

SO.PA.F.

SOCIETA' PARTECIPAZIONI FINANZIARIE S.p.A.

**PROCEDURES FOR COMPLIANCE WITH THE OBLIGATIONS
PROVIDED BY ARTICLE 150, PARAGRAPH 1
OF LEGISLATIVE DECREE N. 58 OF 1998**

Introduction

Article 150, Paragraph 1 of Legislative Decree n. 58 of 24 February 1998 (the "**Financial Consolidation Act**") provides that "*The Directors shall promptly report to the Board of Statutory Auditors, according to the means established by the by-laws and at least on a quarterly basis, with regard to the activity carried out by the company or subsidiary companies and the transactions having the greatest significance for capital, financial position and earnings; in particular, the Directors report on transactions in which they may have an interest, for their own account or for the account of third parties, or which may be influenced by the person who exercises the activity of management and coordination.*"

In conformity with the regulatory provisions set out above, the procedures herein define, including for the purposes of complying with the directives of CONSOB on the subject of corporate controls and implementing the recommendations contained in the Corporate Governance Code recommended by the Committee for the Corporate Governance of Listed Companies, the persons involved and the transactions covered by the information flows sent to the Board of Statutory Auditors of SO.PA.F. – Società Partecipazioni Finanziarie S.p.A. ("**Sopaf**" or the "**Company**").

The procedures herein thus first represent a valid reporting tool that can be used by the Board of Statutory Auditors in carrying out the oversight activity specifically designated to the Board of Statutory Auditors by the Financial Consolidation Act (Article 149).

In consideration of the foregoing, the procedures herein may also be interpreted as a corporate-governance tool for the purpose of achieving the operational transparency that makes it possible for the directors to take part in the management of the Company in a more attentive and informed manner.

Frequency, timing, subject and means for disclosure

The Board of Directors, including through the governing bodies to which the Board has delegated authority, shall report to the Board of Statutory Auditors in relation to the matters listed hereunder; such reporting shall be in the form of a written record prepared on a quarterly basis (the "**Disclosure Report**"):

- a) activity carried out;
- b) transactions having the greatest significance for capital, financial position and earnings;
- c) transactions with a potential conflict of interest, namely: (i) transactions within the group, and (ii) transactions with related parties other than the transactions within the group;
- d) atypical or unusual transactions;
- e) any other activity which the Board of Directors considers is appropriate to report.

The information referenced in the preceding Letters a), b), c), d) and e) contained in the Disclosure Report covers the activity carried out and the transactions effected during the quarterly period.

The Disclosure Report is simultaneously distributed to all members of the Board of Directors and of the Board of Statutory Auditors.

The contents of the Disclosure Report are outlined below.

a) Activity carried out

The information regards:

- (i) the activities carried out for transactions previously approved by the Board of Directors;
- (ii) the activities carried out by the Internal Controls and Governance Committee, Compensation Committee, and other internal committees;
- (iii) the activities placed into effect by the executive directors.

b) Transactions having the greatest significance for capital, financial position and earnings

For the purposes of these procedures, the transactions having the greatest significance for earnings, capital and financial position are the following activities, whether effected by Sopaf or by the subsidiary companies¹:

- (i) the issuance of financial instruments for an aggregate countervalue of more than €40 million;
- (ii) the granting of secured and unsecured guarantees or financing in favour of the companies of the Sopaf Group and companies in which Sopaf holds investments, for a guaranteed amount in excess of €10 million;
- (iii) the granting of financing or guarantees in favour of, or in the interest of, third parties in amounts in excess of €4 million;
- (iv) investment and divestiture transactions, including the purchase and sale of equity investments, companies or business units, fixed assets and other assets, in amounts in excess of €20 million;
- (v) merger or divestiture transactions in which the subsidiary companies participate, if any one of the following ratios, if applicable, is equal to, or more than, 15%:
 - a. ratio of (i) total assets of the incorporated (merged) company or the assets to be divested, to (ii) total assets of the Company (based on data taken from the consolidated financial statements);
 - b. ratio of (i) earnings before taxes and extraordinary items for the incorporated (merged) company or the assets to be divested, to (ii) the earnings before taxes and extraordinary items for the Company (based on data taken from the consolidated financial statements)
 - c. ratio of (i) total shareholders' equity of the incorporated (merged) company or the assets to be divested, to (ii) total shareholders' equity of the Company (based on data taken from the consolidated financial statements).

For the purpose of the procedures set forth herein, merger transactions (whether by incorporation or by a pooling of interests) between publicly traded companies, as well as merger transactions (pooling of interests) between a publicly traded company and a unlisted company or the incorporation of a publicly traded company into an unlisted company are included among the transactions having the greatest significance for capital, financial position and earnings;

- (vi) the establishment of special funds to be used for a specific business transaction, as provided by Article 2447-*bis* and the articles thereafter of the Italian Civil Code.

c) Transactions with a potential conflict of interest

¹ The reporting also covers transactions which have an individual value that is less than the thresholds indicated, but which are part of a group of related transactions whose total value exceeds the thresholds set.

The Disclosure Report shall include information about (i) transactions within the group, and (ii) transactions with related parties other than the transactions within the group.

- (i) The reporting about transactions within the group shall specify the underlying interest as well as the means for executing the transactions (including therein the terms and conditions (including economic conditions) for their execution), with particular reference to the procedures used for valuation.

Specific data is to be provided on transactions with a value of more than €20 million and, even if below such amount, any transactions concluded at non-standard conditions².

For the purpose of the procedures set forth herein, transactions effected between Sopaf and the companies directly or indirectly controlled by Sopaf are considered as transactions within the group.

For the concept of control, reference is made to Paragraphs 1 and 2 of Article 2359 of the Italian Civil Code, as well as to Article 93 of the Financial Consolidation Act .

- (ii) The reporting about transactions with related parties other than the transactions within the group shall specify the underlying interest as well as the means for executing the transactions (including therein the terms and conditions (including economic conditions) for their execution), with particular reference to the procedures used for valuation.

For the purpose of the procedures set forth herein, transactions effected or by companies controlled by Sopaf with the following persons are to be considered as transactions with related parties:

- a. persons participating, including indirectly, in the shareholder agreements referenced in Article 122, Paragraph 1 of the Financial Consolidation Act which regard the exercise of voting rights, if an overall controlling interest is bound by the agreement;
- b. the companies affiliated with Sopaf pursuant to Article 2359, Paragraph 3 of the Italian Civil Code;
- c. persons who hold (directly or indirectly) an investment equal to or greater than 10% of the share capital represented by the Sopaf ordinary shares;
- d. persons who, though holding (directly or indirectly) an investment that is less than the percentage indicated in the preceding letter c., may, by virtue of shareholder agreements, appoint, on their own or together with the other persons participating in the agreements, the majority of the members of the Sopaf Board of Directors;
- e. persons who, though holding (directly or indirectly) an investment that is less than the percentage indicated in the preceding letter c., may control, by virtue of shareholder agreements, either alone or together with the other persons participating in the agreements, the majority of votes exercisable at the ordinary meetings of the Sopaf shareholders;

² The reporting also covers transactions which have an individual value that is less than the thresholds indicated, but which are part of a group of related transactions whose total value exceeds the thresholds set.

- f. the members of the Sopaf Board of Directors, the members of the Sopaf Board of Statutory Auditors, the general managers of Sopaf, as well as all persons who report directly to the managing directors and general managers of Sopaf;
- g. the close relatives of the physical persons reported in the preceding letters c., d., e. and f..

Close relatives are deemed to be those relatives who could influence the physical person affiliated with Sopaf, or be influenced by such physical person, in their relationships with the Company, including persons living together. In any event, close relatives include any non-legally separated spouse, relatives and in-laws up to the second degree of kindred.

- h. companies whose share capital represented by the shares having voting rights at the ordinary shareholders meetings is 10% or more held (if a publicly traded company), or 20% or more held (if an unlisted company) by the persons indicated in the preceding letters c., d., e., f., and g.;
- i. companies whose shareholders include the persons indicated in the preceding letters c., d., e., f., and g., who may hold less than the percentages indicated in the preceding letter h., but who may be able, by virtue of shareholder agreements, to appoint, on their own or together with the other persons participating in the agreements, the majority of the members of the Board of Directors of the companies;
- j. companies whose shareholders include the persons indicated in the preceding letters c., d., e., f., and g., who may hold less than the percentages indicated in the preceding letter h., but who may control, by virtue of shareholder agreements, either alone or together with the other persons participating in the agreements, the majority of votes exercisable at the ordinary meetings of the companies' shareholders;
- k. companies in which the persons indicated in the preceding letters c., d., e., f., and g. hold strategic management positions, and the companies controlled by such companies;
- l. companies which have the majority of directors in common with Sopaf.

Information is to be disclosed on any transactions with a value greater than €500,000 and, even if below such amount, any transactions concluded at non-standard conditions, effected (including through third parties) with parties related to Sopaf³.

d) Atypical or unusual transactions

The reporting about atypical or unusual transactions (including those effected by subsidiary companies) shall specify the underlying interest as well as the means for executing the transactions (including therein the terms and conditions (including economic conditions) for their execution), with particular reference to the procedures used for valuation

³ The reporting also covers transactions which have an individual value that is less than the thresholds indicated, but which are part of a group of related transactions whose total value exceeds the thresholds set.

For the purpose of the procedures set forth herein, atypical or unusual transactions include those in which the subject matter or the nature of the transaction is outside of the scope of Sopaf's normal business activity, and those transactions which present particularly critical elements due to their characteristics and the risks inherent to them, the nature of the counterparty, or the timing for their execution.

Procedures for collecting the information

The managers of the departments who report directly to the managing directors and general managers, through the administration and control department, provide the managing directors on a quarterly basis with a special note disclosing the activity to be included in the Disclosure Report with regard to their area of responsibility for the period of reference.

The information about the activities carried out by the Internal Controls and Governance Committee, Compensation Committee, and other internal committees is to be supplied by the respective committee chairmen, and reported through the administration and control department.