directors also in 2016, being prepared internally. The questionnaire consists of specific questions regarding, among other things: the adequacy of the number of members and the composition of the Board and the Committees, as well as the type of professionals represented therein, the course of meetings of the Board and the Committees, the relevant information/documentation flows and decision-making processes. The self-assessment results were presented to the Board of Directors by the Lead Independent Director and allowed to formulate an overall positive assessment;
  - ensured the internal management and external communication of documents and information about the Company, especially referring to privileged information, in accordance with the procedure adopted by the Board Meeting (in the year 2016 the procedure approved on October 23, 2012 has been replaced by a new procedure adopted in compliance with EU Regulation n. 596/2014-M.A.R.).

For other activities of the Board of Directors concerning “Control and Risk System”, refer should be made to paragraph 7) “Internal Control and Risk Management System”.

Art. 1 of the attached Code of Conduct of Sogefi S.p.A. contains a guideline on the maximum number of offices of Director or Statutory Auditor which was approved by the Board of Directors on October 23, 2012 and sets certain limits for the positions that executive and non-executive Directors of Sogefi may hold in Significant Companies, as defined by the Board.

On April 27, 2016, the Board of Directors of the Company, convened at the end of

the Shareholders meeting, appointed as Chairman Ms. Monica Mondardini with the following powers:

- a) representative of the Company in Italy and abroad before any legal, administrative, tax authorities (either ordinary or special), and of any degree and type, with powers to sign any representation or statement, promoting or defending actions, defences, exceptions, by appointing or dismissing counsels and attorneys;
- b) relate with institutional entities and public and private organisations, either at national or international level;
- c) receive from the Managing Director and preliminarily examine the information note to the Board of Directors in order to ensure the comprehensive and accurate information of all Board Members;
- d) receive from the Managing Director and preliminarily examine all legal and regulatory notices regarding listed companies;
- e) superintending the Internal Audit activities, without prejudice to the prerogatives of both the Managing Director, as the appointee of the risk control and management system, and the control and risk committee;
- f) support and duly supervise the implementation of corporate governance rules concerning the activities of the Board of Directors;
- g) appoint “special purpose” attorney and award powers, either permanent and/or for the performance of single or categories of instruments.

In the same date, the Board of Directors has also appointed Mr. Laurent Hebenstreit as Managing Director (he has also the role of General Manager), vested with the power reported below:

-to Mr. Hebenstreit, in his capacity as Managing Director, is awarded powers and responsibilities for strategic, industrial and financial planning of the Company and the Group. To this end, the Managing Director is awarded the following powers:

- a) giving impetus and defining the strategic business and financial plans at Company and Group level to later submit to the analysis and approval by the Board of Directors;
- b) developing and proposing policies and programs of corporate investments in

the framework of long-term plans for the development strategies adopted by the Board of Directors;

c) developing and proposing financial strategies and policies of the Company and the Group in relation to the development, profitability and risk objectives determined by the Board of Directors, with the responsibility for their implementation; checking that the objectives are pursued in compliance with the guidelines set by the Board of Directors on the matter;

d) ensuring the adequacy of the organisational, administrative and accounting structures, with specific regard to the nature and size of the Company and also according to the guidelines set by the Board of Directors;

e) optimising financial management tools and procedures, ensuring and maintaining relations with the financial system;

f) designing and proposing strategies concerning the organisational development and the human resources staffing, management and training policies;

g) exercising the prerogatives belonging to the person appointed of risk control and management;

h) governing the yearly accounts drafting process, also concerning the other periodical (quarterly and half-year reports) or extraordinary accounting documents to later submit them to the approval of the Board of Directors;

i) coordinating the preparation of business plans, long-term plans, annual budget and the related reporting;

j) identifying the top lines to which he has to address the management of all the interests in associated and related companies, associations, consortia, joint ventures, including the criteria and guiding principles for the exercise of voting rights at Shareholders' Meetings of associated and related companies, for the purpose of their approval by the Board of Directors;

k) preliminarily sending the Chairperson the information note to the Board of Directors in order to ensure the comprehensive and accurate information of all Board Members;

l) executing, upon submitting them to the Chairperson for approval, all legal and regulatory notices or requirements regarding listed companies;

- m) hiring, appointing, revoking and dismissing executive level employees; amending the economic and regulatory terms of executive level employment contracts, as well as settling the relevant disputes;
- n) awarding his powers to other having less powers, by appointing attorneys for ordinary management operations or categories thereof;
- o) assuming the role of Director in charge of the risk control and management.

On June 5, 2015 the Board of Directors granted to Mr. Hebenstreit, in his capacity as General Manager, the broadest power of management and representation, in order that he might superintend the ordinary management of the Company, performing all those ensuing and instrumental acts thereof, as well as the power to represent the Company before any Authority and before all public and private Offices and third parties in general, in all ordinary management business, without any exceptions.

For the sake of completeness, this is to specify that ordinary management tasks are construed to be inclusive of, but not limited to, the following:

- a) implement the decision made by the Board of Directors, performing all instruments, including extraordinary management, as approved by the same Board of Directors;
- b) see to the consistent management of the Company, its business branches and subsidiary companies and to the management of all stakes held in subsidiary and affiliate companies in line with the strategic lines approved by the Company's Board of Directors;
- c) represent the Company at the meetings of other companies, associations and consortia and in the relation with said entities, their bodies and members or affiliates, consistently with the strategic lines defined by the Managing Director and approved by the Company's Board of Directors;
- d) open bank current accounts as well as other special or separate current accounts, also in foreign currencies;
- e) request bank overdrafts or credit advances in general;
- f) issue orders and make withdrawals from said accounts, also in the form of bank cheques issued to third parties on cash availabilities and credit lines available;

- g) endorse bills of exchange, cheques, notes and documents for discounting or collection;
- h) represent the Company before any offices of any financial institutions whatsoever in the mid term;
- i) represent the Company in Italy and abroad before any administrative authority, entity or public office for the inclusion in registries, lists and boards, executing the required applications and with the power of appointing representatives and attorneys and to make representations of any kind concerning the Company for the above;
- j) perform all documents and relevant transactions before public administration and other public offices in order to obtain concessions, licenses and authorisations in general, executing the relevant deeds, produce reports and instate litigation processes;
- k) see to the issue of drafts for performed sales to customers;
- l) see to the establishment of securities deposits for custody or management, with the power to request capitals and interests;
- m) request and transfer credits with and without recourse; request and execute bank approvals, cash amounts and any sum due to the Company by anyone, issuing receipts and releases in the required forms, collect post and wire money orders, vouchers, cheques and others of any kind and amount, including mandates from all the entities mentioned above, while issuing all relevant receipts;
- n) issue notices of arrears and have protests served, implement enforcement and protection orders as well as promote forced execution orders against Company debtors, by assigning suitable and relevant mandates;
- o) request the opening of credit lines or credit in general on current accounts in the form of securities lending, including: the transfer to banking institutes, entities or people of secured and unsecured loans and the obligations and commitments thereof;
- p) notify to banks and other entities the total, partial or specific economic and financial situation concerning the Company;
- q) enter into, amend and terminate instruments and contracts on behalf of the

Company with all clauses deemed necessary, including the arbitration clause and, among others, for the sake of exemplification; purchase and sale agreements of movable goods, also registered, and raw material or material, product and service supply agreement, exchange agreement, tender contracts, also ensuing public or private calls and also in the form of temporary business association, taking or assigning mandates, leasing agreements, licensing, rental, freight, administration, insurance, brokerage, agency, mandate, deposit, credit transfer, lending, movable goods pledge (including receivables) agreement, movable and real property lease agreements having a term not exceeding nine years, as well as agreements concerning intellectual property rights, trademarks, designs and relevant patents, agreements for the constitution of consortia, economic interests groups and execution of the relevant covenants, collaboration and association agreements;

r) appoint advisors, consultants or party experts and assign tasks in the interests and on behalf of the Company;

s) hire, appoint, revoke and dismiss employees of any level and degree, excluding executives; amend the economic and regulatory terms of the employment contracts, excluding those of executives, as well as settle the relevant disputes;

t) represent the Company in Italy and abroad before any legal and administrative authority either ordinary or special and of any degree and jurisdiction, also including actions to void and actions before the supreme court, with powers to order, notify and promote petitions/appeals and oppositions and defend others made by third parties, also by appointing special attorneys, before any authority; execute any representation, claim, exception and defence and any other documents of any nature whatsoever; submit and press charges and release them, make reports, appear as a civil plaintiff in criminal proceedings, intervene in criminal proceedings in representation of the Company as plaintiff; represent the Company in composition and executive proceedings; accept or reject offers of composition; file for bankruptcy; notify orders and request enforcement actions and/or defend others made by third parties and/or intervene in enforcement actions made by third parties; settle or negotiate any disputes in courts; assign and report oaths, assign and report interviews and requests also on matters of misrepresentation; make and

request judicial deposits, duly issuing the relevant receipts; perform all of the above also by means of special attorneys having the power to appoint counsels and attorneys and issuing on behalf of the Company all required general or special powers of attorney and to elect domicile, as well as appoint special attorneys in order to represent the Company;

u) define and assign to arbitrators, also in an amicable settlement, any controversy, be it due to the arbitration clause or other clauses to the same effect, appointing the arbitrators and seeing to all formalities concerning the ensuing awards;

v) respond on behalf of the Company, also by means of special attorney, with garnishee statements before the judiciary authority;

w) represent the Company in Italy and abroad before industry associations and trade unions as well as institutions, associations and consortia;

x) render and execute statements and reports as prescribed under tax, welfare and social security laws, see to the compliance with tax provisions to which the Company is bound also in its capacity as tax substitute, with the power to execute, for the purposes of the above, statement or any other instruments or certificates;

y) sign the business correspondence of the Company;

z) perform any instruments for the execution of all documents concerning importation and exportation operations, as well as temporary importation, temporary exportation, re-exportation as well as re-importation;

aa) perform all documents and take all initiatives, in the light of the powers assigned, to ensure the full compliance of the activities held by the Company to any laws, regulations, orders, measures and provisions by international, European, national and local authorities;

bb) perform any other actions necessary within the limits of ordinary management and in the interests of the Company, except for anything expressly reserved to the Board of Directors and the Managing Director;

cc) award her powers to other having less powers, by appointing attorneys for ordinary management operations or categories thereof.

Moreover, General Manager Mr. Hebentreit shall be awarded the following powers:

- a) establish new companies, take and dispose of stakes held in companies, purchase or transfer companies or businesses thereof up to a value of € 5 million (per transaction);
- b) issue, within a limit of € 5 million per transaction, to third parties, including the state administration, banks and credit or insurance institutions, guarantees and counter-guarantees concerning commitments made and to be made before anyone, in the interests of subsidiaries or companies in which the company holds interests, pursuant to the terms and conditions required; request anyone to grant guarantees in favour of the Company, independent guarantee contracts, patronage letters and other forms or real or personal guarantees.

The Company adheres to the so-called ban on interlocking, for which reference should be made to Article 2 of the herein attached Code of Conduct.

**2) Composition and working of the Board of Directors (*ex art. 123-bis, paragraph 2, letter d) T.U.F.*).**

The Company is administered by a Board of Directors comprised of between five and fifteen members. They are appointed by the General Shareholders Meeting for a fixed term which may not exceed three years and are eligible for re-election (art. 17 of the Company's Articles of association).

For general provisions concerning the composition and working of the Board of Directors, see art. 2 of the Code of Conduct of Sogefi S.p.A. attached to this Report, as well as the provisions of art. 1 of said Code of Conduct on the functions of the Chairman.

At December 31, 2016, the Board of Directors is composed of nine Directors appointed by the Shareholders' Meeting on April 27, 2016.

In terms of their number and prestige, the non-executive Directors are such as to guarantee a significant contribution to Board decision making; they bring their own



specific skills to Board debates and helping make decisions in the interests of the Company.

Independent Directors represent the majority of the Board.

The composition of the Board of Directors of the Company is such as to ensure a sufficient level of operational autonomy and hence maximization of its economic and financial objectives.

The Board of Directors in office is composed, at December 31, 2016, as follows:

<i>Name</i>	<i>Office</i>	<i>Year of birth</i>	<i>In office from</i>	<i>In office until</i>	<i>List</i>	<i>Executive</i>	<i>Non-executive</i>	<i>Independent, Code of Conduct</i>	<i>Independent, T.U.F.</i>	<i>% BoD</i>	<i>Other positions</i>	<i>Office seniority</i>
Mondardini Monica	Chairman	1960	27.4.2016	31.12.2018	M	X				100	7	19.4.2013
Hebenstreit Laurent	Managing Director and General Manager	1961	27.4.2016	31.12.2018	M	X				100	-	5.6.2015
De Benedetti Rodolfo	Director	1961	27.4.2016	31.12.2018	M		X			50	5	28.4.1997
Canziani Patrizia	Director	1967	27.4.2016	31.12.2018	M		X	X	X	100	-	27.4.2016
Di Vieto Roberta	Director	1969	27.4.2016	31.12.2018	M		X	X	X	100	2	20.4.2010
Germano Giovanni	Director	1938	27.4.2016	31.12.2018	M		X	X	X	100	-	1.4.1987
Melis Mauro	Director	1955	27.4.2016	31.12.2018	M		X	X	X	100	1	27.4.2016
Pallavicini Raffaella	Director	1969	27.4.2016	31.12.2018	M		X			100	-	27.4.2016
Rocca Paolo Riccardo	Director	1947	27.4.2016	31.12.2018	M		X	X	X	100	1	17.4.2003

<i>Outgoing Directors April 27, 2016</i>												
Bosio Emanuele	Director	1947	19.4.2013	27.4.2016	M		X			67	-	17.4.1998
Caprio Lorenzo	Director	1957	19.4.2013	27.4.2016	M		X	X	X	100	-	20.4.2010
Frigerio Dario	Director	1962	19.4.2013	27.4.2016	M		X	X	X	100	-	20.4.2010

Robotti Roberto	Director	1938	19.4.2013	27.4.2016	M		X	X	X	100	-	20.4.2004
<i>No of meetings of the Board of Directors in the year: 8</i>												

Mr. Carlo De Benedetti is Honorary President of the Company.

Notes:

List: M/m: if the Director has been appointed from the list voted by the Majority or the minority.

Independent (Code and T.U.F): indicates if the Director can be qualified as Independent according to the criteria stated in the Code of Conduct of Borsa Italiana S.p.A. and in the art. 148 paragraph 3 of the T.U.F.

% BoD: indicates the presence of the Director, in percentage, at the meetings of the Board of Directors held during the year.

Other positions: indicates the number of the offices held in other companies listed in regulated markets, in financial, bank, insurance or relevant dimension companies.

The Board of Directors discloses annually the positions as Director or Statutory auditor held by Directors in listed companies and in financial, banking, insurance or relevant dimension companies (Annex A).

In occasion of their nomination (April 27, 2016), all the Directors have deposited the declarations attesting the cause of ineligibility and incompatibility provided by the law, the possession of professional and honourableness qualifications required by the law in force and by the Company's Articles of association. The appointed Directors have been drawn from a single list deposited, presented by the Shareholder CIR S.p.A. owner, at the date of the Shareholders meeting, of a participation equal to 56.03% of the share capital.

The minimum shareholding threshold required for list submission was confirmed in 2.5% by Consob resolution no. 19499 of January 28, 2016, in line with the prediction of the Articles of Association.

The Ordinary Shareholders' Meeting of April 27, 2016 resolved to allow the Directors appointed to take other positions, in accordance with art. 2390 of the Italian Civil Code.

The key personal and professional characteristics of each Director are provided in the respective curriculum vitae published on the Company's website.

During 2016, the Board of Directors met eight times. The average duration of the

meetings was of two hours and forty minutes. For 2017 six meetings have been planned, two of them have already taken place at the date of this Report.

The General Manager takes part in the Board meetings; the Manager responsible for preparing the Company's financial reports takes part in the meetings of the Board of Directors at which his presence is required; other managers of the Group participate in Board meetings if their presence is considered to be necessary/appropriate to provide insights on specific topics. In 2016 the General Manager (who is also Managing Director) and the Manager responsible for preparing the Company's financial reports attended all the Board meetings; the Head of Internal Audit and the General Counsel of Sogefi attended n. 1 Board meetings each one.

In accordance with the Code of Conduct of Borsa Italiana concerning the information that should be provided to the Board, the Chief Executive Officer is required to report periodically (at least quarterly) to the Board of Directors and Board of Statutory Auditors on activities performed in the exercise of the powers granted to him.

Furthermore, the Chief Executive Officer must regularly (at least quarterly) provide adequate information to the Board of Directors and Board of Statutory Auditors on singular or unusual operations.

On April 18, 2000, the Board of Directors has appointed the Remuneration Committee (to which the Board of Directors held on October 23, 2012 has attributed also the functions of the Appointment Committee providing therefore to one single Appointment and Remuneration Committee) and Internal Control Committee (renamed Control and Risk Committee by the Board of Directors on October 23, 2012). On October 19, 2010, the Board of Directors has established the Committee for related party transactions setting that the members coincide with the same of Control and Risk Committee.

The table below shows the current composition of the Committees established by the Board of Directors: the Appointment and Remuneration Committee, the

Control and Risk Committee and the Committee for Related Party Transactions (whose members coincide with the members of the Control and Risk Committee) and shows, in percentage, the presence of each member at the respective meetings:

<i>Name</i>	<i>Appointment and Remuneration Committee</i>	<i>% A and RC</i>	<i>Control and Risk Committee</i>	<i>% C and RC</i>	<i>Committee for related party transactions</i>	<i>% RPTC</i>
Canziani Patrizia			M	83	M	50
Di Vieto Roberta			P	83	P	100
Germano Giovanni	M	100				
Melis Mauro	M	100				
Rocca Paolo Riccardo	P	100	M	100	M	100
<b>Outgoing Committee Members April 27, 2016</b>						
Caprio Lorenzo			M	100	M	-
Frigerio Dario	M	100				
Robotti Roberto			P	100	P	-
<i>No of meetings of ARC in the year: 2</i> <i>No of meetings of CRC in the year: 6</i> <i>No of meetings of RPTC in the year: 2</i>						

Notes:

Office in the Appointment and Remuneration Committee, Control and Risk Committee and in Committee for Related Party Transactions: “P” means President, “M” other members.

% A and RC: indicates the presence of the Director, in percentage, at the meetings of the Appointment and Remuneration Committee held during the year.

% C and RC: indicates the presence of the Director, in percentage, at the meetings of the Control and Risk Committee held during the year.

% RPTC indicates the presence of the Director, in percentage, at the meetings of the Committee for related party transactions held during the year.

On April 27, 2016, the Board of Directors, after the Shareholders' Meeting that appointed the current Directors, proceeded to appoint the members of the Board Committees.

In addition, in accordance with the Code of Conduct, on April 27, 2016 the Board of Directors confirmed Mr. Paolo Riccardo Rocca as “*Lead independent Director*” to represent the non-executive Directors (and, in particular, the Independent Directors). This will allow them to make a greater contribution to the activity and workings of the Board itself.

The Lead independent Director will work with the Chairman to ensure that the Directors receive the necessary flows of information in a full and timely manner. The Lead independent Director also has the power to convene, either independently or on the request of the other Directors, specific meetings of Independent Directors to discuss issues of interest to the work of the Board of Directors or company management.

Regarding the Induction program and in relation to the relevant regulatory framework, we organised a special information session for directors and statutory auditors, with the support of external consultants. Such induction session was organised through invitations sent well in advance to allow for the widest possible participation and was held on May 30, 2016, with discussion having taken most of the day. The Reports concerned: "Corporate governance and Directors' responsibility - Sustainability Report - Management and coordination activities" and were followed by a lively debate, which was the occasion for discussions on individual aspects of the topics covered.

A session is planned for 2017.

In relation to the business sector in which the Group operates, the characteristics of the periodic reports of the Board enable the Directors to obtain adequate knowledge of the sector, its business dynamics and their evolution, as well as the regulatory and self-regulatory framework of reference. Also during 2016 it has continued the practice of the presentation by the executive directors, the information on the business at the Board meetings of the examination of the financial statements.

### **3) Independent Directors**

Art. 3 of the attached Code of Conduct of Sogefi S.p.A. lays down the criteria for a Director to qualify as Independent Director adopted by the Company in accordance with the recommendations of the Code of Conduct of Borsa Italiana S.p.A. and with the provisions of art. 147 ter, paragraph 4 of T.U.F.

Then for the companies listed at STAR segment, Borsa Italiana S.p.A. has defined in the Instructions to the Rules of the Markets organized and managed by Borsa

Italiana S.p.A. the criteria for the evaluation of the adequacy of the number of the independent directors setting minimum three independent directors if the Board of Directors consists of between nine and fourteen members.

Currently, five of the Company's non-executive Directors have demonstrated quality as "Independent Directors".

The Board of Directors is called to assess the Directors' independence after appointment and, then, the occurrence of important circumstances susceptible to affect his/her independence, always on a yearly basis. The result of such evaluation is communicated to the market in the context of this Report as well as after the appointment, through a press release.

On April 27, 2016, the Board of Directors verified the persistence of the independence requirements in Independent Directors. As an exception to the provisions of the Code of Conduct of Listed Companies (cf. application criteria 3.C.1., letter e), the independence of Directors: Mr. Giovanni Germano and Mr. Paolo Riccardo Rocca was positively assessed, notwithstanding their persistence in charge as Directors of the Company for more than nine years over the last twelve. This is due to the fact that such a temporal requirement, placing more emphasis on substance rather than form, is not deemed to influence the independence of these Directors, who have always proved their full judgement autonomy and free appraisal of management work.

During 2016, the Board of Statutory Auditors ascertained the correct application of criteria and verification procedures adopted by the Board to assess the independence of its members, by making sure that the results of such verification were included in this Report.

The Independent Directors meet at least once a year without the other Directors. During the meeting of December 15, 2016 (organized separately from the meetings of the Board committees) the Independent Directors, without the other Directors, have examined the Board self-assessment results and have valued positively the quality of the management and the transparency of the information given to the Board of Directors.

**4) Establishment and Working of the Internal Committees of the Board of Directors (ex art. 123-bis, paragraph 2, letter d) T.U.F.)**

The principles underpinning the institution and working of the Internal Committees set up by the Board of Directors are outlined in art. 4 of the attached Code of Conduct of Sogefi S.p.A.

Pursuant to the allowance of the Code of Conduct of Borsa Italiana S.p.A., the Company attributed the functions of the Appointment Committee to the Remuneration Committee, thus creating a unique committee (Appointment and Remuneration Committee) which contains adequate skills in financial and remuneration policy fields.

The Internal Control Committee established by the Board of Directors on April 18, 2000 was renamed Control and Risk Committee and at least one of its members has got an adequate experience in accounting, financial or risk management matters.

On October 19, 2010, the Board of Directors has established the Committee for related party transactions setting that the members coincide with the same of Control and Risk Committee.

The President of each Board Committee informed about the meetings of each committee in the first useful board of directors.

**5) Appointment of Directors (ex art. 123-bis, paragraph 1, letter l), T.U.F.)**

As mentioned under letter l) in section "Information on ownership structure" of this Report, the relevant information is provided in art. 5 of the attached Code of Conduct of Sogefi S.p.A. and in the articles of the Articles of Association reproduced therein.

The Appointment and Remuneration Committee consists of the following Independent Directors: Mr. Paolo Riccardo Rocca (President of the Committee), Mr. Giovanni Germano and Mr. Mauro Melis.

As for the Directors appointment, the Appointment and Remuneration Committee accomplishes the tasks outlined in art. 5 of the attached Code of Conduct of Sogefi S.p.A..

In February 2016, in conjunction with the forthcoming expiry of the Board of Directors and the subsequent renewal of the Board of Directors, the Appointment and Remuneration Committee, recalling that on the size and composition of the appointing Board the Committee is called upon to give its opinion, deemed not to put forward proposals, thus leaving it to Shareholders to make their most appropriate choices during the presentation of candidates' lists.

The Board of Directors on October 23, 2012 adopted a plan for the succession of executive Directors, based on the preliminary activity carried out by the Appointment and Remuneration Committee.

#### **6) Directors' Remuneration**

The guidelines on corporate remuneration policies are outlined in art. 6 of the attached Code of Conduct of Sogefi S.p.A.. The remuneration policy is determined according to criteria suitable for attracting, retaining and motivating people with professional qualities suitable for successfully running the Group.

The remuneration attributed to the Chairman of the Board of Directors, as executive Director, and to the non-executive Directors, for their participation in one or more committees, is determined as a fixed sum based on the commitment which each of them is called upon to make.

With regard to remunerations, the Appointments and Remuneration Committee performs the tasks outlined in art. 6 of the Code of Conduct of Sogefi S.p.A..

The Appointment and Remuneration Committee met twice in 2016, with an average duration of about forty minutes. Meetings were duly minuted.

At the proposal of the Appointment and Remuneration Committee, the Board of Directors approved, on February 29, 2016, the "Remuneration Policy of the



Directors and Managers having strategic responsibilities" for the year 2016 reported in the first section of the Remuneration Report. Such document was prepared in compliance with art. 84-*quater* of Consob Resolution 11971/99 and subject to the advisory vote with a positive outcome of the Shareholders Meeting held on April 27, 2016.

The remuneration for the year 2016 of each Director and Manager with strategic responsibilities is shown in the tables attached to the "Remuneration Report". This report is made available to the Shareholders Meeting called to approve the financial statements for 2016 (April 2017).

At the proposal of the Appointment and Remuneration Committee, the Board of Directors submitted for approval to the Shareholders' Meeting of April 27, 2016 a Stock Grant Plan for the year 2016, in compliance with the indications of art. 6 of the Code of Conduct, in particular:

- the rights object of the Plan begin to be exercised every three months as and from the second year and three months from the grant date and for a period of nearly 2 years having an average vesting period substantially in line with the recommendation of the Code of Conduct of Borsa Italiana S.p.A. (three years);
- the exercising of a part of the granted rights is subject to the achievement of the performance targets correlated to stock market trends;
- a period of unavailability of a part of the assigned shares (10% of the total) is established for a period of 5 years from the grant date of the rights.

Terms, conditions and implementation procedures of the Stock Grant Plan for 2016, in favor of the employees of the Company and subsidiaries, are contained in the "Information Document" available on the Company's website.

## **7) Internal control and risks management system**

The internal control system is comprised of the rules, procedures and organisational structures aimed at identifying, measuring, managing and monitoring key risks.

The purposes of the Control and Risk System, its bodies and the positions responsible for it are outlined in art. 7 of the attached Code of Conduct of Sogefi S.p.A.

In the field of the Control and Risk System, the Board of Directors:

- a) on October 23, 2012, approved, effective from January 1, 2013, new guidelines for the Company's internal control and risk management system, which are reported in art. 7 of the Code of Conduct of Sogefi S.p.A.;
- b) identified the nature and the risk level compatible with strategic objectives;
- c) assessed the adequacy, efficacy and efficiency of the Control and Risk System compared to the activity and the assumed risk profile, also considering the assessments of the Responsible Director and of the Control and Risk Committee;
- d) approved the Audit Plan proposed by Control and Risk Committee, after consultation of the Board of Statutory Auditors and the Responsible Director;
- e) evaluated the results exposed by the legal auditor in the report about the main issues emerged during the statutory audit, after consultation of the Board of Statutory Auditors.

In accordance with the resolution passed by the Board of Directors on March 6, 2001, the Chief Executive Officer is the executive director in charge of ensuring the adequacy and good functioning of the internal control system, establishing suitable procedures to guarantee proper, efficient operations and to identify, foresee and manage - as far as possible - risks of a financial and operational nature and cases of fraud against the Company.

The Control and Risks Committee was set up by a resolution of the Board of Directors dated April 18, 2000, to carry out advisory, propositional and monitoring functions on the Control and Risk System operating according to the guidelines established in the Code of Conduct.

The Committee currently only consists of Independent Directors.

The Independent Directors Ms. Roberta Di Vieto (President of the Committee), Ms. Patrizia Canziani and Mr. Paolo Riccardo Rocca are members of the Committee.

During 2016, the Committee met six times with an average duration of about two hours and ten minutes. Meetings were duly minuted.

The Committee's activity focused above all on checking the adequacy of the internal control system to cope with the typical risks of the Company's main activities and those of its subsidiaries, and to monitor the economic and financial situation.

In line with its advisory, propositional and monitoring functions, during 2016 the Control and Risks Committee developed the following activities:

- a) assessed, together with the Manager charged with preparing the company accounts and after consultation of the legal auditor and the Board of Statutory Auditors, the proper use of accounting principles and their homogeneity for drawing the statutory and consolidated financial statements and submitted the results of its assessment to the Board of Directors;
- b) expressed its opinion on specific aspects concerning the identification of the main corporate risks, especially on the determination, measurement, management and monitoring of the main corporate risks;
- c) examined the reports aimed at assessing the Control and Risk System prepared by the Internal Audit and communicated to the Board of Directors its assessments on the matter;
- d) monitored the autonomy, adequacy, efficacy and efficiency of the Internal Audit;
- e) reported to the Board of Directors, at least each semester, at the approval of the yearly and half-year financial reports, on the activity performed, as well as on the adequacy of the Control and Risk System;
- f) supports the assessments and decisions of the Board of Directors regarding the management of risks resulting from prejudicial events that have come to the notice of the Board of Directors, with an appropriate investigation;
- g) examined the Audit Plan and proposed its adoption to the Board of Directors;

h) carried out committee functions for related party transactions pursuant to the Company's procedure for related party transactions.

In compliance with the Company's Articles of association, the Board of Directors on July 26, 2007 nominated the Manager charged with preparing the company accounts pursuant to art. 154-bis T.U.F.

Since August 1, 2015 the Manager charged with preparing the company accounts is the Chief Financial Officer Mr. Yann Albrand, who has the requisites required by law having adequate experience in accounting and financial matters.

On October 23, 2012, with the aim to adapt to the provisions of the Code of Conduct of Borsa Italiana S.p.A., at the proposal of the Director responsible for the internal control and risk management system, with the previous approval of the Control and Risk Committee and after consultation with the Statutory Board, the Board of Directors appointed Mr. Giorgio Imposimato as Head of Internal Audit, who reports hierarchically to the Board of Directors, through its Chairman.

#### **8) Statutory Auditors (ex art. 123-bis, paragraph 2, letter d) T.U.F.)**

The rules governing the appointment and working of Statutory Auditors are set forth by art. 26 of the Articles of Association, which is reported in art. 8 of the attached Code of Conduct of Sogefi S.p.A..

The Legislative Decree 39/2010 gives to the Board of Statutory Auditors the role of Internal Control and Audit Committee with the duty to supervise the process of financial information, on the effectiveness of the internal control system, of internal audit and of the risk management, on the annual statutory audit and of the consolidate accounts and on the independence of legal auditors.

Statutory Auditors are qualified as "independent" under the same criteria as apply to Directors. In 2016 the Board of Statutory Auditors verified compliance with the said criteria, ensuring that the results of this check were published in the present Report. As an exception to the provisions of the Code of Conduct for Listed

Companies (cf. application criteria 3.C.1, letter e) the Board of Statutory Auditors has positively assessed the independence of the President Mr. Zingales, notwithstanding his persistence in office for more than nine years over the last twelve. Substance prevailed over form, therefore the Board analysed the concrete actual relations possibly entertained by Mr. Zingales with the Company and the manner of exercise of his function, characterised by full independence of judgement and free assessment in evaluating management performance, also taking into account the past experience in constant relationship held with the Company.

The Board of Statutory Auditors met eight times during 2016; the average duration of the meetings was of about two hours. Meetings are duly minuted.

The Board of Statutory Auditors in office expires with the approval of the Financial Statement as at December 31, 2017 and it is composed as follows:

<i>Name</i>	<i>Office</i>	<i>Date of birth</i>	<i>In office from</i>	<i>In office until</i>	<i>List</i>	<i>Indep, COC</i>	<i>% Att. BSA</i>	<i>Other positions</i>	<i>Date of the first appointment</i>
Zingales Riccardo	President	1960	20.4.2015	31.12.2017	M	X	100	2	11.4.2000
Leoni Giuseppe	Acting Auditor	1953	20.4.2015	31.12.2017	M	X	100	2	(*) 6.4.2006
Stefanoni Claudia	Acting Auditor	1969	20.4.2015	31.12.2017	M	X	100	-	19.4.2012
Allievi Anna Maria	Alternate Auditor	1965	20.4.2015	31.12.2017	M	X	-	3	20.4.2015
Girelli Mauro	Alternate Auditor	1957	20.4.2015	31.12.2017	M	X	-	2	5.2.1981
Macchiorlatti Vignat Luigi	Alternate Auditor	1963	20.4.2015	31.12.2017	M	X	-	2	11.4.2000
<i>No. of meetings of the Board of Statutory Auditors in the year: 8</i>									

(\*) Date of appointment as Alternate Auditor. On September 18, 2008 Mr Leoni took over the position of Acting Auditor, following the resignation of an Acting Auditor.

Notes:

List: M/m: if the Statutory Auditor has been appointed from the list voted by the Majority or the minority.

Indep: indicates if the Statutory Auditor can be qualified as independent according to the criteria stated in the Code of Conduct of Borsa Italiana S.p.A.

% Att. BSA: indicates the presence of the Statutory Auditor, in percentage term, to the meetings of the Board of Statutory Auditors' meetings.

Other positions: indicates the number of the offices as Director or as Statutory Auditor held in other companies listed in organized market. In attached (A) the list of these offices.

The members of the Board of the Statutory Auditors appointed on April 20, 2015 have been drawn from the single list presented by the Shareholder CIR S.p.A., holding 56.04% of the share capital at the same date.

The personal and professional characteristic of each Acting Auditor are in the curriculum vitae published on the Company's website.

#### **9) Relations with the Shareholders**

The Company has always taken concrete steps to create and maintain a positive dialogue with its Shareholders and the market through various types of communication: slide presentations of Company and Group results at Shareholders meetings, meetings with financial analysts and institutional investors in Italy and abroad, publication of corporate documentation required by the regulations, presentations and press releases on the Company's website.

To this end, the Chief Executive Officer, agreed with the Chairman, on October 8, 2003, appointed the Chief Financial Officer to be in charge of the Investor Relations function, to handle the flow of information prepared for shareholders, analysts and institutional investors, in compliance with the rules governing publication of the Company documents and information.

The responsibility of the function "Investor relations" has been undertaken starting from August 1, 2015 by Mr. Yann Albrand.

#### **10) Shareholders Meetings (ex art. 123-bis, paragraph 2, letter c), T.U.F.)**

The Company's policy is to use the Shareholders meetings as an opportunity to inform the Shareholders about the Company and the Group and their prospects, in compliance with the regulations on "price sensitive" information.

All Directors and Statutory Auditors make every effort to attend Shareholders meetings, to the extent possible, especially those Directors who, because of their position, can make a particular contribution to the debate.

The procedures and terms for convening Meetings are set forth by art. 10 of the

Articles of Association, which is reported in the attached Code of Conduct of Sogefi S.p.A.

The Shareholders Meeting of April 19, 2001, in line with the Code of Conduct, approved the Regulations for Shareholders meeting published on the Company's website (section Investor - Corporate Governance).

The Board of Directors places the proposals on the agenda of each Shareholders meeting, at the Shareholders disposal, in the terms described by the law, available also on the Company's website (section Investor – Shareholders' meetings).

**11) Code of ethics (ex art. 123-bis, paragraph 2, letter a), T.U.F.)**

On February 25, 2003 the Board of Directors approved the adoption of a Code of Ethics for Sogefi Group (updated in the year 2016 ) which defines, clearly and transparently, the values which the Group attains to in the pursuit of its targets and establishes principles of conduct binding upon the Directors, the employees and others persons having relations with the Group.

The "Code of Ethics" adopted by the Company may be viewed on the Company's website (section Investor – Corporate Governance).

**12) Sustainability Report**

The 2015 Sogefi Sustainability Report, published in 2016, is the first report on the sustainability performances for the Group and it aims at providing Stakeholders with comprehensive and transparent information about the Group's strategy and progress made towards integrating sustainability in the corporate process.

The Sustainability Report was drafted in accordance with the "G4 Sustainability Reporting Guidelines" issued in 2013 by the GRI (Global Reporting Initiative) in accordance with the "Core" option, taking into consideration the information deemed relevant to Stakeholders and drawing from the principles set out in the Guidelines. The 2015 Sustainability Report is available on the company's website (section The Group- Sustainability).

**13) Institution of the Supervisory Body and application of the Model of organization as per the Legislative Decree 231/2001 (ex art. 123-bis, paragraph 2, letter a) T.U.F.)**

Legislative Decree 231/2001 on “The administrative responsibility of corporations, companies and non-incorporated associations, enacting art. 11 of Law no. 300 of September 29, 2000”, and further modifications and integrations introduced criminal liability for companies in the event of acts of fraud committed by persons holding positions of responsibility within the company in the interests, or to the benefit of the same.

The Decree provides that the Company can be out of its responsibility if it proves to have adopted and efficiently carried out models of organization able to prevent penal illicit and to have entrusted a Supervisory Body in charge to supervise operating and observance of the model and to follow its updating.

To this end, the Board of Directors, further the adoption in 2003 of the Code of Ethics, provided on February 26, 2004 to create the Supervisory Body.

The members of the Supervisory Body are the Directors Mr. Paolo Riccardo Rocca (President of the Committee), Ms. Roberta Di Vieto and the Chief Administration and Corporate Governance Officer of the CIR Group, Mr. Giuseppe Gianoglio.

On February 26, 2004 the Board of Directors also approved the “Organization, Management and Control Model pursuant to Legislative Decree 231 of June 8, 2001” (Organizational Model), further integrated in 2006 by the new “Code of conduct on internal dealing and the maintenance of a list of persons with access to inside information” (in the year 2016 this Code has been replaced by a new Code adopted in compliance with EU Regulation n. 596/2014). The Board of Directors has constantly updated the Organizational Model also for considering the further cases of offences included in the Legislative Decree 231/2001 following the adoption of the model itself.

During 2016 the Supervisory Body, which held four meetings duly minuted, supervised the working of the Organizational Model and its updating. Those activities that were deemed to involve higher crime risk were monitored through Internal Audit.



#### **14) Independent Auditors**

The Shareholders Meeting of April 20, 2010 granted the appointment to audit the statutory financial statements, the consolidated financial statements, the half yearly report and to ensure accounts were properly kept, to the company Deloitte & Touche S.p.A., for the financial years 2010-2018.

## **ANNEXES**

### **ANNEX A)**

List of offices held by Directors and Statutory Auditors of Sogefi S.p.A. as at  
December 31, 2016

### **ANNEX B)**

Code of Conduct of Sogefi S.p.A.

### **ANNEX C)**

Directors' Curriculum vitae

ANNEX A)

**List of offices held by Directors of Sogefi S.p.A. in other companies listed on regulated markets, in financial, insurance, bank companies and in companies not listed but of relevant importance as at December 31, 2016**

Monica Mondardini	Managing Director of CIR S.p.A.(*) and Gruppo Editoriale L'Espresso S.p.A.(*), Director of Crédit Agricole S.A., Atlantia S.p.A., Trevi Finanziaria Industriale S.p.A. and Kos S.p.A.(*) Chairman of ADR Aeroporti di Roma S.p.A.
Rodolfo De Benedetti	Chairman of Cofide S.p.A.(*) and CIR S.p.A.(*) Director of Gruppo Editoriale L'Espresso S.p.A.(*), Decalia Asset Management S.A. and AON Italia
Roberta Di Vieto	Acting Statutory Auditor of Shell Energy Italia S.r.l. and Ermenegildo Zegna Holditalia S.p.A.
Mauro Melis	Managing Director of Istituto Europeo di Oncologia S.r.l.
Paolo Riccardo Rocca	President of the Board of Statutory Auditors of Finexa S.p.A.

**List of charges of Directors and Statutory Auditors held by Acting Auditors and Alternate Auditors of Sogefi S.p.A. in other companies listed on Italian regulated markets stock exchange as at December 31, 2016**

Riccardo Zingales	President of the Board of Statutory Auditor of Cofide S.p.A.(*) and Acting Statutory Auditor of CIR S.p.A.(*)
Giuseppe Leoni	Acting Statutory Auditor of Be Think, Solve, Execute S.p.A. and Alternate Statutory Auditor of Gas Plus S.p.A.
Anna Maria Allievi	President of the Board of Statutory Auditor of Credito Emiliano S.p.A. and IGD SIIQ S.p.A., Acting Statutory Auditor of CIR S.p.A. (*)
Mauro Girelli	President of the Board of Statutory Auditor of Caleffi S.p.A., Alternate Statutory Auditor of Piaggio & C. S.p.A.
Luigi Macchiorlatti Vignat	Alternate Statutory Auditor of Cofide S.p.A.(*) and CIR S.p.A.(*)

(\*) companies of the CIR/Cofide Group

ANNEX B)

## **CODE OF CONDUCT OF SOGEFI S.p.A.**

### **FOREWORD**

*The Code of Conduct of SOGEFI S.p.A. (hereinafter "SOGEFI" or the "Company") contains a description of the main duties and functions of the corporate bodies and of the internal control and risk management system of the Company.*

*The description of these duties and functions is carried out in a structured way in a single document in which it is possible to find not only content but also specific reference to the applicable regulatory environment: the provisions of the law and of regulations, the terms of the Company Articles of Association, and the principles of the CODE OF CONDUCT OF BORSA ITALIANA S.P.A. with which the Company complies.*

*On this subject at the Board of Directors Meeting held on October 23, 2012, following the new rules of the CODE OF CONDUCT OF BORSA ITALIANA S.P.A. introduced in December 2011, the Company updated its own corporate governance and approved internal procedures as indicated in the Code.*

*In order to incorporate the changes introduced in the CODE OF CONDUCT OF BORSA ITALIANA S.P.A. in July 2014 and July 2015, the Board of Directors has subsequently updated the Code of Conduct of the Company.*

## **Art. 1 – Role of the Board of Directors**

Below are the provisions of the **Articles of Association** on the subject of the **role of the Board of Directors**

### **ART. 18**

1. The Board of Directors appoints a Chairman from among its members; it may also appoint a Deputy Chairman who replaces the Chairman in the event of absence or impediment.
2. The Board may appoint a Secretary who need not be a Director.

### **ART. 19**

1. The Board meets at the registered offices or elsewhere when called by the Chairman or his deputy; meetings are usually held every three months and, in any event, whenever necessary in the interests of the Company or when requested by two Directors.
2. Board meetings may also be called by the Board of Statutory Auditors or by at least one of its members, after informing the Chairman of the Board of Directors.
3. Meetings are called by registered letter, telegram, fax or e-mail received at least five days prior to the date fixed for the meeting or, in urgent cases, at least one day beforehand.
4. Board meetings and their resolutions remain valid when held by telephone or videoconference call, even without formal convocation, provided they are attended by a majority of the current Directors and Acting Statutory Auditors, all those having rights to participate having been informed in advance of the meeting and sufficiently informed on the matters for discussion.

### **ART. 20**

1. Resolutions adopted by the Board of Directors are valid if a majority of the current members are present.
2. Resolutions are adopted by a majority vote of those present in the respect of the Procedure for related party transactions. In the case of a tie, the vote of the Chairman or the chairman of the meeting shall prevail.
3. Meetings of the Board of Directors may be held by telephone conference call on condition that all the participants can be identified and that they are able to follow the proceedings, take part in real time in discussions about the matters on the agenda, and receive, transmit or examine documentation.
4. In such circumstances, the meeting is deemed to be held at the location where both the Chairman and the Secretary are present. The Secretary prepares the minutes which are then signed by both of them.

ART. 21

1. The Directors report to the Board of Directors and the Board of Statutory Auditors on a timely basis about their activities and the principal transactions carried out by the Company, as required by law.
2. Such reports are made verbally at least every quarter during Board or Executive Committee meetings, or by written and/or verbal and/or telephone communications to the Chairman of the Board of Statutory Auditors, if particular requirements for timeliness make this preferable.
3. The Directors must inform the other Directors and the Board of Statutory Auditors of all interests they may have in a given transaction, whether personally or on behalf of third parties, as required by current legislation.

ART. 23

1. The Board of Directors exercises the widest powers of ordinary and extraordinary administration, without any exceptions, and has the power to perform all the acts deemed appropriate in carrying out all the activities comprising or instrumental to the achievement of the corporate objects, except for those powers which the law or these By-laws reserve specifically for the Shareholders in General Meeting.
2. Accordingly, the Board of Directors may resolve to reduce share capital in the case of withdrawal by Shareholders, to amend the By-laws in order to comply with compulsory legislation, to transfer the registered offices within Italy, and to absorb subsidiaries that are wholly owned or whose capital is at least 90% (ninety per cent) owned, in compliance with arts. 2505 and 2505bis of the Italian Civil Code.

ART. 24

1. The Board of Directors may appoint one or more Managing Directors from among its number and, within the requirements of law, determine their duties and emoluments.
2. The Board may also appoint an Executive Committee comprising a number of its members and, within the requirements of law, determine its functions. Unless otherwise established at the time of appointment, the activities of the Executive Committee are governed by the regulations applying to the Board of Directors.
3. The Board of Directors may appoint general managers, providing they satisfy the legal criteria of respectability, who may also be members of the Board. Failure to meet the criteria of respectability will mean disqualification from the post.
4. The Board may also appoint special representatives to carry out specific duties or categories of duty.
5. The Board may create from within its membership advisory and working committees on specific issues, and determine their scope and powers.
6. The Board of Directors, on the proposal of the Managing Director and in

concert with the Chairman, subject to the opinion of the Board of Statutory Auditors, appoints the manager charged with preparing the company accounts, who must have adequate accounting and financial experience.

7. The Board of Directors must also ensure that the manager charged with preparing the company accounts has the powers and means necessary to carry out these duties and equally ensure effective observance of the proper administrative and accounting procedures.

In application of the provisions of art. 1 of the CODE OF CONDUCT OF BORSA ITALIANA S.P.A., the Board of Directors:

- on the basis of the internal procedures duly approved by the Board of Directors will examine and approve the strategic, industrial and financial plans of the Company and of the Group by checking their implementation on a regular basis. The procedures stipulate that the budgets prepared by each company of the Group and the business plans prepared by the Company and by the divisional general managers should be the subject of discussion with the Chief Executive Officer of SOGEFI before to submit it to the Board of Directors of the Company scheduled within the end of January;
- defines the nature and the risk level compatible with the strategic objectives of the Company, including in its evaluation all the risks that may prove to be significant in relation to the sustainability of the issuer's activities in the medium-long term, as illustrated in Art. 7 below, taking into account in terms of possible impact of the main risks relating to the businesses of the subsidiaries. The Company carries out a global risk assessment every year when the budget is approved;
- assesses the adequacy of the organisational, administrative and accounting structure of the Company, as well as the one of the strategic subsidiaries, in particular referring to the internal control and risk management system;
- defines the intervals, usually quarterly, at which the Managing Director must report to the Board the activities that have been carried out in the execution of the assigned powers, under the provisions of the Company Bylaws;
- assesses the management performances by taking into account especially the

information received by the Managing Director;

- examines and approves beforehand the transactions of the Company and examines the ones of its subsidiaries with a significant strategic importance. To this end, the Board of Directors defines the corresponding parameters of importance, by adopting an *ad hoc* procedure;
- performs, at least once a year, an assessment on the size, composition and working of the Board itself and its committees, also taking into account the elements such as professional, practical and managerial characteristics, gender and office seniority;
- can express to the Shareholders, before the appointment of the new Board, its opinions on the professional functions that are deemed to be necessary inside the Board;
- in order to ensure the correct management of corporate information the Board of Directors adopts a procedure for internal management and external communication of documents and information about the Company, especially referring to privileged information, which is available on the Company's website;
- gives information in the Report on Corporate Governance on its composition and on the times and procedures for holding its meetings and on the self-assessment process.

The directors act and decide autonomously and with full knowledge of the facts, they accept their mandate as they deem they can dedicate the due time to the diligent execution of their tasks, even considering the commitment related to their professional and working activities, the number of director or statutory auditor offices they hold in other companies listed in regulated markets (including foreign markets), in financial companies, banks, insurances or companies that have considerable size. They are also required to inform the Board of Directors of any other activities they may have in competition with the Company, as well as any significant modification in the position they hold in other companies.



Still in application of the terms of Art. 1 of the CODE OF CONDUCT OF BORSA ITALIANA S.P.A. the Board of Directors has approved the following:

*Guidance regarding the maximum number of positions as director or statutory auditor in other companies listed on regulated markets, including foreign markets, in financial companies, banks, insurance companies or companies of a significant size (“Significant Companies”):*

**a) General criteria for evaluation**

1. Exclude the possibility that an executive director of SOGEFI can take on other positions as executive director or statutory auditor in Significant Companies not belonging to the CIR group or to the group of its parent companies;
2. For the executive directors of SOGEFI, possibility of holding other positions with a maximum limit of three as non-executive director in Significant Companies not belonging to the CIR group or to the group of its parent companies;
3. For the non-executive directors of SOGEFI, possibility of holding other positions with a maximum limit of five as non-executive director and/or statutory auditor and two as executive director in Significant Companies not belonging to the CIR group or to the group of its parent companies;
4. Positions held in Significant Companies belonging to the same group will count as a single position (and that single position will be considered as that of an executive director for the purposes of the calculation of the limits, if at least one of the positions held in the same group is as executive director);
5. “Companies of a significant size” means companies that exceed at least one of the following limits: revenues of over Euro 500 million, total assets of over Euro 1,000 million, over 2,000 employees.
6. “Financial companies” means only those companies that exercise the business of supplying financial services to the public, and which are subject to supervision.

**b) Possible waiver of the general criteria**

The general criteria described above can always be waived in relation to one or more directors with a resolution taken by the Board of Directors giving the reasons for the waiver. In deciding on the waiver the Board of Directors may also take into account the director’s attendance record at SOGEFI board meetings and committee meetings.

It should also be noted that the Board of Directors assesses the independence of its Directors at least once a year, taking into account the information that the individuals involved are required to produce. While the terms of Art. 147-ter, paragraph 4, of the Finance Consolidation Act (T.U.F.) remain applicable, the Company intends to introduce the obligation for any Director who has lost

the qualification of independence as per the terms of the Code of Conduct (Criteria 3.C.1) to resign his or her position, without prejudice for the right of the Board of Directors to evaluate each specific case possibly allowing waivers to the rules.

Information will be given of any waivers of the above approved by the Board of Directors in the Annual Report on Corporate Governance.

Below is what the **Articles of Association** stipulate on the subject of the **Chairman of the Board of Directors**

**ART. 25**

The legal representative of the Company in dealings with third parties and in judgement at all levels is the Chairman of the Board of Directors and, separately, the Deputy Chairman, the Managing Directors and the General Managers, to the extent of the powers conferred on them.

In application of what is stated in Art. 1 of the CODE OF CONDUCT OF BORSA ITALIANA S.P.A. the Chairman of the Board of Directors:

- calls Board meetings and makes sure all of its members – and the Statutory Auditors - are provided with the necessary documentation and information at least some days before the meeting (except in an emergency) to gain a background knowledge of the issues on the agenda so that the Directors can express an opinion and approval; if the documentation is voluminous or complex, it can be supplemented with a summary document. Where, in specific cases, it is not possible to provide necessary information well in advance, the Chairman ensures that appropriate and precise investigations are carried out during Board sessions;
- co-ordinates the activities of the Board and runs the meetings, ensuring that the items on the agenda receive sufficient time necessary for a debate and encouraging the directors to make their contribution;
- the Chairman may ask to the Managing Director, even at the request of one or more Directors, that the managers of the Company and the ones of the

companies of the Group participate in Board meetings in order to provide the due insight.

#### **Art. 2 - Composition of the Board of Directors**

The Board of Directors is made up of executive and non-executive Directors who have adequate competence and professionalism.

The non-executive Directors bring their specific competences to the Board discussions, contributing to the adoption of judicious decisions and paying particular attention to the areas in which conflicts of interest can emerge.

The composition of the Board of Directors of the Company – even in relation to number, competence, authoritativeness and availability of time that the non-executive Directors – must be suitable to ensure conditions of managerial autonomy and hence maximization of economic and financial objectives of the Company.

The composition of the Board of Directors also respects the balance between the genders prescribed by current legislation and by Art. 17 of the Company Articles of Association reproduced further on.

The Company complies with the so called ban on interlocking directorates, which was introduced by Art. 2 of the CODE OF CONDUCT OF BORSA ITALIANA S.P.A., i.e. the principle that the chief executive officer of an issuer cannot take a position as director of another issuer not belonging to the same group, in which a director of the issuer is chief executive officer.

The Directors are expected to know their duties and the responsibilities inherent in the position.

The Chairman makes sure that the Directors and Statutory Auditors, following their appointment and during their mandate, can take part in initiatives in the most appropriate formats, aimed at giving them an adequate knowledge of the business sector in which the Company operates, of the Company dynamics and the evolution thereof, of the principles of correct risk management, as well as of the relevant regulatory environment and the internal rules on the subject. As far as information on the business sectors is concerned, the Managing Director gives a

briefing on the performance of the business at the meetings of the Board of Directors that examines the periodically financial reports.

In relation to the regulatory environment, special information sessions may be organized for the Directors with the support of professional training experts when the Board of Directors is renewed and, subsequently, any time that changes in the regulatory framework make an update on the subject appropriate.

The Board of Directors designates a lead independent director. The lead independent Director is a point of reference who coordinates the requests and the contributions of the non-executive Directors, particularly the independent Directors. He or she collaborates with the Chairman to guarantee that the Directors receive full information flows on a timely basis. Among other things the Lead Independent Director, either independently or at the request of other Directors, also has the right to call a meeting of just the independent Directors to discuss topics considered of interest to the running of the Board of Directors or the management of the Company.

With reference to the possibility that issuers adopt mechanisms to ensure the maturity split of all or part of the members of the administrative body (the so-called staggered board), the Company has decided not to adopt this provision, as unsuitable to the particular ownership structure of SOGEFI.

### **Art. 3 - Independent Directors**

In compliance with the terms of the Regulations containing rules for implementing D.Lgs. 58/1998 on the subject of the markets, adopted by Consob with its Resolution 16191/2007, Independent Directors represent the majority of the members of the Board of Directors.

In accordance with what is recommended by the CODE OF CONDUCT OF BORSA ITALIANA S.P.A. "Independent Directors" are considered as those directors:

- a) do not control directly nor indirectly, even through its subsidiaries, fiduciaries

or on behalf of third parties, the Company either do not exercise on it considerable influence or do not participate to a parasocial agreement through someone that could exercise the control or the significant influence of the Company;

- b) are not nor have not been in the three previous years, prominent exponent of the Company, of one subsidiary having strategic relevance or of a Company subjected to a common control with the Company or of a company or corporation that even with others through a parasocial agreement controls the Company or can exercise on it a significant influence;
- c) have not or have not had in the last year directly nor indirectly (for example through subsidiaries or through companies where he is prominent exponent, or as a partner of a professional office or of a consultant company) a relevant commercial, financial or professional relationship;
  - with the Company or a subsidiary or with anyone related to the prominent exponents;
  - with someone who even together with others through a parasocial agreement, controls the Company or – being company or corporation – with the related prominent exponent;or have not or have not been in the previous three years, employees of one of the above mentioned subjects;
- d) do not receive or have not received in the previous three years, from the Company or from a subsidiary or parent company any relevant remuneration in addition to a fixed fee as non-executive Director of the Company and to the compensation for the participation to the committees as recommended by the CODE OF CONDUCT OF BORSA ITALIANA S.P.A., included the participation in performance-related incentive plans, even to a share basis;
- e) have not been Directors of the Company for more than 9 years in the last 12 years;
- f) they are not executive Directors in another company in which one executive Director of the Company is Director;
- g) they are not Shareholders or Directors of a company or of a corporation

belonging to the net of the company responsible of the accounts legal auditing of the Company;

- h) they are not close family members of a person who is in the situations described in the previous points.

Where some of the above mentioned circumstances foreseen by the CODE OF CONDUCT OF BORSA ITALIANA S.P.A. might preclude the independence of non-executive Directors, the Board of Directors in each case must assess whether or not the individual satisfies the minimum requisites for independent director.

On the basis of paragraph 4, Art. 147-*ter* of the T.U.F., at least one member of the Board of Directors, or two if the Board of Directors has more than seven members, must have the requisites of independence established for statutory auditors and therefore in accordance with the terms of paragraph 3, Art. 148 of the T.U.F., the following individuals cannot be considered as independent:

- a) the consort, the relatives within the fourth rank of the Directors of the Company, the Directors, the consort and the relatives within the fourth rank of the Directors of the subsidiaries, of the parent companies and of the companies under common control;
- b) the one who are related to the Company or to the subsidiaries or to the parent companies or to the under common control companies or to the Company Directors and to the persons as described in previous point a) subjected to relationship of self-employment work or subordinate work or from other relations of property which could threaten the independence.

Then, the Company meets the criteria for the evaluation of the adequacy of the number of the independent directors set by Borsa Italiana S.p.A. for the companies listed at STAR segment.

The Board of Directors is asked to value the independence of the Directors after appointment and, then, on a yearly basis. The result of such evaluation is communicated to the market in the context of the Report on Corporate Governance.

#### **Art. 4 - Establishment and Working of the Internal Committees of the Board of Directors**

The Board of Directors sets up from among its members one or more committees, the function of which is to make proposals and give advice, defining their duties and approves the respective regulation.

The committees consist at least of three members, being all independent, and the works are coordinated by a President. The meetings of each committee are minuted and the Chairman of each committee reports back on the same at the first Board of Directors Meeting.

The Committee Regulations foresees that the Chairman of the Statutory Auditors Board or another statutory auditor he identified must take part to these committee meetings.

The President can, if he or she feels it is necessary, invite any other individuals not on the committees whose presence could be useful for the proceedings of the meeting.

For organizational reasons the functions of the Appointments Committee and those of the Remuneration Committee are combined in a single committee, called the Appointments and Remuneration Committee, whose members must include profiles with adequate skills in financial or remuneration policy fields.

The Control and Risk Committee, of which at least one member must have adequate experience in accounting and finance or risk management, as well as advising, making proposals and monitoring the Control and Risk System, also carries out the function of Committee for Related Party Transactions in accordance with the Rules for Related Party Transactions.

The duties assigned to the individual Committees of the Board of Directors are illustrated in the following articles.

#### **Art. 5 – Appointment of Directors**

Below are the terms of the **Articles of Association** on the subject of the **appointment of Directors**

ART. 17

1. The Company is administered by a Board of Directors comprised of between five and fifteen members, even not necessarily shareholders. They are appointed by the General Meeting of Shareholders for a fixed term which may not exceed three years, and are eligible for re-election.
2. The General Meeting also determines the number of Board members, which remains fixed unless altered by further deliberation of the Meeting.
3. Minority Shareholders have the right to appoint one member of the Board of Directors.
4. The Board members are appointed by the General Meeting from lists presented by the Shareholders. Candidates are listed in numerical order. The lists, signed by the presenting Shareholders, must be filed according to the terms and conditions required by the enforceable law.
5. List may only be presented by Shareholders who, either individually or jointly with others, hold shares that represent at least a fortieth of the share capital, or a different percentage laid down by the law or regulations. Proof of ownership of the required number of shares must be presented according to the terms and conditions required by the enforceable law. Shareholders who, individually or with others, hold voting shares representing less than 20% of the share capital may present lists of no more than 3 candidates.
6. Lists which include a number of candidates equal to or higher than three must include candidates belonging to both genders, in at least the proportion specified in current legislation on the subject of gender balancing.
7. Lists which fail to comply with the above rules shall be considered inadmissible.
8. No Shareholder may present or contribute to the presentation of more than one list, even via an intermediary or trustee. Shareholders subject to the same control pursuant to art. 93 of the Consolidated Securities Act or belonging to the same voting syndicate may present or contribute to the presentation of only one list.
9. Each Shareholder can vote for just one list.
10. Each candidate may stand in one list only, on pain of disqualification.
11. Each list filed by the required date must be accompanied by statements from each candidate accepting their nomination and declaring, under their own responsibility, that there are no reason of incompatibility or ineligibility regarding their candidature and that they meet the requirements laid down in the law and current regulations for the position of Board member. Candidates must also provide a curriculum vitae describing their personal and professional qualifications specifying any position as director or statutory auditor they might hold in other companies and whether they satisfy the requirements for the position of independent director under the law and current regulations.
12. Incompleteness or irregularity of any candidature shall mean disqualification of the candidate's name from the voting list.
13. For the nomination to go forward, the lists presented and submitted for voting must obtain at least half the percentage of votes required under this



Article for the presentation of the lists themselves. Lists which do not meet this condition shall be considered null and void.

14. Members of the Board of Directors are elected as follows:
  - a) from the list which obtained the highest number of votes during the Meeting, as many directors as required to make up the Board minus one are taken in the numerical order in which they were listed;
  - b) from the list which obtained the second highest number of votes during the Meeting, and which is unconnected in any way, even indirectly, with the shareholders who presented or voted for the first list, the candidate at the top of this second list is nominated as the final board member.
15. When application of the procedure described in a) and b) above does not give the gender balance required by current legislation, the last director elected from the list that obtained the most votes belonging to the most represented gender shall lapse and shall be replaced by the first candidate not elected from the same list belonging to the less represented gender. Otherwise, the Shareholders' Meeting shall make up the number of the administrative body with the majorities required by law, ensuring compliance with the terms of the law.
16. All elected Directors must meet the criteria of respectability and professional conduct laid down in the current regulations. Failure to meet these criteria will mean disqualification from the position.
17. If only one list is presented or admitted, all Directors are appointed from that list.
18. If no list is presented or the number of Directors appointed is smaller than the minimum required by the Shareholders, the General Meeting must be reconvened to elect a full Board of Directors.
19. If as a result of resignations or for other reasons one or more Directors ceases to serve, they are replaced in accordance with art. 2386 of the Civil Code, in compliance with the applicable requisites.

In application of what is stated in Art. 5 of the CODE OF CONDUCT OF BORSA ITALIANA S.P.A. and in the *Rules* of the Appointment and Remuneration Committee approved by the Board of Directors, in relation to the appointment of the Directors, the Committee carries out the following functions:

- it proposes to the Board of Directors candidates, if an independent director is to be replaced pursuant to art. 2386, first paragraph of the Italian Civil Code;
- it expresses its opinions to the Board of Directors on the maximum number of positions of director or statutory auditor that the Directors of the Company can hold in other companies listed in regulated markets (even abroad), in financial

- companies, insurances or companies that have considerable size, by considering the directors participation to the Board internal committees;
- it expresses its opinions to the Board of Directors on its dimension and composition, as well as, if necessary, on the professionals whose presence inside the Board is deemed to be convenient.

The *Succession Plan for Executive Directors* is approved by the Board of Directors on the basis of the investigatory activity carried out by the Appointment and Remuneration Committee. The *Plan* should give a clear definition of the objectives, instruments and timing of the process, should have the involvement of the Board of Directors and a clear allocation of competences, even with regard to the preliminary stage of the procedure.

#### **Art. 6 - Remuneration of Directors**

The remuneration policies are aimed at guaranteeing competitiveness in the labor market, in line with the objectives of growth and rewarding the loyalty of human resources, as well as using different instruments of Remuneration for different types of professionalism and competences.

The Company aims to keep remuneration aligned with market benchmarks, applying bonus Remuneration criteria in particular situations of merit.

Pursuant to the law, the Ordinary Shareholders meeting determines the remuneration to the Directors for the office.

The Board of Directors determines the remuneration of the non-executives Directors for their participation in one or more committees or for the possible assignment of specific tasks.

The remuneration of Directors appointed to particular positions, in accordance with the Company's Articles of association, is decided by the Board of Directors on the proposal of the Appointment and Remuneration Committee, after obtaining the opinion of the Board of Statutory Auditors, according to the guidelines fixed on the remuneration policy.

The Board of Directors, on the proposal of the Appointment and Remuneration

Committee, defines the remuneration policy for Directors and Managers having strategic responsibilities.

In application of principle 6.P.5. of the CODE OF CONDUCT OF BORSA ITALIANA S.P.A., when the position of an executive Director or a General Manager is terminated, the Company, after following internal processes leading to the assignment or recognition of compensation and/or other benefits, give full details on this in a press release to the market.

In the preparation of any share-based compensation plans, the Board of Directors ensures that the criteria stipulated in the CODE OF CONDUCT OF BORSA ITALIANA S.P.A. are observed.

In application of what is stated in Art. 6 of the CODE OF CONDUCT OF BORSA ITALIANA S.P.A. and in the *Rules* of the Appointment and Remuneration Committee approved by the Board of Directors, in relation to compensation, the Committee carries out the following functions:

- it submits to the Board of Directors the proposals concerning the remuneration policies for Directors and Managers having strategic responsibilities;
- it expresses its opinions together with the Control and Risk Committee on the proposals relating to the remuneration policies of the head for internal auditing and the Manager charged with preparing the company accounts;
- it makes proposals for the remuneration of the Managing Director and of directors with special duties, which may include remuneration plans that provide for the granting of stock options or other share-based incentives;
- generally makes proposals to the Board of Directors regarding the characteristics of compensation plans based on financial instruments;
- it periodically assesses the adequacy, coherence and practical application of the remuneration policy for directors and managers having strategic responsibilities.

#### **Art. 7 - Internal Control and Risk Management System**

The Board of Directors approves the general principles of the internal control and risk management system.

In particular, the Board of Directors held on October 23, 2012 adopted, effective from January 1, 2013, its Guidelines on the internal control and risk management system:

#### *Control and Risk System*

The Control and Risk System is the set of rules, procedures and organisational structures aimed at allowing, through an adequate identification, measurement, management and monitoring process of the main risks, a healthy, correct and coherent business management in line with the established goals, as well as at promoting conscious decision-making. The Control and Risk System contributes to guaranteeing the corporate assets protection, the efficacy and efficiency of corporate processes, the reliability of disclosures made to the company bodies and to the market, the compliance with laws and regulations, as well as of the articles of association and internal procedures.

The Control and Risk System contributes to reducing and limiting, without having the chance to eliminate, the possibility of wrong decisions, mistakes, fraudulent violations of the control systems and unpredictable events.

The Control and Risk System comprises, in addition to these guidelines, the internal statutory and regulatory provisions on the division of powers and delegations of responsibility, including the Organisation Model pursuant to Italian Legislative Decree 231/2001, the objectives and methodologies for risk assessment, as well as the provisions on the administrative, accounting and financial system.

#### *Tasks of the Bodies and Positions of the Control and Risk System*

The bodies and positions responsible for the Control and Risk System are:

- a) the Board of Directors;
- b) the Director responsible for the Control and Risk System (hereinafter the “Responsible Director”);
- c) the Control and Risk Committee;
- d) the person in charge of the Internal Audit;
- e) the Risk Manager;
- f) the Board of Statutory Auditors;
- g) the Supervisory Body as per Italian Legislative Decree 231/2001;
- h) the other corporate bodies and positions expert on internal control and risk management.

Within the frame of their own tasks in the corporate organisation, all employees facilitates the efficient operation of the Control and Risk System, by fulfilling their responsibilities with the due knowledge and understanding of the activity, the organisation and the operating modes of the reference markets, of the risks and the management goals of the Company.

Each of the above mentioned bodies and positions shall act complying with the corresponding tasks and powers, as well as according to the indications contained in these Guidelines and in the applicable statutory, regulatory and internal provisions.

#### The Board of Directors

The Board of Directors holds the final responsibility of the Control and Risk System and defines its guidelines, consistently with the strategic objectives and the risk profile of the Company.

In the field of the Control and Risk System, the Board of Directors:

- a) defines the guidelines of the Control and Risk System, by making the suitable modifications and updates;
- b) identifies the nature and level of risk according to the strategic objectives of the Company, by reassessing them whenever the circumstances require it;
- c) assesses on a yearly basis the adequacy, efficacy and efficiency of the Control and Risk System compared to the business activity and the assumed risk profile, also considering the assessments of the Responsible Director and of the Control and Risk Committee;
- d) at the proposal of the Control and Risk Committee, on a yearly basis, within the date of approval of the financial statements, it approves the Audit Plan, after consultation of the Board of Statutory Auditors and the Responsible Director;
- e) after consultation of the Board of Statutory Auditors, it evaluates the results exposed by the legal auditor in the possible letter of recommendations and in the report about the main issues emerged during the statutory audit;
- f) appoints the Responsible Director;
- g) creates a Control and Risk Committee and appoints its chairman;
- h) approves the regulations of the Control and Risk Committee, as well as their possible modifications and updates;
- i) appoints and removes from his/her position the person in charge of the Internal Audit, by establishing his/her compensation according to corporate policies, at the proposal of the Appointment and Remuneration

Committee, after approval of the Control and Risk Committee and consultation of the Board of Statutory Auditors.

- j) guarantees that the person in charge of the Internal Audit is given suitable resources to carry out his/her tasks and responsibilities.

#### The Responsible Director

The Responsible Director is in charge of ensuring the operation and adequacy of the Internal Control System. The Responsible Director is usually the Managing Director.

The Responsible Director:

- a) identifies the main corporate risks and presents them to the the Board of Directors for periodical examination;
- b) designs, creates and manages the Control and Risk System, by foreseeing the coordination procedures between the concerned bodies and positions in order to maximise the efficiency and reduce duplications;
- c) constantly verifies, even based on the reports prepared by the person in charge of the Internal Audit and by the indications of the Control and Risk Committee, the adequacy, efficacy and efficiency of the Control and Risk System, by proposing to the Board of Directors the convenient modifications and updates;
- d) can ask to the person in charge of the Internal Audit to carry out some verifications on specific operating domains and the respect of internal rules and procedures in the execution of corporate operations, by communicating this immediately to the Chairman of the Board of Directors, to the Chairman of the Control and Risk Committee as well as to the Chairman of the Board of Statutory Auditors;
- e) immediately reports to the Board of Directors the problems and critical points that emerged during the execution of its activity or that were communicated to it, so that the Board of Directors can take the suitable actions;
- f) can request the advice of the Control and Risk Committee, for the execution of its functions.

#### The Control and Risk Committee

The Control and Risk Committee carries out advisory, propositional and monitoring functions on the Control and Risk System.

The Control and Risk Committee:

- a) assesses, together with the manager responsible for financial reports and after consultation of the legal auditor and the Board of Statutory

Auditors, the proper use of accounting principles and their homogeneity for drawing the statutory financial and consolidated financial statements and submits the results of its assessment to the Board of Directors as stated in letter f) below;

- b) expresses its opinion on specific aspects concerning the identification of the main corporate risks, especially on the determination, measurement, management and monitoring of the main corporate risks;
- c) examines the reports aimed at assessing the Control and Risk System prepared by the Internal Audit and communicates to the Board of Directors its assessments on the matter as stated in letter f) below;
- d) monitors the autonomy, the adequacy, the efficacy and efficiency of the Internal Audit and proposes possible correcting actions to the Board of Directors;
- e) can ask to the Internal Audit to carry out some verifications on specific operating domains, by communicating this immediately to the Chairman of the Board of Statutory Auditors and of the Board of Directors, as well as to the Responsible Director;
- f) reports to the Board of Directors, at least each semester, at the approval of the yearly and half-year financial reports, on the activity performed, as well as on the adequacy of the Control and Risk System;
- g) supports the assessments and decisions of the Board of Directors regarding the management of risks resulting from prejudicial events that have come to the notice of the Board of Directors, with an appropriate investigation;
- h) examines the Audit Plan and proposes its adoption to the Board of Directors;
- i) carries out committee functions for related party transactions pursuant to the Company's procedure for related party transactions.

The Control and Risk Committee consists of at least 3 independent directors. At least one of its members has got an adequate experience in accounting and financial or risk management matters. It acts pursuant to the provisions of the internal regulations approved by the Board of Directors, which describes its appointment modes, its tasks, its operating procedures, powers and budget.

In the Control and Risk Committee's works, take part the Chairman of the Board of Statutory Auditors or another auditor named by the Chairman of the board (even the other auditors can participate).

#### The Person in Charge of the Internal Audit

In the field of the Control and Risk System, the person in charge of the Internal Audit:

- a) prepares the Audit Plan and submits it to the Control and Risk Committee, so that it proposes its adoption to the Board of Directors;
- b) verifies, both in a continuous way and in relation to specific needs, the operation and suitability of the Control and Risk System thanks to the Audit Plan approved by the Board of Directors;
- c) prepares half-year reports on its activity, the ways in which the risk management is handled, the compliance with the plans established for their control and the adequacy of the Control and Risk System and sends a copy to the Control and Risk Committee, as well as to the Board of Statutory Auditors before the meeting of the Control and Risk Committee preceding the Boards of Directors of the yearly and half-year reports;
- d) immediately draws up reports on particularly significant events, by sending a copy to the chairmen of the Board of Directors, of the Control and Risk Committee, of the Board of Statutory Auditors, as well as to the Responsible Director;
- e) verifies, within the frame of the Audit Plan, the reliability of the information systems, including accounting recognition systems.

The person in charge of the Internal Audit hierarchically depends on the Board of Directors via its Chairman and is entitled to directly access all the useful information for carrying out his/her mandate.

#### The Risk Manager

The description of the activities and functions of the Risk Manager is explained below.

#### The Board of Statutory Auditors

The Board of Statutory Auditors monitors the efficacy of the Control and Risk System. In the performance of its functions, the Board of Statutory Auditors can ask to the person in charge of the Internal Audit to carry out some verifications on specific operating domains or corporate transactions, by communicating this to the Chairman of the Board of Directors. The Board of Statutory Auditors and the Control and Risk Committee are rapidly exchanging the relevant information for executing their tasks.

#### The Supervisory Body

The Supervisory Body has been established pursuant to the Legislative Decree 231/2001 and carries out the tasks foreseen by the Company Organization Model, collaborates and regularly exchanges information with the Control and Risk Committee, the Board of Statutory Auditors and the Responsible Director.



### Other Competent Bodies and Positions

The other corporate bodies and positions expert on internal control and risk management include the Manager charged with preparing the company accounts and the set of procedures and bodies composing the Company's structure.

### *Risk Management*

The risk management system is made up of the following three control levels:

- a) the operating functions inside the companies of the Group identify the risks and establish the actions to take for their management, in coordination with the person in charge of the Risk Management, according to an integrated risk management methodology called "ERM - Enterprise Risk Management";
- b) the person in charge of the Risk Management carries out a constant analysis and monitoring activity;
- c) the Internal Audit controls the operation of the System and provides for its own independent assessments.

### Definition of the Nature and the Level of Risk according to the Strategic Objectives of SOGEFI

At least once a year, when preparing the budget, SOGEFI executes a global risk assessment with the corresponding quantification and estimate of their possible impact on the achievement of management objectives.

The above mentioned activity is carried out by following the methodological guidelines contained in the "Risk Analysis and Assessment" document (attached to the guidelines), which have been inspired by the "ERM - Enterprise Risk Management" Framework elaborated by the "Committee of Sponsoring Organisations of the Treadway Commission (COSO report)" and are an integral part of these guidelines.

The output of such an activity shall be constituted by a document representing in a complete way the level of risk for every business area and defining the foreseen risk mitigation actions. Such a document shall be discussed by the Risk Manager with the corporate management and the Control and Risk Committee. The Control and Risk Committee shall ask for clarifications and/or integrations to the document, so that it can exhaustively report to the Board of Directors. The Board of Directors shall be able to easily assess if the risk level according to the strategic objectives of the Company is acceptable as it is stated in the document prepared by the management and discussed with the Control and Risk Committee. The Board of Directors shall express its opinion on the mitigation action proposed and the residual risk.

The exam, the discussion and the definition of the nature and the level of risk according to the strategic objectives are performed by inside the Board of Directors via a critical analysis of the probability/impact assessment of the

Control and Risk Committee and considers the parameters linked to management results, net assets and net financial position of the Company.

#### Operating Steps

The above mentioned activity must be submitted to a complete review as well as to a constant monitoring during the financial year by the Risk Manager, in close collaboration with the people in charge of the process and the person in charge of the Internal Audit.

In practice, the activity of the Risk Manager, in collaboration with the people in charge of the process, consists, in line with the above mentioned "ERM" methodology, of the following operations:

- a) Mapping of corporate processes and corresponding update, if necessary;
- b) Internal and external risk detection on a yearly basis, referred to single processes;
- c) Risk measurement in terms of probability/impact and effect assessment on business plans and budget;
- d) Analysis of risk mitigation factors;
- e) Presentation of the activity results to the Control and Risk Committee for exam and preliminary discussion, in order to present them to the Board of Directors.

The Risk Manager performs a constant monitoring activity on the possible consequences coming from strategic, operating, compliance and reporting risks. It defines a set of information flows coming from operating functions to continuously monitor the level of risk. On a quarterly basis, he/she reports to the Control and Risk Committee in order to constantly prepare and update the risk assessment and monitoring document destined to the yearly assessment by the Board of Directors.

#### Deadlines for Yearly Risk Analysis and Assessment

Within October 31 of each year, the Risk Manager shall meet the Control and Risk Committee to show the yearly analysis and assessment activity of Company's risks; the Control and Risk Committee analyses the document and performs the suitable close examinations during the following months of November and December, in order to subsequently submit the definitive document to the Board of Directors at budget endorsement in January.

### **Art. 8 - Statutory Auditors**

Below are the terms of the **Articles of Association** on the subject of **Statutory Auditors**

ART. 26

1. The Board of Statutory Auditors comprises three acting members and three alternate members who remain in office for three years and are eligible for re-election. The minority shareholders are entitled to elect one acting auditor and one alternate auditor.
2. Members of the Board of Statutory Auditors are appointed by the Shareholders' Meeting from lists presented by the Shareholders. Each list comprises two sections: one for candidates for the position of acting auditor and the other for candidates for the position of alternate auditor. Candidates are listed in numerical order. Lists which include a number of candidates equal to or higher than three must include in each section candidates belonging to both genders.
3. The lists, signed by the presenting Shareholders, must be filed according to the terms and conditions required by the enforceable law.
4. Lists may only be presented by Shareholders who, either individually or jointly with others, hold shares that represent at least 2.5% (two point five percent) of the share capital or a different percentage laid down by the law or regulations. Proof of ownership of the required number of shares must be presented according to the terms and conditions required by enforceable law.
5. Lists which do not comply with the above rules shall be considered null and void.
6. No Shareholder, either individually or jointly, may present more than one list, even via an intermediary or trustee; Shareholders subject to the same control pursuant to art. 93 of the Consolidated Securities Act or belonging to the same voting syndicate may present or contribute to the presentation of only one list.
7. Each Shareholder can vote for just one list.
8. Each candidate may stand in one list only, on pain of disqualification.
9. Lists cannot include candidates who already hold office as acting auditors in another five companies or entities listed on a regulated market registered pursuant to arts. 63 and 67 of Legislative Decree no. 58/1998, or candidates who do not meet the requirements of respectability, professional and independence or who exceed the limit to the number of positions held as laid down by law or regulations.
10. Each list filed by the above indicated term must be accompanied by statements from each candidate accepting their nomination and declaring, under their own responsibility, that there are no incompatibilities or reasons for which they cannot be elected and that they meet the requirements laid down by law and the applicable regulations for members of the Board of Statutory Auditors.
11. Candidates must also provide a curriculum vitae describing their personal and professional qualifications specifying any administrative or management positions they might hold in other companies.
12. Incompleteness or irregularity of any candidature shall mean disqualification of the candidate's name from the voting list.

13. Members of the Board of Statutory Auditors are elected as follows:
  1. from the list which obtained the highest number of votes during the Meeting, two acting members and two alternate members are taken, in the numerical order in which they were listed in the sections concerned;
  2. from the minority shareholders' list represented by the list which obtained the second highest number of votes during the Meeting, and which is unconnected in any way, even indirectly, with the shareholders who presented or voted for the first list, the remaining acting member and remaining alternate member are taken in the numerical order in which they were listed in the sections concerned;
  3. if only one list is presented, all of the acting and alternate auditors are taken from that list.
14. When application of the procedure described in 1), 2) and 3) above does not give the gender balance required by current legislation, the last person elected from the section of the list that obtained the most votes belonging to the most represented gender shall lapse and shall be replaced by the first candidate not elected from the same list and the same section belonging to the least represented gender. Otherwise, the Shareholders' meeting shall make up the number of the Board of Statutory Auditors with the majorities required by law, ensuring that the requirement is complied with.
15. The candidate on the minority shareholders' list which obtained the highest number of votes is appointed as Chairman of the Board of Statutory Auditors. If only one list is presented, the first candidate for Auditor on the list is appointed as Chairman of the Board of Statutory Auditors.
16. The appointment of auditors lapses if they no longer meet the requirements laid down in current regulations and the By-laws.
17. If an acting auditor is replaced, the alternate auditor is taken from the list of the person replaced thus ensuring the compliance with legal requirements including those relating to gender balance.
18. The meetings of the Board of Statutory Auditors may be held by any means of telecommunication on the following conditions:
  - a) the participants are able to examine, receive and transmit all the necessary documentation;
  - b) the participants are able to take part in the discussions in real time, in accordance with normal board practice.
19. Meetings are held at the place where they are convened, where the Chairman must be present.
20. The Board of Statutory Auditors may, on prior communication to the Chairman, call a General Meeting, a meeting of the Board of Directors or of the Executive Committee. Powers to call a meeting of the Board of Directors or Executive Committee may be exercised individually by each member of the Board of Statutory Auditors; a General Meeting may be called by at least two members of the Board of Statutory Auditors.

As well as having the requisites required by law, the Statutory Auditors are selected from persons who can be qualified as independent even according to the criteria set out in the CODE OF CONDUCT OF BORSA ITALIANA S.P.A. for Directors.

The Board of Statutory Auditors checks that the said criteria have been complied with after their appointment and then once a year.

The Statutory Auditors accept the position when they feel that they can devote the necessary amount of time to carrying out their duties in a diligent way.

The compensation of the Statutory Auditors is commensurate with the commitment required of them, with the importance of the role they hold and with the characteristics of the Company in terms of size and business sector.

The supervisory activity of the Board of Statutory Auditors on the effectiveness of the Control and Risk System is described in Art. 7 above.

#### **Art. 9 - Relations with the Shareholders**

The Company undertakes concrete steps to create and maintain a positive dialogue with its Shareholders and the market through various types of communication: slide presentations of Company and Group results at Shareholders meetings, meetings with financial analysts and institutional investors in Italy and abroad, publication of corporate documentation required by the regulations, presentations and press releases on the Company website.

The Company also adheres to the principles of the Guide for Disclosing Information to the Market.

The Company appoints an officer responsible for the Investor Relations function to manage the flow of information to Shareholders, financial analysts and institutional investors, in compliance with the rules established for the disclosure of the Company's information and documents.

Below are the terms of the **Articles of Association** on the subject of the terms and procedures for calling **Shareholders' Meetings**

#### ART. 10

1. General meetings represent all the Shareholders and their resolutions, adopted in accordance with the law and these By-laws, bind all Shareholders, even if they were absent or dissenting.
2. General meetings are either ordinary or extraordinary, as defined by law. General meetings either ordinary or extraordinary, in single notice if the Board of Directors recognizes the opportunity, is convened and resolve according to the law in the respect of the Procedure for related party transactions.
3. General Meetings may be convened in places other than the registered offices, on condition that they are held in Italy. An Ordinary Meeting must be called at least once each year within one hundred and twenty days of the end of the financial year or, in the circumstances identified by law, within one hundred and eighty days of the end of the financial year.
4. Ordinary general meetings could adopt the resolutions requested by the Procedure for related party transactions.

#### ART. 12

General meetings are called by the publication of a notice on the company's website and in the daily newspaper "La Repubblica", according to the terms and conditions required by the law in force.

The Board of Directors provides the Shareholders with the proposals on the Agenda for the Shareholders Meeting. This is made available on the Company's website within the time limits laid down by current legislation.

The Rules for Shareholders Meetings, which can be found on the Company website, ensure that Shareholders Meetings take place in an ordered and functional manner.

ANNEX C)

## DIRECTORS' CURRICULUM VITAE

### *Monica Mondardini*

Monica Mondardini, 56, graduated in Statistical and Economic Sciences from the University of Bologna.

Her professional activity has been in the publishing and finance sectors and she has had considerable experience abroad, in particular having spent nine years in France and ten in Spain.

She began her career in 1985 at Gruppo Editoriale Fabbri, taking part in an international development program, which in 1989 led her to Spain.

In 1990 she joined Hachette, the leading French publisher group which belongs to the Lagardère group; she first managed the Spanish branch of Hachette Livre and then, in 1993, was appointed Director of the international branch, headquartered in Paris, and member of the Executive Committee of Hachette Livre. In this position she managed the group's foreign businesses, present mainly in Spain and Latin America.

In 1998 she joined the Generali group as Chief Executive Officer of Europ Assistance with headquarters in Paris. Europ Assistance is a service company, including insurance, and is present in all the main countries of the world, a pioneer in its sector and a brand of great prestige.

In 2001 she was appointed Chief Executive Officer of Generali Spain, with offices in Madrid, where she remained until the end of 2008. Generali Spain is one of the principal insurance companies in that country; it was the result of a structured process of acquisitions by Generali of local companies and under her management the acquired companies were turned around, reorganized and integrate, making Generali one of the most important players in the market.

In 2009 she returned to Italy to become Chief Executive Officer of Gruppo Editoriale L'Espresso, where for eight years she has been engaged in the difficult task of managing one of the country's main publishing groups, in a market undergoing profound transformation.

Since May 2013 she has been Chief Executive Officer of CIR S.p.A., the holding company that controls Gruppo Editoriale L'Espresso while maintaining her prior role at Espresso, and also working in the remaining parts of the Group. Within the CIR Group, she also holds the roles of Chairman of Sogefi S.p.A. and board member of KOS S.p.A..

She is also an independent board member of three important listed companies: Crédit Agricole S.A., Atlantia S.p.A. and Trevi Finanziaria Industriale S.p.A.. Within the Atlantia group she is also Chairman of Aeroporti di Roma S.p.A..

In 2006 she received the "Targa all'Italianità" from the Comites di Madrid, reserved for Italians resident in Spain who have brought prestige to their own country. In 2014 she was recognized by the French Embassy in Rome and the French Chamber of Commerce as the economic figure of the year in the relationship between the two countries. In 2016 she received the title "Chevalier

dans l'ordre de la Légion d'Honneur”.

### ***Laurent Hebenstreit***

Laurent Hebenstreit has been CEO of Sogefi since June 2015.

Mr Hebenstreit, 56, is of French nationality and graduated in Engineering from the Ecole Centrale in Paris. He has had long international experience in the automotive components sector and has held important positions in groups such as Faurecia, Plastic Omnium, Allied Signal Automotive and Valeo. In his career, Mr Hebenstreit has managed global businesses with annual revenues of between € 2 and € 3 billion and has also acquired experience in complex restructuring processes. Before joining Sogefi he managed for two years the restructuring process of Française de Roues, the French company that produces light alloy wheels. From 2009 to 2012 he was Vice President for Finance and IT systems then Chief Executive of the Exterior Division of Plastic Omnium, a world leader in the production of vehicle exterior components. From 2002 to 2006 he was Chief Executive of the Interieur division of Faurecia, a top producer worldwide of interiors for motor vehicles. From 1998 to 2002 he was President and Chief Operating Officer of the Inergy Division of Plastic Omnium, the main world producer of plastic petrol tanks. During the nineteen - nineties he was Director for Europe of the Friction Materials business and subsequently of the Safety Systems Division of Allied Signal Automotive and Sales Manager and Director of Research and Development of Valeo Electrical Systems. Mr. Hebenstreit began his career in Saft, the global producer of batteries where he was Sales and Marketing Director.

### ***Patrizia Canziani***

Patrizia Canziani is a senior finance professional with over 18 years' experience at leading investment banks. She is responsible for advising European institutions on large financing transactions, asset solutions and capital management.

Before her experience in finance, she has worked as an Economist at the IMF advising the Italian Government on its pension system, and at the London School of Economics as a Lecturer and Research Officer.

Patrizia Canziani has a PhD in Economics from MIT and a Laurea in Economics from Bocconi University.

#### ***Professional Experience***

4/2016 to present: SOGEFI SpA, Board Non Executive Director and member of Risk Committee.

3/2016 to present: Mitsubishi UFJ Securities International, London, Structured Finance Business.

6/2014-2/2016: Commerzbank AG, London, Structured Capital Markets. Driving Commerzbank's return to structured finance. Origination and execution of structured finance transactions for clients in Europe and Emerging countries.

3/2010-3/2014: Nomura International, London, Credit Structuring. Responsible for the origination and execution of financing transactions secured by illiquid assets. Originated and executed some of the few structured finance transactions in post-



crisis Europe. Opened new products and new markets: spearheaded Nomura's secured lending in Turkey.

9/2008-2/2010: Augustea SpA, Group Finance, London. Responsible for group finance matters for dry bulk shipping company Augustea. Instrumental in developing and implementing high standard financial management for the company.

9/2005-2/2008: Merrill Lynch, London, Head of Southern Europe. EMEA Structured Finance & Investments. Responsible for setting up the Southern Europe Structured Finance Team at Merrill Lynch. The role encompassed setting up and managing a new team, designing the team strategy and budget, originating, executing and leading the team to achieve targets in terms of profitability and business development. Lead her team to unprecedented results for Merrill Lynch in Portugal, Spain, Italy and Greece in terms of number, volumes and types of transactions. The team revenues and results exceeded objectives for each year, including 2007, notwithstanding the market shut down at the onset of the crisis by July 2007.

4/2001-8/2005: Deutsche Bank AG, London. Head of Italy. European Securitisation Group. Responsible for raising the team's profile and making it one of the leading ones in the Italian structured finance market. Originated and executed several high profile transactions, including the first real estate securitisation for the Italian Treasury ('SCIP1'), the first covered bond for Cassa Depositi e Prestiti, and many transactions for financial institutions in Italy, Portugal, UK and US.

1/1998-3/2001: JP Morgan, London. Recognised as one of the few professionals who opened the Italian securitisation market in the late 1990s. Significantly contributed to setting up the standards for the product in Italy through ongoing contacts with the regulator, leading law firms, and large financial institutions in Italy. Originated and executed some of the very first structured finance transactions in Italy both, private and public.

9/1996-12/1997: London School of Economics, Lecturer in the Advanced Macroeconomics Course and Research Officer at the Centre for Economic Performance (CEP) of LSE focussing on Unemployment and Labour Markets.

6-9/1994: International Monetary Fund, Washington DC, USA. Europe 1 Department. Focus on the Italian Pension System and simulation of alternative reform options. Publication of IMF recommendation paper on the Italian Pension System.

#### *Education*

1996, PhD in Economics, MIT Massachusetts Institute of Technology, Boston USA. Dissertation: "Labour Market Rigidities and Unemployment" Advisors : Prof. Olivier Blanchard and Prof. Daron Acemoglu.

1991, Laurea, summa cum laude, Department of Economics, Bocconi University, 1991. Dissertation: "Overreaction, Autocorrelation of Stock Returns and Profitability of Contrarian Investment Strategies: The Case of Italy". Advisor: Prof Mario Monti.

#### ***Rodolfo De Benedetti***

Rodolfo De Benedetti (Turin, 1961) has been Chairman of CIR and COFIDE since

his appointment in April 2013. In the COFIDE-CIR group, of which he is controlling shareholder together with his brothers Edoardo and Marco, operates in various business sectors, particularly Auto components (Sogefi), Media (Gruppo Editoriale L'Espresso) and Healthcare (KOS). Within the group he is also a member of the Board of Directors of Sogefi and Gruppo Editoriale L'Espresso. Previously he was Chief Executive Officer of CIR from 1993 and of COFIDE from 1995. He joined COFIDE in 1988 as Director of International Affairs and was subsequently appointed as General Manager. In 1990 he became General Manager of CIR.

Before that, he worked from September 1985 to December 1986, for Lombard Odier, one of the main private banking groups in Switzerland based in Geneva, as Assistant to the Chief Executive. From January 1987 to January 1988 he worked for Shearson Lehman Brothers (New York) as an Associate in the Merchant Banking Group.

Currently he is a Shareholder and Director of Decalia Asset Management S.A., an international investment management company established in 2014.

He is also a member of the European Round Table of industrialists (ERT), a forum made up of more than 50 of the most important European companies in various sectors; chairman of the European Advisory Board of Harvard Business School; a board member of Aon Italia (risk management, insurance and re-insurance brokerage).

Rodolfo De Benedetti completed his education in Geneva where he graduated in 1982 in Political Economics and in 1985 in Law.

He is married to Emmanuelle De Villepin and is father to Neige, Alix and Mita.

### ***Roberta Di Vieto***

Roberta Di Vieto, born in Naples on 7 June 1969- domiciled in Milan Via Vittor Pisani 20

#### *Training and education*

Bar exam for the admission to the legal profession taken with the Court of Appeal of Brescia. Professional title: Lawyer.

February 1995 – February 1996: specialist course in civil, business and company law at the “Anselmo Anselmi” school of the Rome Notary Board.

Degree in Law at Parma University in the academic year 1993/1994 with 110/110 *summa cum laude*.

Final dissertation: “The service business in international commerce”.

Advisor: Prof. Bruno Bricoli. Right of Publication.

High School Diploma taken at Brescia's “Arnaldo” Grammar School with 58/60.

#### *Professional experience*

She is partner at Pirola Pennuto Zei & Associati, a major legal and tax consulting firm with offices in several Italian cities, China and London, counting with over 600 practitioners, in which she has been working since May 2000.

She has been head of a 18-people team operating in the corporate and labour law office.

Previously, she has gathered significant experience in an Associate Firm of the

KPMG network in Milan.

She has gathered remarkable experience in assisting Multinational groups with corporate and contract consulting.

Since the introduction of the regulation on the administrative liability of organisations (Italian Legislative Decree 231/2011), she has gathered extensive experience in designing organisation, management and control models for industrial, financial, and commercial businesses, as well as a comprehensive expertise in applying and maintaining such models also through relevant consulting and training.

Besides working for private organisations, the consulting on matters involving the provisions of Italian Legislative Decree 231/2001 and the design of organisation, management and control models were also provided to public bodies operating in the healthcare sector as well as mutual benefit funds in the construction industry.

She is independent director of a listed company.

She is President of several supervisory boards and she is statutory auditor in major – and even multinational – corporations.

She is member of the legal and tax observatory for the Chamber of Commerce of Brescia.

She is a member of the Association of Supervisory Board Members under Italian Legislative Decree 231/2001 (AODV231).

### ***Giovanni Germano***

Born in TURIN on October 7, 1938.

From 1974 to 1979 – Chief Executive Officer of Gilardini S.p.A.

From 1979 to 1982 – Chief Executive Officer of Magneti Marelli S.p.A.

From 1982 to 1987 – Chairman and Chief Executive Officer of FIAT ALLIS.

From 1984 to 1986 – Director of IVECO S.p.A.

From 1987 to 1996 – Director of Valeo S.A.

From 1989 to 2011 – Director of CIR S.p.A.

From 1987 to date – Director of SOGEFI S.p.A.

From 1989 to date – Chairman and Chief Executive Officer of CSL S.p.A.

### ***Mauro Melis***

Residence: Venegono Superiore (VA)

Italian citizenship

Birth place and date: Ancona, 9 February 1955

#### Professional experience

Since April 2012

ISTITUTO EUROPEO DI ONCOLOGIA S.r.l. (IRCCS)

CENTRO CARDIOLOGICO S.p.A. FONDAZIONE MONZINO (IRCCS)

Milan

Managing Director

Furthermore:

FONDAZIONE ISTITUTO EUROPEO DI ONCOLOGIA and CENTRO  
CARDIOLOGICO MONZINO

Milan

Director

TTFACOR S.r.l.

Milan

Director

GRUPPO MERCEOLOGICO SANITÀ ASSOLOMBARDA

Milan

Director

SOGEFI S.p.A.

Milan

Director

2006-2010

SI HOLDING GROUP

Milan

Managing Director and General Manager

Si Holding S.p.A. is the Holding Company of cartaSi, which controls four Companies: CartaSi S.p.A., Si Servizi S.p.A., Si Call S.p.A., SiRe Ltd. Since 1985, it has been the protagonist of the cultural evolution that led to the diffusion of "electronic money" in Italy.

CartaSi manages 6.5 million holders and 600,000 contracted shops, with revenues of about € 1,000,000,000 and 1,200 employees.

He also held the following specific tasks: Managing Director of CartaSi S.p.A. .; Managing Director of Si Servizi, Si Call S.p.A.; Vice President of Iconcard S.p.A. - (CartaSi and American Express); President of SiReinsurance Ireland.

He was also President of VISA Italy

1989-2006

EUROP ASSISTANCE GROUP

Paris

Europ Assistance is the insurance company that founded private assistance, of which it is a leader still today. Today, it counts all over the world for 6,800 employees and 410,000 service centres. It has its offices in 35 countries, 38 operating centres and direct correspondents in 208 other countries.

Europ Assistance Holding, Paris

2003-2006

Executive Vice President Italy, Germany, Central and Eastern Europe, CIS

Sales for about euros 500 milioni.

Responsible management of 10 countries and 1,500 people.

2000-2003

Managing Director Italy and Mediterranean Area

Europ Assistance Italy, Milan

1997-2006

Managing Director and General Manager

Further more Chairman of the following companies:

- Europ Assistance Trade (Group commercial company);
- Europ Assistance Service (operative company in the Group);
- Intouch (customer care company);
- Europ Assistance Warranty (insurance company for extended warranties and health care).

1995-1997

General Manager

Commercial Area, *Marketing*, Operative e IT Responsible

Furthermore, Managing Director of:

- Europ Assistance Trade (Group commercial company);
- Europ Assistance Service, (operative company in the Group).

1992-1995

Central Manager and then Vice General Manager of the Operative Subsidiaries

He is also the Managing Director and General Manager of Europ Assistance Service, with the responsibility for coordinating the activities of production, management and development of suppliers' network and the organisation of "Rent a car" and Leasing activities.

1989-1992

Operational Structures Director

Responsible for coordinating the Production Department, the Organization Department of Production, Technical Management / R & D, the management Suppliers Network.

1983-1989

EDRA ENGINEERING

Milan

Company management consulting, studies and research in the scientific technical field.

Commercial Director and Partner

1979-1983

COMMISSION OF THE EUROPEAN COMMUNITIES

Ispra and Bruxelles

Project Manager

Project Manager of the project "Component Event Data Bank" for the creation of a database on the safety of nuclear facilities components.

EDUCATION

1979

University of Pisa – Nuclear Engineering degree

***Raffaella Pallavicini***

Born in Rome on 20 February 1969, after completing secondary school specialising in Humanities, in 1993 she graduated with honours in law from the University of

Rome La Sapienza.

Admitted to the Bar in 1998, she practiced as a lawyer until November 2000 when she joined Gruppo Editoriale L'Espresso S.p.A., initially as head of litigation, then as head of legal affairs, finally, since 2010, as head of corporate affairs for the holding company and group companies.

Since 2012 she has held the position of secretary of the Board of Directors of the parent company.

She is a director of Sogefi S.p.A., Editoriale Corriere di Romagna S.r.l. and Mo.Net S.r.l.

Thanks to her professional career within the company she has acquired considerable experience in M&A and contract law.

As head of corporate affairs she developed considerable expertise in corporate governance and compliance, with specific reference to the rules applicable to listed companies, as well as with regard to Italian Legislative Decree 231/01 and related subjects, personal data protection, anti-trust and relationships with the Authorities.

She is married and has two children.

### ***Paolo Riccardo Rocca***

- Born in Barbaresco (CN) on February 10, 1947,  
Fiscal code RCCPRC47B10A629S,  
VAT 01418190011.
- He attended the faculty of Law at Turin University, degree on April 27, 1971;
- He is a member of the Accredited Lawyers in Turin since 26 February 1975;
- He was appointed official auditor with decree on January 25, 1980 published on Gazzetta Ufficiale della Repubblica n. 033 of February 4, 1980 and Gazzetta Ufficiale 31 bis of April 21, 1995 and enrolled in this position.
- He has charges in the following company listed in the stock exchanges:  
SOGEFI S.p.A. Director  
Not listed companies  
CERIA IMMOBILIARE S.p.A. President of Statutory Auditor  
FINEXA S.p.A. President of Statutory Auditors  
L.A.R.C. S.r.l. President of Statutory Auditors