

SANLORENZO

**PROCEDURE GOVERNING
RELATED PARTY TRANSACTIONS**

Sanlorenzo S.p.A.

Board of Directors' meeting of 4 May 2021
In force as of 1 July 2021

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1. Introduction

This procedure (the “**Procedure**”) is adopted by Sanlorenzo S.p.A. (the “**Company**”) in compliance with Article 2391-*bis* of the Italian Civil Code and the Transactions with Related Parties Regulation adopted by CONSOB with resolution no. 17221 of 12 March 2010, as subsequently supplemented and amended, most recently by CONSOB resolution no. 21624 of 10 December 2020 (the “**Regulation**”, attached as **Annex A** to the Procedure) and, insofar as it is applicable, based upon CONSOB Communication no. DEM/10078683, published on 24 September 2010, containing “indications and guidelines for applying the Transactions with Related Parties Regulation adopted with resolution no. 17221 of 12 March 2010 as amended” (the “**Communication**”).

2. Definitions

2.1 In addition to the terms defined above or below in the Procedure, in the Procedure the following terms will have the meaning attributed to them below (terms defined in the singular will have the corresponding meaning in the plural and vice versa).

“**Directors Involved in the Transaction**” means the directors of the Company who have an interest in the Transaction, on their own behalf or on behalf of third parties, conflicting with that of the Company.

“**Independent Directors**” indicates the Company directors in possession of the requirements of independence envisaged by Article 148, paragraph 3 of the Consolidated Law on Finance and recognised as independent by the Company also in accordance with the Corporate Governance Code for listed companies promoted by Borsa Italiana S.p.A.

“**Related Party Transactions Committee**” or “**Committee**” indicates the committee established within the Company’s board of directors in accordance with the Regulation and governed by the Procedure.

“**Standard Market Conditions or Standards**” means, with respect to each specific Transaction with a Related Party, conditions analogous to those usually applied to unrelated parties for transactions of corresponding nature, amount and risk, or based upon regulated tariffs or imposed prices or those applied to entities with which the Company is obliged by law to contract at a certain fee.

“**Subsidiaries**” means the Company’s Italian or foreign subsidiary companies.

“**Financial Reporting Officer**” indicates the Officer responsible for preparing the corporate accounting documents envisaged by Article 154-*bis* of the Consolidated Law on Finance within the Company.

“**Transaction with Related Parties**” or “**Transaction**” has the meaning set out in the Regulation and therefore has the meaning set out in the international accounting standards adopted in accordance with the procedure pursuant to Article 6 of Regulation (EC) No. 1606/2002.

In particular, as specified in the Annex to the Regulation, which is transcribed here, “*a transaction with a related party is a transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged [IAS 24, paragraph 12]. Such transactions include: - mergers, spin-offs by incorporation or spin-offs in the strict non-proportional sense with related parties; - decisions relating to the assignment of remuneration and economic benefits, in any form, to members of the management and control bodies and to managers with strategic responsibilities*”.

“**Transactions of Limited Value**” refers to (i) each individual Transaction with Related Parties that are natural persons whose equivalent value is less than Euro 80,000.00 (eight thousand/00) and (ii) each individual Transaction with Related Parties that are not natural persons, but legal persons, companies or entities, whose equivalent value is less than Euro 150,000.00 (one hundred and fifty thousand/00), it being specified that, with regard to each Transaction implemented by several separate acts, the aforementioned thresholds are to be applied with reference to the equivalent value of the Transaction considered as a whole and are understood to be exceeded when the single parts carried out within a period of time of the last 12 (twelve) months, albeit separately being less than the aforementioned sum, have a higher equivalent value when added together.

“Transactions of Greater Significance” refers to each individual Transaction with Related Parties in which even just one of the indicators of significance established by Annex 3 of the Regulation is met (to be assessed according to the general principles indicated in point 2 of the Communication).

“Transactions of Lesser Significance” means all Transactions with Related Parties other than the Transactions of Greater Significance and the Transactions of Limited Value.

“Ordinary Transactions” means Transactions with Related Parties that fall within the ordinary exercise of the operational activity and connected financial activity (to be assessed according to the general principles indicated in point 3 of the Communication).

“Related Party” has the meaning set out in the Regulation and therefore has the meaning set out in the international accounting standards adopted in accordance with the procedure pursuant to Article 6 of Regulation (EC) No. 1606/2002.

In particular, as stated in the Appendix to the Regulation, which is transcribed here, *“a related party is a person or entity that is related to the reporting entity.”*

- (a) *A person or a close member of that person’s family is related to a reporting entity if that person:*
 - (i) *has control or joint control over the reporting entity;*
 - (ii) *has significant influence over the reporting entity; or*
 - (iii) *is one of the managers with strategic responsibilities of the reporting entity or of a parent of the reporting entity.*
- (b) *An entity is related to a reporting entity if any of the following conditions applies:*
 - (i) *the entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);*
 - (ii) *one entity is an associate or joint venture of the other entity (or an associate or joint venture forming part of a group of which the other entity is a member);*
 - (iii) *both entities are joint ventures of the same third party;*
 - (iv) *one entity is a joint venture of a third entity and the other entity is an associate of the third entity;*
 - (v) *the entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity;*
 - (vi) *the entity is controlled or jointly controlled by a person identified in (a);*
 - (vii) *a person identified in (a)(i) has significant influence over the entity or is one of the managers with strategic responsibilities of the entity (or of a parent of the entity);*
 - (viii) *the entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity [IAS 24, paragraph 9].*

In the definition of related party, an associate includes the subsidiaries of the associate and a joint venture includes the subsidiaries of the joint venture. Therefore, for example, an associate’s subsidiary and the investor that has significant influence over the associate are related to each other [IAS 24, paragraph 12].”

“Issuers’ Regulation” indicates the regulation adopted by CONSOB with resolution no. 11971 of 14 May 1999 as amended, laying down the rules on issuers.

“Consolidated Law on Finance” indicates Italian Legislative Decree no. 58 of 14 February 1998.

- 2.2 For the purposes of the definitions and the Procedure, the notions of “control”, “joint control”, “significant influence”, “managers with strategic responsibilities” and “close relatives” are those indicated in the Annex to the Regulation, and the notion of “joint venture” is that identified in IAS 28.

3. Scope of application of the Procedure, option for applying a single procedure for all Transactions with Related Parties and reserve of the remit of the board of directors for Transactions of Greater Significance

- 3.1 The Procedure regulates, in order to guarantee their transparency and substantive and procedural correctness, the Transactions with Related Parties executed:
- (i) by the Company; and
 - (ii) by the Subsidiaries and which are examined or approved by the Company itself according to what is indicated in point 7 of the Communication.

The Procedure does not apply if the counterparty of the Company or the Subsidiary is an entity other than a Related Party, as the Company does not invoke the right envisaged by Article 4, paragraph 2 of the Regulation.

- 3.2 As a recently listed company (referring to the definition indicated in Article 3, paragraph 1, letter g) of the Regulation), the Company invokes, in accordance with Article 10 of the Regulation, the right to apply to Transactions of Greater Significance the same procedure applicable to Transactions of Lesser Significance, established by the subsequent articles of the Procedure and identified in respect of the provisions of Article 7 of the Regulation, without prejudice to the fact that the board of directors is the body responsible for deciding on Transactions of Greater Significance, which cannot be delegated given the reserve of remit pursuant to Articles 8, paragraph 1, letter a) and 10, paragraph 1 of the Regulation. The public disclosure obligations regarding Transactions of Greater Significance indicated in Article 5 of the Regulation also remain in place.

4. Register of Related Parties

- 4.1 The Company has established a special register listing the Related Parties identified in accordance with the Procedure (the “**Register of Related Parties**”). The Register of Related Parties may be in hard copy or electronic form.
- 4.2 The preparation and updating of the Register of Related Parties is the responsibility of the Financial Reporting Officer as head of the Company’s administration, finance and control department, with the support of this department and the other competent functions of the company.
- 4.3 The Register of Related Parties contains as many sections as there are categories of parties that can be identified as Related Parties and the information needed to identify them (including name/company name, address, tax code/VAT number, for natural persons place and date of birth and, for close relatives, the related party and type of relationship).
- 4.4 The head of the Company’s administration, finance and control department shall notify in writing each director and standing statutory auditor, as well as managers with strategic responsibilities of the Company or of any entity that controls the Company, as well as parties that hold a significant shareholding pursuant to Article 120 of the Consolidated Law on Finance or that are party to an agreement in accordance with Article 122 of the Consolidated Law on Finance, of registration in the Register of Related Parties, at the same time requesting from each person concerned the initial transmission of information relating to their close relatives, the entities in which they or their close relatives exercise control, including jointly, or significant influence or are one of the managers with strategic responsibilities (or of one of its parent companies).
- 4.5 Directors and standing statutory auditors, as well as managers with strategic responsibilities of the Company or of any entity that controls the Company, as well as parties that hold a significant shareholding pursuant to Article 120 of the Consolidated Law on Finance or that are party to an agreement in accordance with Article 122 of the Consolidated Law on Finance, are required to promptly

notify the head of the Company's administration, finance and control department of any significant changes in relation to parties related to them.

- 4.6 The head of the Company's administration, finance and control department shall promptly update the Register of Related Parties and shall carry out further checks at least once a year.
- 4.7 The Register of Related Parties, with its updates, is made available to the company departments on the corporate portal¹.

5. Exclusions

- 5.1 Without prejudice to and in addition to the exclusions referred to in Article 13, paragraphs 1, 1-bis and 4 of the Regulation, the procedure referred to in Article 8 below shall not apply:
- (i) to Transactions of Limited Value;
 - (ii) without prejudice to what is set forth in Article 5, paragraph 8 of the Regulation, to remuneration plans based upon financial instruments approved by the shareholders' meeting in accordance with Article 114-*bis* of the Consolidated Law on Finance and the respective executive conditions;
 - (iii) without prejudice to what is set forth in Article 5, paragraph 8 of the Regulation, to resolutions, other than those indicated in Article 13, paragraph 1 of the Regulation and referred to in point (ii) above, on the remuneration of directors invested with particular roles as well as other managers with strategic responsibilities, provided that the same are recruited in respect of the conditions envisaged by Article 13, paragraph 3, letter b) of the Regulation;
 - (iv) to Ordinary Transactions that have been executed at Standard Market Conditions or Standards, subject to the disclosure requirements to CONSOB and to the Related Party Transactions Committee in accordance with Article 13, paragraph 3, letter c) of the Regulation.
- 5.2 Without prejudice to the provisions of Article 5, paragraph 8 of the Regulation, the Procedure does not apply to Transactions with Related Parties with or between subsidiaries, even jointly, as well as to Transactions with associated companies, where, in the counterparty subsidiaries or associated companies of the Transaction, there are no significant interests of other Related Parties.

For the purposes of the foregoing, significant interests are not considered those deriving from the mere sharing of one or more directors or other managers with strategic responsibilities between the Company and the subsidiaries or associated companies. Significant interests, on the other hand, exist where, in addition to the mere sharing of one or more directors or other managers with strategic responsibilities, those entities benefit from incentive plans based upon financial instruments (or, in any case, variable remuneration) depending on the results achieved by the subsidiaries or by associated companies with which the Transaction is carried out.

In any case, if there are interests of other Related Parties in the subsidiaries or associated companies that are counterparties in the Transaction, the procedure as per Article 8 below must be activated and the assessment of the significance of the interests is left to the evaluation of the Related Party Transactions Committee on a case-by-case basis; this assessment must be carried out according to the general principles indicated in point 21 of the Communication. If, on the other hand, in the subsidiaries or associated companies that are counterparties in the Transaction there are no interests of other Related Parties, the Procedure does not apply.

- 5.3 Where expressly permitted by the By-laws, in urgent cases, Transactions with Related Parties that are not under the remit of the shareholders' meeting and do not have to be authorised by it may be completed by the person competent to perform them (without prejudice to the reserve of remit to the board of directors in relation to Transactions of Greater Significance, in accordance with the provisions of Article

¹ https://slyacht.sharepoint.com/Sanlorenzo%20Corporate/company_portal/SitePages/Home.aspx

3.2 above, and subject to the applicability of Article 8.7 below) without applying the procedure pursuant to Article 8 below, but with the obligations indicated in Article 5 of the Regulation, provided that:

- (i) for Transactions under the remit of executive directors or the executive committee, the chairperson of the board of directors and the chairperson of the executive committee and, in any case, the chairperson of the Related Party Transactions Committee are informed promptly and, in any event, before the same are completed; in the case of Transactions under the remit of the chairperson of the board of directors who is also an executive director, the chairperson of the Related Party Transactions Committee is informed promptly and, in any event, before the same are completed;
- (ii) the Transactions are later the subject of, without prejudice to their effectiveness, a non-binding resolution of the next ordinary shareholders' meeting of the Company;
- (iii) the board of directors, which calls the shareholders' meeting indicated in above point (ii), prepares a report containing adequate motivation of the urgent reasons concerning the Transaction and the board of statutory auditors reports to the shareholders' meeting its assessments on the existence of the urgent reasons;
- (iv) the report and the assessments referred to in above point (iii) are made available to the public at least twenty-one days before the day fixed for the shareholders' meeting, at the registered office and by the methods indicated in Part III, Title II, Chapter I of the Issuers' Regulation. Those documents may be contained in the information document indicated in Article 5, paragraph 1 of the Regulation;
- (v) by the day after that of the shareholders' meeting, the Company makes available to the public, by the methods indicated in Part III, Title II, Chapter I of the Issuers' Regulation, the information on the results of the vote, with particular regard to the number of overall votes expressed by unrelated shareholders.

5.4 The cases of exclusion envisaged by this Article 5 also apply to Transactions with Related Parties implemented by way of Subsidiaries in accordance with above Article 3.1, point (ii).

6. Related Party Transactions Committee

- 6.1 The Company's board of directors establishes the Related Party Transactions Committee and appoints its members and chairperson. The Committee necessarily consists of three Independent Directors.
- 6.2 The directors only accept the role as members of the Related Party Transactions Committee if they believe that they can dedicate the necessary time to perform diligently their duties.
- 6.3 Unless otherwise decided by the board of directors at the time of appointment, the term of office of the members of the Related Party Transactions Committee is equated to that of the board of directors to which the members of belong. The termination for any reason from the role of director involves automatically and immediately the removal from the Committee.
- 6.4 Any fee for participating in the Related Party Transactions Committee is established by the board of directors. In any case, expenses reasonably incurred and documented for the exercise of the role will be reimbursed.
- 6.5 The Related Party Transactions Committee meets upon convocation by its chairperson every time this is necessary in accordance with the Procedure and every time this is deemed opportune, in any case, and in any case at least half-yearly, or when two of its members, or the chairperson of the board of statutory auditors or the chairperson of the board of directors makes a written request to the chairperson of the Committee.
- 6.6 The Related Party Transactions Committee, at the proposal of its chairperson, may designate permanently a secretary of the Committee, who need not be a member. If the permanent secretary has

not been appointed, or if he/she is unable to attend, the secretary shall be appointed at each meeting, even from outside the Committee members, by the Committee chairperson. In both cases, the secretary must meet the requirements for the role of secretary of the board of directors set forth in the regulation, which defines the rules for the functioning of the board of directors and its committees, adopted by the board of directors and in force over time (the “**Regulation of the BoD**”).

- 6.7 The chairperson of the board of statutory auditors or another standing auditor designated by him/her attends the meetings of the Related Party Transactions Committee; the other statutory auditors may also participate.
- 6.8 The directors may also attend the meetings of the Related Party Transactions Committee, together with the heads of the departments of the Company and the subsidiaries responsible for the matter, or other persons whose presence may be of assistance for the best performance of the functions of the Committee itself, who are invited by its chairperson. At the time of voting, persons other than the members of the Related Party Transactions Committee and the secretary must leave the meeting.
- 6.9 The meeting of the Related Party Transactions Committee is called via registered letter, certified email, fax or ordinary email, sent to the Committee members and to the auditors at least three days before (in urgent cases, by telegram, certified email, fax or email sent at least twenty-four hours before) the date of meeting, to the domicile or address as communicated to the Company by each member and standing auditor in office. The notice must contain the indication of the day, time and location of the meeting and the agenda.
- 6.10 Meetings of the Related Party Transactions Committee are chaired by its chairperson or, in his/her absence or if he/she is unable to attend, by the member chosen by the attendees.
- 6.11 Meetings of the Related Party Transactions Committee may even be held by means of telecommunication, provided that the requirements stated by Article 17.4 of the Company’s By-laws for meetings of the board of directors held by way of means of telecommunication and the rules established with regard to board of directors meetings by way of means of telecommunication in the Regulation of the BoD are respected.
- 6.12 The Committee’s chairperson is responsible for ensuring the prior submission to the members of the Committee and to the chairperson of the board of statutory auditors of the documentation regarding the items on the agenda, without prejudice in any case to the provisions of Articles 8.1 and 8.2 below, in compliance with the due notice and confidentiality requirements provided by the Regulation of the BoD regarding the procedures for providing information to directors ahead of the board meetings.
- 6.13 Minutes must be taken of meetings of the Related Party Transactions Committee. The minutes are prepared and signed by the chairperson of the meeting and by the secretary and are filed with the records of the Company. The procedures for recording the minutes of the meetings of the Committee are those envisaged by the Regulation of the BoD for the board meetings, subject to the provisions of Articles 8.4 and 8.9 below.
- 6.14 In order for meetings of the Related Party Transactions Committee to be valid, the presence of the majority of its members in office is required; to calculate the majority for resolutions, the abstaining directors are not considered as present. In the case of equal votes, the vote of the chairperson of the Committee, if present, prevails.
- 6.15 For anything not envisaged by the Procedure, the rules of the Regulation of the BoD and of the Company’s By-laws, which regulate meetings of the board of directors, shall apply to meetings of the Related Party Transactions Committee *mutatis mutandis*, also with regard to the validity of the full meetings (it being necessary for this purpose that all the members of the Committee and the chairperson of the board of statutory auditors be present and that no one opposes the discussion of the items on the agenda).
- 6.16 For the conduct of its functions and duties, the Related Party Transactions Committee has the right to access the company information and functions.

7. Disclosure on Transactions with Related Parties

7.1 The parties responsible for carrying out a given transaction, before entering into the relevant negotiations:

- (i) verify whether the counterparty is a Related Party, also by consulting the Register of Related Parties;
- (ii) if they verify that the counterparty of the transaction is a Related Party and that it is a Transaction with Related Parties, shall promptly inform the Financial Reporting Officer as the head of the administration, finance and control department of the Company, specifying, in addition to the other elements that are actually relevant for the purposes of describing the specific Transaction, at least:
 - a. the name of the contractual counterparty and the nature of the correlation;
 - b. the subject, economic conditions and main non-economic conditions of the Transaction;
 - c. the reasons and convenience of the Transaction and any risk profiles and criticalities that it involves for the Company;
 - d. the terms planned for completing the Transaction;
 - e. any other transactions executed with the same Related Party or with parties related to it;
 - f. if it is decided that it is a Transaction executed at Standard Market Conditions or Standards; in that case, the communication must contain, in addition to what is provided above, the reasons why it is considered that the Transaction is a Transaction executed at Standard Market Conditions or Standards and must provide objective elements of identification.

The disclosure may take place in several successive stages if the progress of negotiations does not allow for the timely and complete communication of all the necessary information.

7.2 Having received the information indicated in Article 7.1 above, the head of the administration, finance and control department of the Company carries out, with the help of the aforementioned department, the necessary checks and establishes, if necessary also in consultation with the chairperson of the Related Party Transactions Committee and with the chairperson of the board of statutory auditors, whether the proposed transaction is relevant pursuant to the Procedure and if there is any case of exclusion of applicability of the Procedure in accordance with Article 5 above and communicates this in writing without delay to the person competent to carry out the Transaction with the Related Party.

7.3 In all cases in which, having received the communication indicated in Article 7.1, the head of the administration, finance and control department of the Company considers that the proposed transaction is relevant pursuant to the Procedure and that there is no case of exclusion of applicability of the Procedure in accordance with Article 5 above, he/she must activate the procedure referred to in Article 8 below, by sending without delay to the chairperson of the Related Party Transactions Committee and to the chairperson of the board of statutory auditors a written communication in which he/she reports, also in an annex, the same information as that indicated in Article 7.1 above.

7.4 In all cases in which, having received the communication indicated in Article 7.1, the head of the administration, finance and control department of the Company considers that the proposed transaction is relevant pursuant to the Procedure and that there is a case of exclusion of applicability of the Procedure in accordance with Article 5 above, he/she must describe it in the Register of Related Party Transactions (as defined and regulated by Article 13 below); the provisions of Article 8.13 below shall also apply and the obligations of communication to CONSOB and to the Related Party Transactions Committee pursuant to Article 13, paragraph 3, letter c) of the Regulation regarding Ordinary Transactions that have been executed at Standard Market Conditions or Standards and that are Transactions of Greater Significance remain valid.

8. Transactions with Related Parties Procedure

- 8.1 Having received the communication indicated in Article 7.3 above, the chairperson of the Related Party Transactions Committee must call that Committee, by way of notice of convocation to be sent in compliance with the provisions of Article 6.9 above and which must contain, possibly in an annex, the same information indicated in Article 7.1 above.
- 8.2 The chairperson of the Committee must also ensure, in any case where the information received in accordance with Article 7.3 above is incomplete, that the same is supplemented by the head of the administration, finance and control department of the Company and/or by the persons competent to conclude the Transaction, and he/she must provide to the other Committee members the additional information thus acquired.
- 8.3 The meeting of the Related Party Transactions Committee must be held in good time for the date planned for making the decision on the specific Transaction with Related Parties and, if this is under the remit of the board of directors, before the meeting of the same which is asked to resolve on the matter. The Related Party Transactions Committee, as decided by its chairperson or at the request of the majority of its members, may examine the specific Transaction with Related Parties that is the responsibility of the board of directors, even in multiple separate meetings.
- 8.4 In relation to each Transaction with Related Parties submitted for examination of the Related Party Transactions Committee, each Committee member declares the absence of relationships of correlation with respect to the specific Transaction (also, possibly, in relation to the counterparty of the Subsidiaries). If this declaration certifies the absence of relationships of correlation with respect to the specific Transaction, it may also be made at the beginning of the Committee meeting called to evaluate the Transaction and consequently recorded in the minutes, while if it certifies the existence of relationships of correlation, it must be made in writing, in a communication to be sent without delay to the Committee chairperson.
- 8.5 If three Independent Directors are not present, or if one or more members of the Related Party Transactions Committee declare to be related with reference to the specific Transaction, in order to protect the substantive correctness of the Transaction with Related Parties, the Committee's role will be performed by any unrelated Independent Director or Independent Directors who are present or, in their absence, by the board of statutory auditors. If the opinion of the board of statutory auditors is requested, the members of the board itself, where they have an interest, on their own behalf or that of third parties, in the Transaction in question, inform the other auditors of this, specifying its nature, terms, origin and scope.
- 8.6 The Related Party Transactions Committee - or, when applicable, the persons who replace it in accordance with Article 8.5 above - may be assisted, at the Company's expense, by one or more independent experts of their choice, even acquiring expert reports and/or fairness opinions and/or legal opinions, to be sent to all Committee members appropriately in advance of the date of the Committee meeting convened in accordance with Article 8.1 above. The role of independent expert may not be assigned to persons who are counterparties in the Transaction or Related Parties of the Company or of the counterparty in the Transaction. The Committee verifies in advance the independence of the experts, taking into account the reports indicated in paragraph 2.4 of Annex 4 to the Regulation, and the expert selected must in any case confirm his or her independence when the appointment is made. An expenditure limit of Euro 20,000.00 (twenty thousand/00) is fixed for the assistance of independent experts for each individual Transaction.
- 8.7 In accordance with Article 2391 of the Italian Civil Code, when the Transaction is under the remit of an executive officer and the latter has an interest, on his/her own behalf or that of third parties, in the same, he/she must refrain from completing the Transaction, delegating the same to the board of directors and

without prejudice to the reserve of the remit of the board of directors with respect to Transactions of Greater Significance set forth in Article 3.2 above.

- 8.8 Subject to the reserves of the remit of the board of directors indicated in Article 8.7 above in the cases envisaged therein, the decisions on transactions classified as Transactions with Related Parties not under the remit of the shareholders' meeting are made by the competent person subject to the mandatory, motivated and non-binding opinion of the Related Party Transactions Committee, to be given in accordance with the provisions of Article 8.9 below.
- 8.9 The Related Party Transactions Committee, called in accordance with Article 8.1 above, must provide a non-binding written opinion on the specific Transaction with Related Parties, in which it must illustrate considerations on the Company's interest in completing the Transaction, on the substantive correctness of the respective conditions and on the convenience of the same for the Company. It must attach any expert reports and/or fairness opinions and/or legal opinions received from independent experts in accordance with Article 8.6 above to that opinion. The opinion may confirm the occurrence of a case of exclusion of applicability of the Procedure in accordance with Article 5 above even where the head of the administration, finance and control department of the Company has not identified its existence, it may also be rendered in the event of a case of exclusion of the applicability of the Procedure pursuant to Article 5 above and it may contain an indication to which any expression of favourable opinion on the transaction is subjected. The opinion must be attached to the Committee meeting minutes and must be sent to the chairperson of the board of statutory auditors and to the person competent to carry out the Transaction in good time for the date scheduled for deciding on the same (in the case of the board of directors or the executive committee, the transmission should be sent to the chairperson of the board of statutory auditors and, if appropriate, to the chairperson of the board of directors or to the chairperson of the executive committee). A Committee member must also illustrate the opinion during the board of directors or the executive committee asked to decide on the Transaction, if the same is under the remit of the board of directors or the executive committee.
- 8.10 If the specific Transaction with Related Parties is under the remit of the board of directors or the executive committee or in any case a body whose decisions are subject to recording by minutes, those minutes must contain adequate motivation in relation to the Company's interest in completing the Transaction and the convenience and substantive correctness of its conditions. Therefore, it shall contain evidence of the main elements of the opinion prepared by the Related Party Transactions Committee (or, as appropriate, by the entities that replace it in accordance with Article 8.5 above). In the respective vote, the Directors Involved in the Transaction must comply with the provisions of Article 2391 of the Italian Civil Code and must in any case abstain from the resolution, also assessing on a case-by-case basis whether to leave the meeting.
- 8.11 If the specific Transaction with Related Parties is under the remit of the executive officers or managers equipped with a delegation, the motivations concerning the Company's interest in completing the same and the convenience and substantive correctness of the respective conditions, as well as the illustration of the main elements of the opinion rendered by the Related Party Transactions Committee, are provided to the board of directors and to the board of statutory auditors in the next meeting after its completion.
- 8.12 In any case, the executive officers or the executive committee of the Company provide, at least quarterly, to the board of directors, to the Related Party Transactions Committee and to the board of statutory auditors of the Company complete and detailed information on the implementation of Transactions with Related Parties subject to review and approval in accordance with the Procedure.
- 8.13 In addition, the executive officers or the executive committee of the Company provide, at least annually, to the Related Party Transactions Committee and to the board of statutory auditors of the Company complete and detailed written information on the Transactions with Related Parties excluded from the application of the procedure provided for in this Article 8 in accordance with Article 5 above, in relation to which adequate information must also be provided on the application of the cases of exemption provided for in the same Article 5.

- 8.14 Without prejudice to the provisions of Article 17 of Regulation (EU) no. 596/2014, the board of directors must prepare and make available to the public, within fifteen days from the end of each quarter of the financial year, at the registered office and by the methods indicated in Part III, Title II, Chapter I of the Issuers' Regulation, a document containing an indication of the counterparty, the subject and the value of Transactions approved in the quarter of reference in the presence of a negative opinion expressed by the Related Parties Committee (or, as appropriate, by the entities that replace it in accordance with Article 8.5 above). Within the same terms, the opinion is also made available to the public, attached to the information document or on the Company's website.
- 8.15 The chairperson of the Related Party Transactions Committee must promptly call the Committee also if he/she receives a communication pursuant to Article 13, paragraph 3, letter c) of the Regulation regarding Ordinary Transactions that have been executed at Standard Market Conditions or Standards and that are Transactions of Greater Significance; at this meeting the Committee must verify the correct application of the conditions of exemption.

9. Transactions with Related Parties under the remit of the shareholders' meeting

- 9.1 If a Transaction with Related Parties is under the remit of the shareholders' meeting or must be authorised by it in accordance with the law or the By-laws, for the preliminary phase and approval phase of the resolution proposal by the board of directors to be submitted to the shareholders' meeting, the provisions of Article 8 above shall apply *mutatis mutandis*.
- 9.2 If, in relation to a Transaction of Greater Significance falling within the competence of the shareholders' meeting, the proposed resolution to be submitted to the shareholders' meeting is approved in the presence of a contrary opinion from the Related Parties Committee, without prejudice to the provisions of Articles 2368, 2369 and 2373 of the Italian Civil Code and without prejudice to the provisions of the By-laws that may be required by law, such Transaction cannot be carried out if the majority of unrelated voting shareholders vote against the transaction, provided that the unrelated shareholders present at the meeting represent at least 10% (ten percent) of the Company's share capital with voting right.
- 9.3 The Company does not invoke the right envisaged by Article 11, paragraph 5 of the Regulation.

10. Transactions with Related Parties carried out by Subsidiaries

- 10.1 The procedure referred to in Article 8 above also applies when the board of directors, the executive directors, the executive committee or managers equipped with a delegation of the Company approve and/or examine the Transactions with Related Parties carried out by Subsidiaries. If the review or approval of the specific Transaction with Related Parties to be implemented by the Subsidiaries is under the remit of the shareholders' meeting of the Company, for the phase of the resolution proposal to be submitted to the shareholders' meeting itself, the same procedure, with the necessary adaptations, shall apply.

11. Framework resolution procedure

- 11.1 In accordance with Article 12 of the Regulation, Transactions that are homogeneous between them with certain categories of Related Parties, implemented even by way of Subsidiaries, may be approved with the use of framework resolutions, which must be assumed by the board of directors in compliance with the provisions of Article 6 above (without prejudice to the case of exemption of the Limited Value, to be referred to the market value of the individual transactions subject to the framework resolution, considered cumulatively) and in respect of what is stated below.
- 11.2 The framework resolutions:
- (i) may not be effective for more than one year;

- (ii) must refer to sufficiently determined transactions;
 - (iii) must report the expected maximum amount of the transactions to be implemented in the period of reference;
 - (iv) must report the motivation of the envisaged conditions.
- 11.3 The provisions of Articles 7 and 8 of the Regulation do not apply to individual transactions executed in implementation of the framework resolution and therefore the same are not subject to the procedure dictated by Articles 8, 9 and 10 of the Procedure.
- 11.4 The executive officers or the executive committee of the Company provide, at least quarterly, to the board of directors, to the Related Party Transactions Committee and to the board of statutory auditors complete and detailed information on individual Transactions with Related Parties implemented in execution of framework resolutions.
- 11.5 When a framework resolution is approved, the Company publishes an information document in accordance with Article 5 of the Regulation if the expected maximum amount of the Transactions with Related Parties subject to that resolution exceeds one of the thresholds of significance for identifying Transactions of Greater Significance.
- 11.6 Transactions executed in implementation of a framework resolution subject to an information document published in accordance with Article 9.5 above are not calculated for the purposes of the accumulation envisaged by Article 5, paragraph 2 of the Regulation.

12. Disclosure to the public and communication to the public of Transactions with Related Parties

- 12.1 The Company must respect the provisions of Articles 5 and 6 of the Regulation in relation, respectively, to disclosure to the public and communication to the public of Transactions with Related Parties, as well as, in any case, all other applicable legal obligations in relation to public disclosure and communications, also with specific regard to cases in which the Transactions with Related Parties are price sensitive.

13. Register of Transactions with Related Parties

- 13.1 The head of the Company's administration, finance and control department shall also set up a register of Transactions with Related Parties (the "**Register of Transactions with Related Parties**"), in order to guarantee the complete filing and traceability of such Transactions, also for the purposes of disclosure on Transactions with Related Parties in accordance with Articles 8.12 and 8.13 above. The Register of Transactions with Related Parties may be in hard copy or electronic form.
- 13.2 In addition to the data already included in the Register of Related Parties, the Register of Transactions with Related Parties must include the following information for each Transaction, as applicable:
- (i) all authorisations (or lack of authorisations), together with the reasons for them;
 - (ii) assessment of the degree of relevance, with references to the documents used;
 - (iii) the report to the board of statutory auditors and the Related Party Transactions Committee;
 - (iv) the excerpt from the minutes of the decision of the competent body;
 - (v) the reasons for any presence, pursuant to Article 5 above, of a case of exclusion from the application of the procedure set out in Article 8 above;
 - (vi) all information relating to contracts entered into under the authorisations received.
- 13.3 The Register of Transactions with Related Parties must also include Transactions, or parts thereof, that have not obtained all the necessary authorisations.

14. Resolutions on the Procedure and dissemination of the Procedure within the Company and to Subsidiaries

- 14.1 The resolutions on the Procedure and on any changes are approved, in any case, in respect of the provisions of the Regulation, by the board of directors subject to the favourable opinion of the Related Party Transactions Committee or, where at least three Independent Directors are not in office, subject to the favourable opinion of any Independent Directors present or, in their absence, subject to the non-binding opinion of an independent expert.
- 14.2 The chairperson of the board of directors shall send the Procedure and any changes to the managers with strategic responsibilities of the Company and in any case to the Financial Reporting Officer and, in accordance with Article 114, paragraph 2 of the Consolidated Law on Finance, to the members of the management and control bodies and to the managers with strategic responsibilities of the Subsidiaries. He/she must also ensure that the Subsidiaries acknowledge and undertake to respect, insofar as they are responsible, the Regulation and the Procedure and they forward it, in turn, to the companies over which they exercise control. The Procedure therefore acts as instructions from the Company to the Subsidiaries in accordance with Article 114, paragraph 2 of the Consolidated Law on Finance.
- 14.3 The Financial Reporting Officer shall deal with the necessary coordination between the Procedure and the Company's administrative and accounting procedures for preparing the consolidated financial statements, the financial statements and any other communication of financial nature. Therefore, he/she shall inform the chairperson of the board of directors, the chairperson of the Related Party Transactions Committee and the chairperson of the board of statutory auditors of any changes to the Procedure that are deemed opportune.
- 14.4 Subject to the other publicity obligations of law, the Procedure and any changes are published without delay on the Company's website, also by reference to that website in the annual report on operations, in accordance with Article 2391-*bis* of the Italian Civil Code.

Annexes:

Annex A - Transactions with Related Parties Regulation adopted by CONSOB with resolution no. 17221 of 12 March 2010 as subsequently supplemented and amended, most recently by CONSOB resolution no. 21624 of 10 December 2020

Regulations containing provisions relating to transactions with related parties (adopted by Consob with Resolution no. 17221 of 12 March 2010, later amended by Resolutions no. 17389 of 23 June 2010, no. 19925 of 22 March 2017, no. 19974 of 24 April 2017, no. 21396 del 10 June 2020 and no. 21624 of 10 December 2020)¹

The Resolution no. 21396 of 10 June 2020 temporarily suspended, from 20 June 2020 to 30 June 2021, in the event of operations of capital strengthening, the application of the provisions of the Article no. 11, paragraph 5, and of the Article no. 13, paragraph 6 of this Regulation, where provided for that, for the purposes of recourse to the faculty of exemption for urgent cases, this faculty is envisaged by the procedures adopted pursuant to the Article no. 4, paragraph 1, of the Regulation as well as in the company statute.

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¹ Resolution no. 17221 of 12 March 2010 and related regulation were published in Official Gazette no. 70 of 25 March 2010 and in CONSOB Fortnightly Bulletin no. 3.1, March 2010. Resolution no. 17389 of 23 June 2010 was published in Official Gazette no. 152 of 2 July 2010 and in CONSOB Fortnightly Bulletin no. 6.2, June 2010, regarding the entry into force of the provisions of Resolution no. 17221 of 12 March 2010 as amended by Resolution no. 17389 of 23 June 2010. Resolution 19925 of 22 March 2017 is published in the Official Gazette no. 88 of 14 April 2017 and in the CONSOB Fortnightly Bulletin no. 4.1 April 2017; it is in force from the fifteenth day following its publication in the Official Gazette. Letter a) of art. 3 of resolution no. 19925 of 22 March 2017 was subsequently amended with resolution no. 20250 of 28.12.2017, published in the Official Gazette n. 1 of 2.1.2018. Resolution 19974 of 27 April 2017 is published in the Official Gazette no. 106 of 8 May 2017 and in the CONSOB Fortnightly Bulletin no. 4.2 April 2017; it is in force from the fifteenth day following its publication in the Official Gazette. Resolution 21396 of 10 June 2020 is published in the Official Gazette no. 154 of 19 June 2020 and in the CONSOB Fortnightly Bulletin no. 6.1 June 2020; it is in force from the fifteenth day following its publication in the Official Gazette. Resolution no. 21624 of 10 December 2020 is published in the Official Gazette no. 317 of 22 December 2020 and in CONSOB Fortnightly Bulletin no. 12.1, December 2020; it enters into force on 1 July 2021. Para. 2 of Article 3 of resolution no. 21624 of 10 December 2020 provides that: "2. *The companies harmonize the procedures envisaged by article 4 of regulation no. 17221 of 12 march 2010 with the modifications made by this resolution by 30 June 2021 and apply them as from 1 July 2021*".

Article 1
(*Legal basis*)

1. This regulation is adopted pursuant to Article 2391-bis of the Civil Code and Articles 113-ter, 114, 115 and 154-ter of Legislative Decree 24 February 1998, no.58.

Article 2
(*Scope of application*)

1. This Regulation sets out the principles on which the Italian companies with shares listed on regulated Italian and other European Union countries and with shares widely distributed among the public that (hereafter in this Regulation, a unit, "the company") abide in order to ensure transparency and substantial and procedural fairness of related party transactions entered into directly or through subsidiaries.

2. Without prejudice to what is specified in Articles 2343-bis, 2358, 2373, 2391, by Articles 2497 to 2497 - f of the Civil Code and Articles 53 and 136 of legislative decree No. 385 dated 1 September 1993, and its implementing provisions.

Article 3
(*Definitions*)

1. In this Regulation, the term:
- a) "related parties" and "related party transactions": those parties and transactions defined as such **by the international accounting principles adopted according to the procedure referred to in Article 6 of Regulation (EU) no. 1606/2002²**;
 - b) "transactions of greater importance": transactions with related parties identified as such pursuant to Article 4, subsection 1, paragraph a);
 - c) "transactions of lesser importance": transactions with related parties other than transactions of greater importance and transactions for smaller amounts pursuant to **Article 4, paragraph 1, letter a)³**;
 - d) "regular transactions": transactions carried out in the course of the regular business and related financial activities;
 - e) "market or standard equivalent terms": terms similar to those usually charged to unrelated parties for transactions of a corresponding nature, extent and risk, or based on regulated rates or at fixed prices or those charged to persons with which the issuer is obligated by law to contract at a certain price;
 - f) "smaller companies": companies for which neither their balance sheet assets nor their revenue, as of the latest consolidated financial statements approved, exceed € 500 million. Smaller companies shall not qualify as such if any of these requirements is not met for two consecutive years;
 - g) "company recently listed": companies with shares listed in the period between the trading start date and the financial statements approval date for the second year following the year of listing. Companies recently listed shall not qualify as such. Can not be defined newly combined company listing companies resulting from the merger or demerger of one or more companies with listed shares that are not themselves recently listed;

² Letter thus amended by resolution no. 21624 of 10.12.2020, which replaced the words: "in Annex 1" with the words: "by the international accounting principles adopted according to the procedure referred to in Article 6 of Regulation (EU) no. 1606/2002." **For ease of reading, an excerpt from the definition of related party and related party transactions in accordance with IAS 24 and referral to other definitions related thereto envisaged by the international accounting principles is given in the Appendix to this Regulation.**

³ Letter thus amended by resolution no. 21624 of 10.12.2020, which deleted the word "possibly" and replaced the words: "Article 13" with the words: "Article 4, paragraph 1, letter a)."

h) "independent directors", "independent management directors" and "independent supervisory directors":

- directors and managing directors who satisfy the independence requirements pursuant to Article 148, subsection 3 of the Consolidated Law and any additional requirements identified in the procedures laid down by Article 4, or industry regulations that may apply because of the company's business;

- should a company declare, pursuant to Article 123-bis, subsection 2 of the Consolidated, to adhere to a code of conduct promoted **by the operators** of regulated markets or by trade associations, including the independence requirements at least equivalent to those pursuant to Article 148, subsection 3 of the Consolidated Law, the directors and managing directors acknowledged as such by the company pursuant to the same code⁴;

i) "unrelated directors" and "unrelated managing directors": directors, managing or supervisory directors other than the counterparty of a particular transaction and **the counterparty's related parties**⁵;

***i-bis)* "directors involved in the transactions" and "managing directors involved in the transaction": directors, management or supervisory directors who have an interest in the transaction, be it their own or that of third parties, in conflict with that of the company**⁶;

l) "unrelated shareholders": those which hold the right to vote other than the counterparty in a particular transaction and subjects related to both the counterparty in a particular transaction or to the company itself;

m) "Consolidated Law": Legislative Decree No.58 of 24 February 1998;

n) "Issuers' Regulation": Regulation adopted by Resolution No. 11971 of 14 May 1999 and subsequent amendments and additions.

Article 4

(Adoption of procedures)

1. The boards of directors or management board of the company shall adopt, as specified in this regulation, the necessary procedures to ensure transparency and substantial and procedural fairness of related party transactions. In particular, these procedures shall:

a) identify the transactions of greater importance to include at least those that exceed the thresholds in Annex 3, **and the transactions of small amount establishing, in relation thereto, distinct criteria in consideration at least of the counterparty's nature**⁷;

b) identify the exemption cases provided for in Articles 13 and 14 to which the companies may resource;

c) identify, for the purposes of this Regulation, the requirements for independence of directors, managing or supervisory board members in accordance with Article 3, paragraph h);

d) establish the manner whereby related party transactions are executed and approved and identify rules with regard to cases in which the company shall review or approve the transactions of subsidiaries, Italian or foreign;

e) establish the manner and timing with which they are provided, to independent directors or board members advising on transactions with related parties as well as to the management and supervisory bodies, information on transactions, and related materials, before deliberations, during and after the execution thereof;

***e-bis)* establish the modalities and the time by which the independent directors or managing directors providing an opinion on the transactions with related parties:**

⁴ Letter thus amended with resolution no. 21624 of 10.12.2020, which, in the second sub indentation, replaced the words: "by management companies" with the words: "by the operator."

⁵ Letter thus amended with resolution no. 21624 of 10.12.2020, which replaced the words: "than its related parties" with the words: "than the counterparty's related parties."

⁶ Letter added with resolution no. 21624 of 10.12.2020.

⁷ Letter thus amended with resolution no. 21624 of 10.12.2020, which, after the words: "envisaged by Annex 3" has added the words: " , and the transactions of small amount establishing, in relation thereto, distinct criteria in consideration at least of the counterparty's nature."

- i) **receive information on the application of the cases of exemption identified in accordance with letter b) of this paragraph, at least in reference to the transactions of greater importance. This information is transmitted at least once a year;**
 - ii) **verify the correct application of the conditions of exemption from the transactions of greater importance defined as regular and concluded at market or standard conditions, communicated to the same in accordance with Article 13, paragraph 3, letter c), point i)⁸;**
- f) indicate the choices made by companies with regard to options, other than those mentioned in previous paragraphs, submitted to the same company from the provisions of this Regulation.

2. Companies shall assess whether to indicate as subjects on which to apply, in whole or in part, the provisions of this regulation, even entities other than the related parties, taking account in particular of ownership, of any contractual or statutory obligations relevant to Article 2359, subsection 1, No. 3), or Article 2497-septies of the Italian Civil Code and to the applicable industry regulations for related party transactions.

3. Resolutions on the procedures and any amendments shall be adopted following the favourable opinion of a committee, even specially formed, composed entirely of independent directors or, for companies that adopt the dual management and supervision system, of independent management and supervisory board members. Should no more than three independent directors remain in office, the resolutions shall be adopted following the favourable opinion of the existing independent directors or, failing that, after the non-binding opinion of an independent expert.

4. The procedures provided for in subsection 1, shall ensure coordination with the administrative and accounting procedures pursuant to Article 154-bis of the Consolidated Law.

5. In defining the procedures, boards of directors and management identifying which rules require amendments to the Statute and shall act in accordance with subsection 3 the resulting proposals to be submitted to the assembly.

6. The oversight body will ensure compliance with the procedures adopted the principles set out in this regulation and compliance with them and report to the assembly under Article 2429, second subsection, of the Civil Code or Article 153 of the Consolidated.

7. The procedures and amendments thereto shall be published without delay on the company website, without prejudice of the requirement of publicity, including reference to that site in its annual report on operations, under Article 2391-bis of the Civil Code.

8. Entities with a controlling interest and any other entities specified in Article 114, subsection 5 of the Consolidated Law, which are related parties of the companies, shall provide them with the necessary information to enable identification of related parties and transactions with the same **and promptly communicate any updates thereof⁹**.

Article 5

(Public information on transactions with related parties)

1. In the event of transactions of greater importance, including those carried out by Italian or foreign subsidiaries, the company shall provide, in accordance with Article 114, subsection 5 of the Consolidated Law, an information document prepared in accordance with Annex 4.

⁸ Letter added with resolution no. 21624 of 10.12.2020

⁹ Paragraph thus amended with resolution no. 21624 of 10.12.2020, which, after the words: “transactions with the same” added the words: “and promptly communicate any updates thereof.”

2. Companies shall prepare the information document stated in subsection 1 even if, during the period, they conduct with the same related party, or related subjects to the latter or to the company itself, transactions that are homogeneous or made under a unified design which, while not qualifying as individual transactions of interest, exceed, when considered cumulatively, the thresholds of significance identified in accordance with Article 4, subsection 1, paragraph a). Operations carried out by Italian and foreign subsidiaries shall be deemed relevant for the purposes of this subsection with the exception of those eventually excluded pursuant to Articles 13 and 14.

3. Without prejudice of provisions of Article 17 of Regulation (EU) no. 596/2014, the information document referred to in subsection 1 shall be made available to the public at the registered office and in the manner described in **Part III, Title II**, Chapter I of the Issuers' Regulations, within seven days of approval by the competent body of the transaction or, if the competent body resolves to submit a contract proposal, from the point at which the contract, even preliminary, is drawn up according to the applicable rules. In cases of responsibility or Shareholders' Meeting authorization, the same information document shall be made available within seven days of the approval of the proposal to be submitted to the Shareholders' Meeting¹⁰.

4. Should the significant reporting threshold be exceeded by a combination of transactions envisaged in subsection 2, the information document shall be made available to the public within fifteen days of transaction approval or of the conclusion of the contract leading to the significant reporting threshold excess and shall contain information, including on an aggregate basis for homogeneous transactions, on all transactions under consideration for the aggregate. Should transactions exceeding the significant reporting threshold be carried out by subsidiaries, the information document shall be made available to the public within fifteen days from the time when the company liable for the preparation of that document became aware of the transaction approval or the conclusion of the contract leading to the relevant event. Pursuant to Article 114, subsection 2 of the Consolidated Law, the company required to prepare this document shall take all necessary steps to ensure subsidiaries provide the information required for the preparation of the document. Subsidiaries shall promptly submit such information.

5. Under the terms envisaged in subsections 3 and 4, as an attachment to the information document referred to in subsection 1 or on the web site, companies shall disclose **any opinions of the directors or independent directors and independent experts, selected in accordance with Article 7, paragraph 1, letter b), and the opinions issued by experts qualified as independent of which the management body has availed itself**. With reference to the **mentioned** independent expert opinions, companies shall publish only the elements indicated in Annex 4, justifying the decision in question¹¹.

6. If, in relation to operation of greater importance, the company is required to prepare an information document pursuant to article 70, subsections 4 and 5, and 71 of the Issuers' Regulation, the latter shall be allowed to publish a single document containing the information required in subsection 1 and said articles 70 and 71. In this case, the document shall be made available to the public at the registered office and in the manner described in **Part III, Title II**, Chapter I of the

¹⁰ Subsection first amended with resolution no. 19925 of 22.3.2017 (as amended by resolution no. 20250 of 28.12.2017) which replaced the words: "article 114, subsection 1 of the Consolidated Law" with the words "article 17 of Regulation (EU) no. 596/2014", then with resolution no. 21624 of 10.12.2020 which replaced the words: "in Title II" with the words: "in Part III, Title II."

¹¹ Subsection first modified with resolution no. 17389 of 23.6.2010, which deleted the expression "of the board of statutory auditors" then with resolution no. 21624 of 10.12.2020 which replaced the words: "opinions of directors or independent directors and independent experts" with the words: "opinions of directors or independent directors and independent experts, selected in accordance with Article 7, paragraph 1, letter b), and the opinions issued by experts qualified as independent of which the management body has availed itself," and, after the words: "With reference to" added the word: "mentioned."

Issuers' Regulations, within the shortest period envisaged by all applicable provisions. The companies, publishing the information referred to in this subsection in a separate document, may incorporate by reference the information previously published¹².

7. The companies, together with the public communication, shall send Consob the documents and the opinions stated in subsections 1, 2, 5 and 6 with connection to the storage mechanism authorized under Article 65-septies, subsection 3, of the Issuers' Regulation.

8. Issuing companies with shares listed, having Italy as the home Member State, pursuant to Article 154-ter of the Consolidation Law, shall provide information, in the interim management report and annual report:

- a) on individual transactions of greater importance concluded during the reporting period;
- b) on any other individual transactions with related parties concluded in the reporting period, that have materially affected the financial position or results of companies¹³;
- c) on any change or development of related party transactions described in the last annual report that had a material effect on the financial position or results of the company during the reporting period.

9. For the purposes of subsection 8, information on individual transactions of greater importance may be incorporated by reference to information documents published pursuant to subsections 1, 2 and 6, reporting on any significant updates.

Article 6

(Related party transactions and communications to the public)¹⁴

1. Should a transaction with related Parties be disclosed by means of the release of a communication pursuant to article 17 of Regulation (EU) no. 596/2014, the communication shall contain, in addition to other information to be published pursuant to that rule, at least the following information:

- a) the description of the transaction;**
- b) an indication that the counterparty to the transaction is a related party and the description of the nature of the relationship;**
- c) the legal or commercial name of the counterparty to the transaction;**
- d) whether the transaction exceeds or not the significant reporting threshold established under Article 4, subsection 1, paragraph a), and the indication of the possible subsequent publication of written information pursuant to Article 5;**
- e) the procedure which has been or shall be followed for the transaction approval and, in particular, whether the company has used a case of exclusion set forth in Articles 13 and 14;**
- f) any approval of the transaction despite the contrary opinion of the directors or independent directors¹⁵.**

¹² Subsection thus amended with resolution no. 21624 of 10.12.2020, which replaced the words: "in Title II" with the words: "in Part III, Title II."

¹³ Letter thus amended with resolution no. 21624 of 10.12.2020, which deleted the words: "as defined under Article 2427, second subsection, of the Italian Civil Code."

¹⁴ List thus modified with resolution no. 19974 of 27.4.2017, which deleted the words: "pursuant to Article 114, paragraph 1, of the Consolidated Law".

¹⁵ Subsection first amended with resolution no. 19925 of 22.3.2017 and then thus replaced by resolution no. 21624 of 10.12.2020.

Article 7

(Procedures for transactions of lesser importance in companies adopting traditional or single-tier management and control systems)

1. With respect to transactions of lesser importance, without prejudice to the application of Article 8, the procedures shall at least foresee:

a) that, before transaction approval, a committee, also specially formed, composed exclusively of unrelated, non-executive directors, mostly independent, expresses a reasoned and not binding opinion on the interest of the company in the completion of the transaction and the convenience and substantial correctness of the underlying terms. **This opinion is attached to the minutes of the committee's meeting**¹⁶;

b) the ability of the committee to request the assistance, at the expense of company, to one or more independent experts of its choice. **The same committee preemptively verifies the independent nature of the experts, keeping into account the reports indicated in paragraph 2.4 of Annex 4**¹⁷;

c) that, the body responsible to resolve on the transaction and the committee indicated in paragraph a) above is provided with full and appropriate information in advance. Should the transaction terms be equivalent to market or standard terms, the documentation prepared shall include objective elements of comparison;

d) that, whenever at least two unrelated and independent directors are not available, specific internal controls equivalent to those set forth in paragraph a) shall be established, to protect the substantial correctness of the transaction;

d-bis) that, in relation to the companies with shares listed on regulated markets, where the transaction is the purview of the Board of Directors, the directors involved in the transaction abstain from voting thereon¹⁸;

e) that, where applicable, the approval resolution minutes shall bear adequate reasons with regard to the interest of the company in the completion of the operation and the convenience and substantial correctness of the underlying condition;

f) full disclosure, at least on a quarterly basis, to the Board of Directors and the Board of Statutory Auditors on the execution of transactions;

g) that, without prejudice to the provisions of article 17 of Regulation (EU) no. 596/2014, is made available to the public, within fifteen days after the close of each quarter, at the registered office and in the manner set out in **Part III, Title II**, Chapter I of the Issuers' Regulations, a document containing an indication of the counterparty, of the object and the consideration of the transactions approved in the reference quarter in the presence of a negative opinion pursuant to paragraph a) above and the reasons why it was deemed suitable not to share that opinion. In the same period, the opinion shall be made available to the public attached to the information document or on the website of the company¹⁹.

2. With reference to the use of independent experts set out in subsection 1, paragraph b), the procedures may define a maximum expense amount for each individual transaction, identified in absolute terms or in proportion to the transaction amount, for services rendered by independent experts.

¹⁶ Letter thus amended with resolution no. 21624 of 10.12.2020, which, after the words: "of the related conditions" added the words: ". This opinion shall be attached to the minutes of the meeting of the committee."

¹⁷ Letter thus amended with resolution no. 21624 of 10.12.2020, which, after the words: "of its choice" added the words: ". The same committee preemptively verifies the independent nature of the experts, keeping into account the reports indicated in paragraph 2.4 of Annex 4."

¹⁸ Letter added with resolution no. 21624 of 10.12.2020.

¹⁹ Letter first amended with resolution no. 19925 of 22.3.2017, which replaced the words: "article 114 subsection 1 of the Consolidated Law" with the words "article 17 of the (EU) no. 596/2014," then with resolution no. 21624 of 10.12.2020, which, in the first clause, replaced the words: "in Title II" with the words: "in Part III, Title II,".

Article 8

(Procedures for transactions of greater importance in companies adopting traditional or single-tier management and control systems)

1. Without prejudice to the application of Article 11 with respect to transactions of greater importance, in addition to the provisions of Article 7, subsection 1, paragraphs *b)*, *c)*, ***d-bis***, *e)* and *f)*, the procedures shall at least foresee²⁰:

a) the reserved right to resolve of the Board of Directors

b) a committee, including specially formed, composed exclusively of unrelated independent directors, or one or more components delegated by it, are **immediately** involved in the negotiation phase and the initial inquiry through a complete and **updated** flow of information, with the possibility to request information and to submit comments to the managing bodies and entities responsible for the conduct of negotiations or inquiry²¹;

c) that the Board of Directors approves the transaction after the reasoned opinion of the Committee indicated in *b)* on the interest of the company in the completion of the transaction and on the convenience and the substantial correctness of the underlying terms, or, alternatively, that other approval modalities are applied to ensure that the majority of independent and unrelated directors play a decisive role. **This opinion is attached to the minutes of the committee's meeting**²²;

d) if, at least three independent directors unrelated are not available, specific internal controls equivalent to those provided by the paragraphs *b)* and *c)* to protect the substantial correctness of the operation.

2. Procedures may foresee, subject to the statutory provisions required by law, that the Board of Directors approves transactions of greater importance despite the contrary opinion of independent directors, provided that the completion of these transactions is authorized, pursuant to Article 2364, subsection 1, number 5) of the Italian Civil Code, by the Shareholders' Meeting acting in accordance with Article 11, subsection 3.

Article 9

(Procedures for transactions in companies adopting dualistic management and control systems)

1. Companies that adopt the dualistic system of management and control shall apply, instead of Articles 7 and 8, the principles contained in Annex 2.

Article 10

(Regulation for certain types of companies)

1. **Without prejudice to the provisions of Article 5, and to the right of approval of the Board of Directors, in accordance with Article 8, subsection 1, letter *a)*, or of the management board, in accordance with subsections 2 and 3 of Annex 2, small listed companies, recently listed companies, and the companies with widely distributed among the public shares may apply to transactions of greater importance a procedure identified for transactions of lesser importance in Article 7, or in subsection 1 of Annex 2. Provisions held in this subsection shall not be of application to listed subsidiaries, even indirectly, of an Italian or foreign companies with shares listed on regulated markets.**

²⁰ Indent thus amended with resolution no. 21624 of 10.12.2020, which, after the words: "letters *b)*, *c)*," added the words: "d-bis,".

²¹ Letter thus amended with resolution no. 21624 of 10.12.2020, which, after the words: "delegated by it, are involved" added the words: "immediately" and replaced the word: "timely" with the word: "updated."

²² Letter thus amended with resolution no. 21624 of 10.12.2020, which, after the words: "independent and unrelated" added the words: ". This opinion shall be attached to the minutes of the meeting of the committee."

2. The procedures shall be adapted to the provisions of exemption pursuant to subsection 1 within one hundred and eighty days after the end of the financial year in which the company can no longer qualify as a small company, should a sufficient number of directors or independent directors be in place, or within one hundred and ninety days after the first renewal of the Board of Directors or the Management Board following the end of the same financial year, in all other cases²³.

Article 11

(Transactions attributed to the shareholders' meeting)

1. For transactions of lesser importance with related parties attributed to or requiring the authorization of the shareholders' meeting, in the preparatory, inquiry or approval stages of proposed resolution to be submitted to the shareholders' meeting, the procedures shall foresee provisions pursuant to Article 7, subsection 1 of Annex 2.

2. For transactions of greater importance attributed to or requiring the authorization of the shareholders' meeting, the procedure shall foresee provisions pursuant to Article 8, subsections 2 and 3 of Annex 2, for the negotiation, preparation, and approval stages of proposed resolutions to be submitted to the shareholders' meeting. For shareholders' meeting matters, neither Article 8, subsection 2, nor the provisions of subsections 2 and 3 of Annex 2 shall apply. The procedures may foresee that proposed resolutions to be submitted to the shareholders' meeting shall be approved even with the contrary view of the Directors or Independent Directors, provided that in such cases, these procedures are in accordance with subsection 3.

3. If, in connection with a transaction of interest, the proposed resolutions to be submitted to be Shareholders' Meeting is approved with the contrary view of the Directors or Independent Directors, the procedures, without prejudice to the application of Articles 2368, 2369 and 2373 of the Italian Civil Code and subject to the statutory provisions as required by law, shall foresee provisions designed to prevent the completion of the transaction whenever the majority of unrelated voting shareholders shall vote against the operation. The procedures may foresee that the completion of the transaction is prevented only if the unrelated shareholders present at the meeting represent at least a certain percentage of share capital with voting rights, albeit under no circumstances exceeding ten percent.

4. Should there be relevant updates the information document published pursuant to Article 5, the company, within the twenty days of the Shareholders' Meeting, shall make available to the public at the registered office and as per the formalities described in **Part III, Title II**, Chapter I, of the Issuers' Regulations, a new version of the document. Companies may incorporate by reference information previously published²⁴.

5. Where expressly permitted by the statute, procedures may foresee that, in case of emergency situations related to corporate crisis, without prejudice to the application of Article 5, where applicable, transactions with related parties shall be concluded notwithstanding the provisions of subsections 1, 2 and 3, provided that the Shareholders' Meeting is convened pursuant to Article 13, subsection 6, paragraph c) and d). Should the assessments of the control body pursuant to Article 13, subsection 6, paragraph c) be negative, the Shareholders' Meeting shall resolve as per subsection 3, otherwise, Article 13, subsection 6 e) shall apply²⁵.

²³ Article thus replaced by resolution no. 21624 of 10.12.2020.

²⁴ Subsection thus amended with resolution no. 21624 of 10.12.2020, which replaced the words: "in Title II" with the words: "in Part III, Title II,".

²⁵ **The Resolution no. 21396 of 10 June 2020 temporarily suspended, from 20 June 2020 to 30 June 2021, in the event of operations of capital strengthening, the application of the provisions of the Article no. 11, paragraph 5, and of the Article no. 13, paragraph 6 of this Regulation, where provided for that, for the purposes of recourse to the**

Article 12
(*Framework-resolutions*)

1. If, for certain categories of transactions, procedures allow framework-resolutions for similar transactions with certain categories of related parties, these procedures shall at least foresee:

- a) provisions pursuant to Articles 7 and 8 and subsections 1 and 2 of Annex 2, depending on the expected maximum amount of transactions subject to resolution, considered collectively;
- b) framework-resolutions shall not be effective for more than a year and shall refer to sufficiently determined transactions, reporting at least the foreseeable maximum amount of transactions to be performed during the reporting period and the reasons for the foreseeable terms;
- c) full disclosure to the Board of Directors, at least on a quarterly basis, on the implementation of the framework-resolutions.

2. Upon approval of a framework-resolution, the company shall publish an information document pursuant to Article 5 whenever the foreseeable maximum amount of transactions subject to resolution exceeds the significant reporting threshold identified pursuant to Article 4, subsection 1, a).

3. Provisions envisaged in Articles 7 and 8 and subsections 1 and 2 of Annex 2 shall not apply to individual transactions completed in the implementation of framework-resolutions. Transactions completed in implementation of a framework-resolution described in an information document published pursuant to subsection 2 shall not be counted for the purpose of cumulation set forth in Article 5, subsection 2.

Article 13
(*Cases and power of exclusion*)

1. The provisions of this Regulation shall not apply to the Shareholders' Meeting resolutions pursuant to Article 2389, first subsection, of the Italian Civil Code, relating to fees payable to members of the Board of Directors and Executive Committee, nor to the resolutions relating to remuneration of Directors holding particular offices included in the total amount determined in advance by the Shareholders' Meeting pursuant to Article 2389, third subsection, of the Italian Civil Code. Furthermore, the provisions of this regulation shall not apply to shareholders' meeting resolutions pursuant to Article 2402 of the Italian Civil Code in relation to remuneration for members of the board of statutory auditors and the supervisory board, or to shareholders' meeting resolutions on remuneration for members of the management board if appointed pursuant to Article 2409-*terdecies*, subsection 1, paragraph a) of the Italian Civil Code²⁶.

1-bis. The provisions of this Regulation shall not apply to the transactions approved by the companies and intended for all the shareholders, all conditions being equal, therein including:

- a) capital increases on a rights offering, including for servicing convertible debenture loans, and the gratuitous capital increases envisaged by Article 2442, Italian Civil Code;
- b) demergers in the strictest sense, in whole or in part, with assignment of shares on a proportional basis;
- c) share capital reductions by means of reimbursement to shareholders, as provided for by Article 2445, Italian Civil Code, and purchases of own shares in accordance with Article 132 of the Consolidated Law²⁷.

2. The provisions of this Regulation shall not apply to transactions for smaller amounts

faculty of exemption for urgent cases, this faculty is envisaged by the procedures adopted pursuant to the Article no. 4, paragraph 1, of the Regulation as well as in the company statute.

²⁶ Subsection thus amended with resolution no. 17389 of 23.6.2010 which added the final sentence.

²⁷ Subsection added with resolution no. 21624 of 10.12.2020.

identified by the companies in accordance with Article 4, subsection 1, letter a)²⁸.

3. Procedures may exclude, in whole or in part, from the provisions of this Regulation, without prejudice to the application of Article 5, subsection 8, if applicable:

a) compensation plans based on financial instruments approved by the Shareholders' Meeting pursuant to Article 114-bis of the Consolidated Law and its enactment regulations;

b) resolutions other than those indicated in subsection 1 in relation to remuneration for directors and board members holding special office, together with remuneration for other managers with strategic responsibilities and resolutions by which the supervisory board determines remuneration for management board members, provided that²⁹:

i) the company has adopted a remuneration policy **approved by the shareholders' meeting**³⁰;

ii) in the definition of the remuneration policy has been involved a committee consisting solely of directors or a majority of independent non-executive directors;

iii) *...omissis...*³¹;

iv) **the remuneration awarded is consistent with this policy and quantified on the basis of criteria that do not imply discretionary evaluations**³²;

c) regular transactions completed in market-equivalent or standard terms. In case of exception to the disclosure requirements, established for transactions of greater relevance, set forth in Article 5, subsections 1 to 7, and without prejudice to the application of Article 17, of Regulation (EU) no. 596/2014:

i) **companies shall notify Consob, and the directors and independent directors giving an opinion on transactions with related parties, within the period specified in Article 5, subsection 3, of the counterparty, the object, the consideration for the transactions that benefited from the exclusion, as well as the of reasons why it is believed that the transaction is a regular one and is concluded at market-equivalent or standard conditions, providing objective facts**³³;

ii) companies listed on regulated markets shall indicate in the interim management report and annual report, in accordance to provisions in Article 5, subsection 8, which of the transactions subject to disclosure requirements specified in that provision been concluded based on the exclusion provided in this paragraph;

iii) companies with common stock shall indicate in the annual report the counterparty, the purpose and the consideration for the transactions of greater relevance completed in the period entered taking advantage of the exclusion provided in this letter³⁴.

4. The provisions of this regulation, without prejudice to the application Article 5, shall not apply to transactions for stabilization purposes required by the Italian Central Bank, or on the basis of regulations issued by the parent for the execution of instructions issued by the Italian Central Bank in the interest of the group stability.

²⁸ Subsection thus replaced by resolution no. 21624 of 10.12.2020.

²⁹ Indent as amended by Resolution no. 17389 of 23 June 2010 which replaced the words: "resolutions on remuneration for directors and board members holding special office, other than those indicated in subsection 1, together with managers with strategic responsibilities, provided that" with the words: "resolutions other than those indicated in subsection 1 in relation to remuneration for directors and board members holding special office, together with remuneration for other managers with strategic responsibilities and resolutions by which the supervisory board determines remuneration for management board members, provided that".

³⁰ Point thus amended with resolution no. 21624 of 10.12.2020, which, after the words: "remuneration policy" added the words: "approved by the shareholders' meeting."

³¹ Point repealed with resolution no. 21624 of 10.12.2020.

³² Point thus replaced by resolution no. 21624 of 10.12.2020.

³³ Point thus replaced by resolution no. 21624 of 10.12.2020.

³⁴ Letter thus amended with resolution no. 19925 of 22.3.2017, which replaced the words: "article 114 subsection 1 of the Consolidated Law" with the words "article 17 of Regulation (EU) no. 596/2014".

5. Without prejudice to the application of Article 5, for related party transactions subject to applicable provisions in Article 136 of Legislative Decree no. 385 of 1 September 1993, the company, in establishing the procedures, shall not apply the provisions and opinions of independent experts under Article 7, subsection 1, paragraphs a) b) d) g) and subsections 1.1, paragraphs to), b) and g), 1.2 and 1.3 of Annex 2 and, for transactions of greater importance, Article 8, subsection 1, paragraphs a), c) and d) and 2, and subsections 2.1, paragraphs to), c) and d) 2.2, b) and d), and 3.1 points a) c) d) e) of Annex 2.

6. In cases where transactions are neither attributed to nor shall be authorized by the Shareholders' Meeting, procedures may foresee, as expressly permitted by statute, that in cases of urgency - without prejudice to the application of Article 5, and to the right of approval of the Board of Directors, in accordance with Article 8, subsection 1, letter a), or of the management board, in accordance with subsections 2 and 3 of Annex 2, applicable to transactions of greater importance - the transactions with related parties be concluded notwithstanding the provisions of Article 7 and other provisions of Article 8 and Annex 2, provided that³⁵:

a) for transactions falling under the responsibility of a Managing Director or the Executive Committee, the Chairman of the Board of Directors or of the Management Board is informed of the reasons of urgency **immediately and, in any case**, prior to closing the transaction³⁶;

b) these transactions are subsequently, without prejudice to their effectiveness, subject to non-binding resolution of the first valid ordinary Shareholders' Meeting;

c) the body which convenes the Shareholders' Meeting prepares a report containing an adequate justification of the reasons for urgency. The control body reports to the Shareholders' Meeting its assessment on the existence of the reasons for urgency;

d) the report and the assessments referred to in paragraph c) are made available to the public at least twenty days before the date fixed for the meeting at the registered office and as per the formalities set out in **Part III, Title II**, Chapter I of the Issuers' Regulation. These documents may be contained in the disclosure document referred to in Article 5, subsection 1³⁷;

e) within the day immediately after the Shareholders' Meeting the company makes available to the public as per the formalities specified in **Part III, Title II**, Chapter I of the Issuers' Regulation on voting results, particularly with regard to the number of total votes cast by unrelated shareholders³⁸.

Article 14

(Management and Coordination, subsidiaries and associated companies)

1. If the company is subject to management and coordination, for transactions with related parties, the opinions provided pursuant to Articles 7 and 8, and Annex 2 shall timely indicate the reasons and the convenience of these transactions, where appropriate, in light the overall result of the supervision and coordination of transactions that is designed to fully eliminate the damage resulting from an individual Related Party transaction.

2. Procedures may foresee that the provisions of this Regulation, without prejudice to the application of Article 5, subsection 8, shall not apply, in whole or in part, to transactions with or

³⁵ Indent thus replaced by resolution no. 21624 of 10.12.2020.

³⁶ Letter thus amended with resolution no. 21624 of 10.12.2020, which, after the words: "reasons of urgency" added the words: "immediately and, in any case,".

³⁷ Letter thus amended with resolution no. 21624 of 10.12.2020, which replaced the words: "in Title II" with the words: "in Part III, Title II,".

³⁸ Letter thus amended with resolution no. 21624 of 10.12.2020, which replaced the words: "in Title II" with the words: "in Part III, Title II,". **The Resolution no. 21396 of 10 June 2020 temporarily suspended, from 20 June 2020 to 30 June 2021, in the event of operations of capital strengthening, the application of the provisions of the Article no. 11, paragraph 5, and of the Article no. 13, paragraph 6 of this Regulation, where provided for that, for the purposes of recourse to the faculty of exemption for urgent cases, this faculty is envisaged by the procedures adopted pursuant to the Article no. 4, paragraph 1, of the Regulation as well as in the company statute.**

between subsidiaries, or jointly, as well as to transactions with associated companies, if its subsidiaries or associated counterparties no interests exist, which may qualify as significant under the criteria established in Article 4, by other related parties of the company. It shall not be considered as significant interests those derived from the mere sharing of one or more directors or other managers with strategic responsibilities between the company and its subsidiaries or associated companies³⁹.

³⁹ Subsection thus amended with Resolution no. 17389 of 23.6.2010, which, after the words: “or more directors or” added the words: “other”; and after the word: “subsidiaries” added the words: “or associated companies”.

Annex 1

**DEFINITIONS OF RELATED PARTIES AND RELATED PARTY TRANSACTIONS
AND FUNCTIONAL DEFINITIONS THEREOF**

*...omissis...*⁴⁰

⁴⁰ Annex repealed with resolution no. 21624 of 10.12.2020.

Annex 2

PROCEDURES FOR TRANSACTIONS WITH RELATED PARTIES IN COMPANIES ADOPTING DUALISTIC MANAGEMENT AND CONTROL SYSTEMS

1. Procedures for transactions of lesser importance

1.1. For companies adopting the dualistic system of management and control, with regard to transactions of lesser importance, the procedures shall at least foresee:

- a) that, before transaction approval, a committee, even specially formed, composed exclusively of unrelated advisory directors, mostly independent, expresses a reasoned and not binding opinion on the interest of the company in the completion of the transaction and the convenience and substantial correctness of its underlying terms. **This opinion is attached to the minutes of the committee's meeting**⁴¹;
- b) the ability of the committee to request the assistance, at the expense of company, from one or more independent experts of its choice. **The same committee preemptively verifies the independent nature of the experts, keeping into account the reports indicated in paragraph 2.4 of Annex 4**⁴²;
- c) that, the body responsible to resolve on the transaction and the committee indicated in paragraph a) above is provided with full and appropriate information in advance. Should the transaction terms be equivalent to market or standard terms, the documentation prepared shall include objective elements of comparison;
- d) that, should the supervisory board members have an interest, be it their own or of third parties, in the transaction, they shall give notice to the other supervisory board members, specifying the nature, terms, origin and scope;
- d-bis*) that, in relation to the companies with shares listed on regulated markets, where the transaction is the purview of the Board of Directors, the directors involved in the transaction abstain from voting thereon**⁴³;
- e) that, where applicable, approval resolutions minutes shall bear adequate reasons in respect of the interest of the company in the completion of the transaction and the convenience and substantial correctness of its underlying terms;
- f) full disclosure at least quarterly to the management board and supervisory board on execution of transactions;
- g) the application of Article 7, subsection 1, paragraph g).

1.2. With reference to the use of independent experts set out in subsection 1.1 b), procedures can define a maximum expenses amount for each individual transaction, identified in absolute terms or in proportion to the transaction amount, for services rendered by independent experts.

1.3. The procedures adopted by companies with at least one unrelated, independent Management Board member may foresee that the advance non-binding opinion referred to in subsection 1.1, paragraph a), shall be issued by such member or a committee, including specially formed, composed exclusively of unrelated, non-executive management board members, mostly independents. In this case, the right to be assisted by one or more independent experts, provided as indicated in subsection 1.2, fall to the management called to the opinion and information about the provisions of subsection 1.1, point c) shall be provided the Board.

⁴¹ Letter thus amended with resolution no. 21624 of 10.12.2020, which, after the words: "of the related conditions" added the words: "This opinion is attached to the minutes of the committee's meeting."

⁴² Letter thus amended with resolution no. 21624 of 10.12.2020, which, after the words: "of its choice" added the words: ". The same committee preemptively verifies the independent nature of the experts, keeping into account the reports indicated in paragraph 2.4 of Annex 4."

⁴³ Letter added with resolution no. 21624 of 10.12.2020.

2. Procedures for transactions of greater importance

2.1. In companies adopting the dualistic system of administration and control, for transactions of greater importance, the procedures shall, in addition to the provisions of subsection 1.1, paragraphs b) to f), at least foresee:

- a) a degree of competence to act on the part of the board of management;
- b) that a committee, including specially formed, composed exclusively of unrelated independent supervisory directors, or one or more components delegated by it, are **immediately** involved in the negotiation phase and the initial inquiry through a complete and **updated** flow of information, with the possibility to request information and to submit comments to the managing bodies and entities responsible for the conduct of negotiations or inquiry⁴⁴;
- c) that, the transaction is approved after reasoned and non-binding opinion on the interest the company holds in the completion of the transaction and on the convenience and the substantial correctness of the underlying terms, by the committee stated in the paragraph b). **This opinion is attached to the minutes of the committee's meeting**⁴⁵;
- d) that, in the event that the Management Board approves the transaction with the negative opinion of the committee set out in paragraph b), without prejudice to its effectiveness, this transaction is subsequently subject to a non-binding resolution of the ordinary shareholders' meeting, to be convened without delay. Within the day after the shareholders' meeting, companies shall make available to the public, as per the formalities specified in **Part III, Title II**, Chapter I of the Issuers' Regulations, the information on voting results, especially with regard to the number of total votes cast by unrelated shareholders⁴⁶.

2.2. The procedures adopted by companies with at least one unrelated, independent Management Board member may foresee that the advance non-binding opinion referred to in subsection 2.1, paragraph a), shall be issued by such member or a committee, including specially formed, composed exclusively of unrelated, non-executive management board members, mostly independents. In such event, without prejudice to the Management Board reserved right to resolve on these matters, the procedures shall at least foresee:

- a) that the committee of independent management board members or one or more of its delegated officers or the independent board member are involved **immediately** in the negotiations and investigation stages by means of a full and **updated** flow of information and with the right to request information and issue comments to the delegated bodies and persons appointed to conduct the negotiations or investigations⁴⁷;
- b) the right of the Board or committee envisaged in paragraph a) to be assisted by one or more independent experts. **The same board or committee preemptively verifies the independent nature of the experts, keeping into account the reports indicated in paragraph 2.4 of Annex 4**⁴⁸;
- c) that, the information about the provisions of subsection 1.1, point c), is made available to the Management Board;

⁴⁴ Letter thus amended with resolution no. 21624 of 10.12.2020, which, after the words: "delegated by it, are involved" added the words: "immediately" and replaced the word: "timely" with the word: "updated."

⁴⁵ Letter thus amended with resolution no. 21624 of 10.12.2020, which, after the words: "in letter b)" added the words: ". This opinion shall be attached to the minutes of the meeting of the committee."

⁴⁶ Letter thus amended with resolution no. 21624 of 10.12.2020, which replaced the words: "in Title II" with the words: "in Part III, Title II,".

⁴⁷ Letter first amended with resolution no. 17389 of 23 June 2010, which after the words: "the committee of independent management board members or" added the words: "one or more members delegated by it or" and replaced the words: "is involved" with the words: "are involved," then with resolution no. 21624 of 10.12.2020, which, after the words: "the independent management board members are involved" added the word: "immediately" and replaced the word: "prompt" with the word: "updated".

⁴⁸ Letter thus amended with resolution no. 21624 of 10.12.2020, which, after the words: "independent experts" added the words: ". The same management director or committee preemptively verifies the independent nature of the experts, keeping into account the reports indicated in paragraph 2.4 of Annex 4."

- d) should the Management Board approve a transaction with a negative opinion of the independent director or committee, either:
 - i) resource to, without prejudice to the transaction effectiveness, a subsequent non-binding resolution of the ordinary shareholders' meeting, to be convened without delay, subject to the provisions contained in subsection 2.1, d);
 - ii) that, a non-binding, reasoned opinion on the interest of the company in the completion of the transaction and on the convenience and the substantial correctness of the underlying conditions, is issued by a committee, including specially formed, composed exclusively unrelated, independent supervisory board members. In this case, the right to be assisted by one or more independent experts is held by this committee.

3. Procedures for strategic transactions

3.1. Should the supervisory board be convened to resolve on transactions with related parties pursuant to Article 2409-I f-bis) of the Italian Civil Code, the procedures shall at least foresee:

- a) the reserved right of the Management Board to resolve on the proposal to submit to the Supervisory Board;
- b) that a committee, including specially formed, composed exclusively of unrelated independent supervisory directors, or one or more components delegated by it, are **immediately** involved in the negotiation phase and the initial inquiry through a complete and **updated** flow of information, with the possibility to request information and to submit comments to the managing bodies and entities responsible for the conduct of negotiations or inquiry⁴⁹;
- c) the power of the committee envisaged in paragraph b) to request the assistance, at the expense the company, of one or more independent experts of its choice. **The same committee preemptively verifies the independent nature of the experts, keeping into account the reports indicated in paragraph 2.4 of Annex 4**⁵⁰;
- d) that, the supervisory board resolves on the transaction following a reasoned and favourable opinion, on the interest of the company in the completion of the transaction and on the convenience and the substantial correctness of the underlying terms, of the Committee indicated in paragraph b). **This opinion is attached to the minutes of the committee's meeting.** The procedures may foresee that the supervisory board decides in favour of the transaction despite the negative opinion of the committee provided this operation, without prejudice to its effectiveness, is subsequently subject to a non-binding resolution of the ordinary shareholders' meeting, to be convened without delay⁵¹;
- e) within the day immediately after the shareholders' meeting the company makes available to the public, as per the formalities specified in **Part III, Title II**, Chapter I of the Issuers' Regulation, information on voting results, particularly with regard to the number of total votes cast by unrelated shareholders⁵²;
- f) that, the management board and the supervisory board are provided with full and adequate information in advance. Should the transaction terms be market-equivalent or standard, the documentation prepared shall include objective elements of comparison;
- g) that, should the supervisory board members have an interest, be it their own or that of third parties, in the transaction, they shall give notice to the other supervisory board members, specifying the nature, terms, origin and scope;

⁴⁹ Letter thus amended with resolution no. 21624 of 10.12.2020, which, after the words: "delegated by it are involved" added the word: "immediately" and replaced the word: "timely" with the word: "updated."

⁵⁰ Letter thus amended with resolution no. 21624 of 10.12.2020, which, after the words: "independent experts of its choice" added the words: ". The same committee preemptively verifies the independent nature of the experts, keeping into account the reports indicated in paragraph 2.4 of Annex 4."

⁵¹ Letter thus amended with resolution no. 21624 of 10.12.2020, which, in the first clause, after the words: "indicated in letter b)." added the words: "This opinion is attached to the minutes of the committee's meeting."

⁵² Letter thus amended with resolution no. 21624 of 10.12.2020, which replaced the words: "in Title II," with the words: "in Part III, Title II,".

g-bis) that, in companies with shares listed on regulated markets, the directors involved in the transaction abstain from voting thereon⁵³;

- h) that the approval resolutions minutes bear adequate reasons in respect of the interest of the company in the completion of the operation and the convenience and the substantial correctness of the underlying terms;
- i) full disclosure at least quarterly to the management board and supervisory board on transactions execution.

⁵³ Letter added with resolution no. 21624 of 10.12.2020.

Annex 3

IDENTIFICATION OF TRANSACTIONS OF GREATER IMPORTANCE WITH RELATED PARTIES

1. Internal procedures set out quantitative criteria for the identification of the "transactions of greater importance" so as to include at least the categories of transactions listed below.

1.1. Transactions in which, at least one of the following relevance indexes, applicable depending on the specific operation, is greater than the 5% threshold:

a) Equivalent-value relevance ratio: the ratio between the equivalent transaction and the net equity drawn from the latest published balance sheet (consolidated, if so prepared) by the company or, for listed companies, if greater, the capitalization of the acquired firm at the end of the last trading day included in the period covered by the latest accounting periodical published document or semi-annual financial report or additional periodic financial information, if drafted). For banks, is the ratio between the equivalent of the operation and regulatory capital drawn from the latest published balance sheet (consolidated, if so prepared)⁵⁴.

Should the economic conditions of the transaction not be determined, the equivalent operation shall be:

- i) for the cash component, the amount paid to or from the contract;
- ii) for the component in financial instruments, the *fair value* determined at the date of the transaction, in accordance with international accounting standards adopted by Regulation (EC) No. 1606/2002;
- iii) for funding transactions or grant of guarantees, the maximum amount payable.

If the economic conditions of the operation depends, in whole or in part, of magnitudes not yet known, the equivalent operation is the maximum admissible or payable value under the Agreement.

b) Asset relevance ratio: the ratio between the total assets of the entity in the transaction and the total assets of the company. Data to be used shall be obtained from the most recently published balance sheet (consolidated, if so prepared) by the company; whenever possible, similar data should be used for determining the total assets of the entity involved in the transaction.

For transactions involving the acquisition and sale of shares in companies that have an impact on the area of consolidation, the value of the numerator is the total assets of the investee, regardless of the percentage of capital being available.

For transactions of acquisition and divestment of holdings in companies that have no effect on the consolidation perimeter, the value of the numerator is:

- i) in the case of acquisitions, the counter operation plus the liabilities of the company acquired eventually assumed by the purchaser;
- ii) in case of supplies, the consideration of the divested business.

For transactions of acquisition and disposal of other assets (other than the purchase of a stake), the value of the numerator is:

- i) in case of acquisitions, the greater of the consideration and the carrying amount that will be attributed to the asset;
- ii) in case of supplies, the book value of the assets.

c) Liabilities relevance ratio: Description of characteristics, rules, terms and conditions of the

⁵⁴ Letter thus amended with resolution no. 19925 of 22.3.2017 that replaced the words: "interim operating report" with the words "additional periodic financial information when drafted".

transaction. Data to be used must be derived from the most recently published balance sheet (consolidated, if so prepared) by the company; whenever possible, similar data should be used for determining the total liabilities of the company or company branch acquired.

1.2. Transactions with the parent company listed or subjects that are related to the latter in turn related to companies where at least one indicator of significance in subsection 1.1. higher than the threshold of 2.5%.

1.3. Companies evaluate whether to identify thresholds of significance lower than that mentioned in subsections 1.1 and 1.2 for transactions that could affect the issuer's management independence (e.g, disposal of intangible assets such as trademarks or patents).

1.4. In the case of overlapping of multiple transactions pursuant to Article 5, subsection 2, companies shall determine in the first place, the relevance of each individual transaction on the basis of the ratio or ratios, as prescribed in subsection 1.1, thereto applicable. To verify whether the thresholds specified in subsections 1.1, 1.2 and 1.3 are exceeded, the results for each indicator are added together.

2. Where a transaction or several transactions that are accumulated under article 5, subsection 2, are identified as "most relevant" according to the indices established in subsection 1 and this result is manifestly unreasonable in view of special circumstances, Consob may indicate, at the request of the company, alternative arrangements to be followed in determining these indices. To this end, the company announced to Consob the essential characteristics of the transaction and the special circumstances upon which the request prior to the conclusion of the negotiations was based.

Annex 4

INFORMATION DOCUMENT CONCERNING TRANSACTIONS OF GREATER IMPORTANCE WITH RELATED PARTIES

For companies quoted on regulated markets, with their common stock widely distributed among the public (hereinafter "the companies"), and conducting transactions of greater importance with related parties, the information document foreseen by Article 5 shall contain at least the following information:

Contents

1. Warnings

Highlight, in summary, the risks related to potential conflicts of interest arising from the operation with related parties described in the information document.

2. Details of the transaction

- 2.1. Description of characteristics, formalities, terms and conditions of the transaction.
- 2.2. Indication of related parties with involved in the operation, the nature of the relationship, and whether it has been disclosed to the Board of Directors, the nature and extent of the interests of such parties in the transaction.
- 2.3. Indication of the economic rationale and company suitability of the operation. If the transaction has been approved against the negative opinion of directors or independent directors, an analytical and adequate justification why it was deemed suitable not to share that view.
- 2.4. Methods of determining the consideration for the transaction and assessments regarding its adequacy in relation to market values of similar transactions. If the economic terms and conditions of the transaction are defined as market-equivalent or standard, providing adequate justification for such claim and comparison elements. Indicate whether there are independent expert opinions in support of the adequacy of such consideration and the conclusions of the same, stating:
 - bodies or individuals who commissioned the opinions and designated experts;
 - **the assessments conducted to select the independent experts and verification of their independence. In particular, include any economic relations, property and financial relations between the independent experts, and (i) the related party, the companies controlled by it, the entities controlling it, the companies under common control and the managers of the aforementioned companies; (ii) the company, the companies controlled by it, the entities controlling it, the companies subject to common control and the managers of the aforementioned companies, taken into account for purposes of qualification as an independent expert and the reasons for which these reports were considered irrelevant to the proceedings on independence. Information about possible relationships can be provided by attaching a declaration from these independent experts⁵⁵;**

⁵⁵ Sub-indent thus replaced by resolution no. 21624 of 10.12.2020.

- the terms and purpose of the mandate given to the experts;
- the names of experts appointed to assess the adequacy of the consideration.

Indicate that the opinions of independent experts or the essential elements thereof, pursuant to Article 5 of the Issuers' Regulations, are attached to the information document or published on the company website. The essential elements of the expressed opinion that shall be communicated are as follows:

- evidence, where applicable, of the specific limits encountered in the performance of office (e.g. with regard to access to relevant information), the assumptions used and the conditions to which the opinion is subject;
- evidence of possible criticisms reported by experts in relation to the specific transaction;
- Indication of the valuation methods adopted by the experts to comment on the adequacy of the consideration;
- Indication of the relative importance attributed to each of the valuation methods adopted for the purpose above;
- Indication of the values resulting from each valuation method adopted;
- In the event the valuation methods used provided a range of values, an indication of the criteria whereby it was determined the final value of the consideration;
- Indication of the sources used to compile the relevant data being processed;
- Indication of the main parameters (or variables) taken as reference for the application of each method.

With regard to elements of the publicly available expert opinion, confirm that this information has been reproduced in keeping with the content of opinions to which it refers, and that, as known to the issuer, there are no omissions that would render the reproduced information inaccurate or misleading.

- 2.5.** An illustration of the transaction economic and financial effects, providing at least the applicable ratios of relevance . If the operation exceeds the significant reporting threshold determined by Consob pursuant to Articles 70 and 71 of the Issuers' Regulations, which will be published to highlight pro-forma financial information provided in the document, as appropriate, by subsection 4 of Article. Or Article 70. 71 and in the terms established by those provisions. Notwithstanding the right to publish a single document pursuant to Article 5, subsection 6.
- 2.6.** If the amount of compensation for members of the board of the company and / or their subsidiaries is bound to change as a result of the operation, detailed particulars of the variations. If no changes are foreseen, insertion, however, of a declaration to that effect.
- 2.7.** In the case of transactions where the related parties involved are the members of the administrative and control bodies, top executives and directors of the issuer, information concerning the securities of the issuer that are held by entities identified above and to the interests of those in transactions overtime, provided for by Title 14.2 and 17.2 of Annex I to Regulation 809/2004/EC.
- 2.8.** Inspection bodies or administrators who have led or participated in the negotiations and / or educated and / or approved the transaction by specifying the respective roles, particularly with regard to independent directors, if any. Referring to the resolutions approving the transaction, specify the names of those who voted for or against the transaction or abstained, giving the reasons **in a detailed manner** for any dissent or abstentions. Indicate that, under Article 5 of the Issuers' Regulations, any opinions of independent directors are attached to

the information document or published on the website of the company⁵⁶.

- 2.9.** If the significance of the transaction results from the cumulation - under article 5, subsection 2 - of more transactions carried out during the year with the same related party, or related persons to both the latter and the company, the information specified in the preceding subsections shall be provided with reference to all the above transactions.

⁵⁶ Subsection thus amended with resolution no. 21624 of 10.12.2020, which, in the second clause, after the words: “or abstained, giving the reasons” added the words: “in a detailed manner”.

Appendix

DEFINITIONS OF RELATED PARTIES AND TRANSACTIONS WITH RELATED PARTIES AND FUNCTIONAL DEFINITIONS ACCORDING TO INTERNATIONAL ACCOUNTING PRINCIPLES

1. Definitions of related parties and transactions with related parties according to international accounting principles

For the purposes of Article 3, subsection 1, paragraph *a*) of this Regulation, the following definitions contained in the international accounting principles, shall apply:

Related parties

A *related party* is a person or entity that is related to the entity that is preparing its financial statements (“reporting entity”).

- (a) A person or close member of that person’s family is related to a reporting entity if that person:
 - (i) has control or joint control over the reporting entity;
 - (ii) has significant influence over the reporting entity;
 - (iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

- (b) An entity is related to a reporting entity if any of the following conditions applies:
 - (i) the entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
 - (ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
 - (iii) both entities are *joint venture* of the same third party;
 - (iv) one entity is a *joint venture* of a third entity and the other entity is an associate of the third entity;
 - (v) the entity is a post-employment defined benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity;
 - (vi) the entity is controlled or jointly controlled by a person identified in (a);
 - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity) [IAS 24, paragraph 9].

In the definition of related party, an associate includes the subsidiaries of the associate and a joint venture includes the subsidiaries of the joint venture. Therefore, for example, a subsidiary of an associate and the investor that has significant influence over the associate are related to each other [IAS 24, paragraph 12].

Transactions with related parties

A *related party transaction* is a transfer of resources, services or obligations between related parties, regardless of whether a price is charged [IAS 24, paragraph 9]⁵⁷.

2. Functional definitions to those of "related parties" and "transactions with related parties" according to international accounting principles

The notions of "control", "joint control", "significant influence", are defined in IFRS 10, IFRS 11 (*Joint arrangements*) and in IAS 28 (*Investments in associates and joint ventures*) and are used with the meanings specified in those IFRS [IAS 24, paragraph 9].

Key management personnel

Key management personnel are those persons who have the power and responsibility, directly or indirectly, for planning, directing and controlling activities of the company, including directors (whether executive or otherwise) of the company [IAS 24, paragraph].

Close relatives

Close relatives of an individual are those family members who may be expected to influence or be influenced by, that individual in their dealings with the company, and include:

- (a) the individual's children and spouse or domestic partner;
- (b) children of the individual's spouse or domestic partner;
- (c) dependants of the individual or the individual's domestic partner [IAS 24, paragraph 9].

3. Principles of interpretation of the definitions

3.1 In considering each possible related party relationship, attention is directed to the substance of the relationship and not merely its legal form [IAS 24, paragraph 10].

3.2 The interpretation of the definitions above is accomplished by referring to the set of international accounting standards adopted by the procedure laid down in Article 6 of Regulation (EC) No. 1606/2002.

⁵⁷ These transactions include:

- mergers, demergers by incorporation or non-proportional demergers in the strictest sense, if carried out with related parties;
- decisions regarding the assignment of remunerations and financial benefits, in any form whatsoever, to the members of management and control bodies and of key management personnel.