



## **Procedure for Related Party Transactions**

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**Approved by the Board of Directors  
of Guala Closures S.p.A on 8 March 2019**

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## 1 Introduction

- 1.1 This procedure (the “**RPT Procedure**”) regulates the related party transactions performed by Guala Closures S.p.A (“**Guala Closures**” or the “**Company**”). directly or through its subsidiary companies, in accordance with the provisions of the Regulation adopted by the National Commission for Companies and the Stock Exchange (“**Consob**”) with resolution no. 17221 of 12 March 2010, also considering the indications and clarifications provided by Consob in communication no. DEM/10078683 of 24 September 2010.
- 1.2 This version of the RPT Procedure has been approved by the Board of Directors of Guala Closures, with the approval of the independent directors on 8 March 2019, updated and replacing the procedure for related party transactions approved by the Board of Directors of the Company (at the time called “Space 4 S.p.A.” and close to the time of its listing on the MIV market, Professional Segment, organised and managed by Borsa Italiana S.p.A.) on 27 September 2017.
- 1.3 This RPT Procedure is published on the Company’s website ([www.gualaclosures.com](http://www.gualaclosures.com)), “Investor Relations” section.

## 2 Definitions

- 2.1 In addition to the definitions contained in other articles, the terms and expressions starting with a capital letter used in this RPT Procedure have the meaning indicated here below, the definition applies to both the singular and plural forms:

**Independent Directors:** the directors recognised as independent by the Company pursuant to article 148, paragraph 3, of the Consolidated Law on Finance and art. 3 of the Code of Self-Regulation.

**Unrelated Directors:** directors other than those of the counterparty of a specific transaction and than those of its Related Parties.

**Code of Self-Regulation:** the code of self-regulation of listed companies promoted by the Corporate Governance Committee of Listed Companies established by Borsa Italiana S.p.A. in force on each occasion, to which the company subscribes.

**Control and Risk Committee:** the control and risk committee appointed by the Board of Directors of the Company pursuant to art. 7 of the Code of Self-Regulation, comprised exclusively by non-executive directors, the majority of which are Independent Directors.

**To Control/Control:** the power to determine the financial and management policies of an entity in order to benefit from its activities. Control is assumed to exist when a party holds, directly or indirectly through its Subsidiaries, over half of the voting rights of an entity unless, in exceptional cases, it can be clearly demonstrated that said possession does not constitute Control. Control exists also when a party holds half, or a smaller share, of voting rights that may be exercised at the Shareholders’ Meeting if the same have:

- (a) the control of over half of the voting rights by virtue of an agreement with other investors;
- (b) the power to determine the financial and management policies of the entity through articles of association or an agreement;

- (c) the power to appoint or remove the majority of the members of the Board of Directors or of an equivalent body of corporate governance, and the control of the entity is held by said board or body;
- (d) the power to exercise the majority of the voting rights at meetings of the Board of Directors or of an equivalent body of corporate governance, and the control of the entity is held by said board or body.

**Joint Control:** sharing the Control of an economic activity, established by a contract.

**Financial Reporting Officer:** indicates the executive in charge of the preparation of the corporate accounting documents of Guala Closures under art. 154-bis of the Consolidated Law on Finance.

**Executives with Strategic Responsibilities:** the parties that have the power and the responsibility, directly or indirectly, for planning, managing and controlling the Company's activities, including the directors (executive and otherwise).

**Significant Influence:** the power to participate in establishing the financial and management policies of an entity without having Control of the same. Significant Influence may be obtained by holding shares, through clauses of the articles of association or agreements. If a party directly or indirectly (for example through Subsidiaries) holds 20% or a higher percentage of the votes exercisable at the shareholders' meeting of the investee company, it is assumed to have a Significant Influence, unless it can clearly be demonstrated otherwise. On the contrary, if a party directly or indirectly (for example through Subsidiaries) holds a percentage of less than 20% of the votes exercisable at the shareholders' meeting of the investee company, it is assumed not to have a Significant Influence, unless said influence can clearly be demonstrated. The presence of a party that holds an absolute or relative majority of voting rights does not preclude another party from having a Significant Influence. The existence of Significant Influence is usually indicated by the occurrence of one or more of the following circumstances:

- (a) representation in the Board of Directors, or equivalent body, of the investee company;
- (b) participation in the decision-making process, including participation in decisions regarding dividends or other types of profit distribution;
- (c) the presence of relevant transactions between the investor and the investee;
- (d) the interchange of executive personnel;
- (e) the provision of essential technical information.

**Significant Interest:** as regards a company, this means the direct or indirect possession of a percentage exceeding 5% of share capital or the sharing, between the company and the subsidiary or associated company with which the transaction is being performed, of one or more Executives with Strategic Responsibilities, who benefit from incentive plans based on financial instruments (or on variable remuneration) which depend, directly and to a significant extent, on the results achieved by said subsidiary or associated company.

**Joint Venture:** a contractual agreement with which two or more parties undertake an economic activity subject to Joint Control.

**Related Party Transaction:** any transfer of resources, services or obligations between Related Parties, regardless of the fact that a consideration has been agreed. The following

are in any event included: (a) merger, demerger by incorporation transactions or demergers in the narrow sense and not proportional, when performed with Related Parties; (b) any decision regarding the assignment of remuneration and economic benefits, in any form, to the management and control bodies and to Executives with Strategic Responsibilities.

**Transaction for Negligible Amounts:** indicated Related Party Transactions in which the expected maximum amount of the services to be borne by the company does not exceed, for each transaction, Euro 500,000 for transactions performed with a Related party who is a legal entity and Euro 250,000 for transactions performed with a Related Party who is a natural person, also in the case of similar Related Party Transactions performed with a Related Party or performed as part of a single project, when considered together.

**Transactions of Greater Significance:** indicates transactions - including similar transactions or those performed as part of a single project with the same Related Party or with parties related both to the latter and to the Company - in which at least one of the significance indicators indicated in Annex 3 of the Regulation shown in Annex A of this RPT Procedure.

**Transactions of Lesser Significance:** Related Party Transactions other than Transactions of Greater Significance and Transaction for Negligible Amounts.

**Ordinary Transactions:** Related Party Transactions which: (a) are part of the ordinary performance of operations and of the related financial activities of the Company; and (b) are performed at conditions: (i) similar to those usually applied to unrelated parties for transactions of a similar nature, entity and risk, (ii) based on regulated rates or on imposed process, or (iii) correspond to those adopted with parties with which the company is obliged by law to negotiate for a specific consideration.

**Related Party:** indicates a party that falls under the definition of “*Related Parties*” set forth in Annex 1 of the Regulation. More specifically, a party is a *related party* if it:

- (a) directly or indirectly, also through Subsidiary Companies, trust companies or third parties:
  - (i) Controls the Company, is Controlled by it, or is subject to Joint Control;
  - (ii) holds an investment in the Company that enables it to exercise a Significant Influence over the same;
  - (iii) exercises Joint Control over the Company;
- (b) is an Associated Company of the Company;
- (c) is a Joint Venture in which the Company is a participant;
- (d) is one of the Executives with Strategic Responsibilities of the Company or of its subsidiary;
- (e) is a Close Family Member of one of the parties set forth in letters (a) or (d) above;
- (f) is an entity in which one of the parties set forth in letters (d) or (e) exercises Control, Joint Control or Significant Influence or directly or indirectly holds a significant share, in any event no less than 20% of voting rights;
- (g) is a supplementary, collective or individual, Italian or foreign pension fund, set up for the benefit of the Company’s employees, or of one any other entity related to it.

**Related Party Regulation or Regulation:** the regulation contains the provisions for related party transactions adopted by Consob with resolution no. 17221 of 12 March 2010 as amended and supplemented.

**Issuers' Regulation:** the regulation adopted with CONSOB resolution no. 11971 of 14 May 1999 as amended and supplemented.

**Unrelated Shareholders:** parties that have voting rights other than the counterparty in a specific transaction and than the related parties of both the counterparty of a specific transaction and of the Company.

**Associated Company:** any entity, even if it has no legal personality, as in the case of a partnership, in which one partner exercises Significant Influence but not Control or Joint Control.

**Subsidiary Company:** any Italian or foreign entity, even if it has no legal personality, as in the case of a partnership, subject to the Control of another entity.

**Close Family:** any family member that is thought to be able to influence, or be influenced by the interested Party in its relations with the Company. This may include: (a) the spouse who is not legally separated and the unmarried partner; (b) the children and the dependants of the party, of the spouse who is not legally separated or of the unmarried partner.

**Consolidated Law on Finance:** Italian Legislative Decree no. 58 of 24 February 1998.

- 2.2** The interpretation of the definitions of Related Party and of Related Party Transaction and of the other definitions indicated above is made by making reference to Consob Communication no. DEM/10078683 of 24 September 2010, and, where applicable, to the set of international accounting standards adopted according to the procedure set forth in art. 6 of (EC) regulation no. 1606/2002. Furthermore, the Chairman of the Control and Risk Committee and the Financial Reporting Officer will seek to resolve cases in which the identification of a Related Party is contrary to the relative definition contained in this Article 2.

### **3 Scope of application and cases of exclusion**

- 3.1** This RPT Procedure applies to Related Party Transactions. To this end, the Company has set up a specific register pursuant to Article 4 below of this RPT Procedure.
- 3.2** The provisions of this RPT Procedure do not apply to Transaction for Negligible Amounts.
- 3.3** The provisions of this RPT Procedure do not apply to the shareholders' meeting resolutions set forth in art. 2389, paragraph 1, of the Italian Civil Code relating to the fees due to members of the Board of Directors of the Company, as well as to the shareholders' meeting resolutions set forth in art. 2402 of the Italian Civil Code due to members of the Company's Board of Statutory Auditors.
- 3.4** Without prejudice to the content of art. 5, paragraph 8 of the Regulation on periodic accounting disclosure obligations, the provisions of the Regulation and this RPT Procedure do not apply:
- (a) to compensation plans based on financial instruments approved by the shareholders' meeting pursuant to art. 114-bis of the Consolidated Law on Finance and to the relative implementing transactions;

- (b) to resolutions of the Board of Directors regarding the remuneration of directors in special positions - other than the resolutions passed pursuant to art. 2389, paragraph 3 of the Italian Civil Code - as well as of Executives with Strategic Responsibilities, on condition that:
  - (i) the Company has adopted a remuneration policy;
  - (ii) a committee comprised exclusively of non-executive directors, the majority of which are Independent Directors have been involved in the definition of the remuneration policy;
  - (iii) a report illustrating the remuneration policy has been submitted to the advisory vote of the shareholders' meeting;
  - (iv) the remuneration assigned is consistent with said policy;
- (c) to Ordinary Transactions. In the event that this category of exclusion is applicable, the Company is in any event bound to the periodic disclosure obligations set forth in art. 13, paragraph 3, letter c) of the Regulation, without prejudice to the communication obligations envisaged by art. 17 of (EU) Regulation no. 596/2014;
- (d) to Related Party Transactions with or between Subsidiaries, also jointly controlled, as well as to those with Associated Companies, as long as there is no Significant Interest of other Related Parties of the Company in the Subsidiaries or the Associated Companies.

#### **4 Register of Related Parties and identification of Transactions of Greater Significance**

- 4.1** The Company has established a specific register in which the Related Parties identified pursuant to Article 2 of this RPT Procedure are identified (the "**Related Party Register**").
- 4.2** The preparation and update of the Related Party Register is handled by the investor relator (the "**Manager of the Related Party Register**"), with the support of other relevant company functions, in agreement with the general counsel, and the Financial Reporting Officer.
- 4.3** The Manager of the Related Party Register informs each Executive with Strategic Responsibilities, as well as the directors, standing auditors and the executives with strategic responsibilities of the party that may Control the Company, of the registration in the Related Party Register, requesting at the same time that each interested party initially sends information regarding their Close Family members, companies in which they or their Close Family exercise Control or Joint Control or a Significant Influence.
- 4.4** Executives with Strategic Responsibilities, as well as the directors, standing auditors and the executives with strategic responsibilities of the party that may Control the Company are bound to promptly inform the Manager of the Related Party Register of any relevant changes with regard to their related parties. In any event, the Manager of the Related Party Register updates the Related Party Register at least every six months.
- 4.5** To identify Transactions of Greater Significance, the Company's investor relator, in agreement with the Financial Reporting Officer periodically identifies the Company's capitalisation values, based on the figures published by Borsa Italiana S.p.A. and on the group's net consolidated assets, based on the most recently published periodic accounting document, on the basis of which the significance indicators indicated in Annex 3 of the Regulation, shown in Annex A of this RPT Procedure are calculated.

- 4.6 The Manager of the Related Party Register”, with the support of other relevant company functions, in agreement with the general counsel, and the Financial Reporting Officer, updates the countervalues of Related Party Transactions that are similar or can be considered part of a project, which have been performed with the same Related Party or with Parties related to the latter, without the need to apply any of the exemptions set forth in Article 3 of this RPT Procedure.

## 5 Reserved powers and restrictions to the award of proxies

- 5.1 Related Party Transactions that do not fall into the scope of the Shareholders' Meeting are approved and/or performed by the Board of Directors or by delegated bodies or by other competent parties for their relative approval and/or implementation according to the proxies and the corporate governance rules adopted by the Company.
- 5.2 If there is a relationship between the delegated body or the other competent parties or with a Related Party through the same, the latter will refrain from performing the Related Party Transaction and pass the same to the Board of Directors.
- 5.3 Transactions of Greater Significance fall into the exclusive scope of the Company's Board of Directors, unless it regards matters that are reserved by law and/or the Articles of Association to the scope of the Shareholders' Meeting.

## 6 Identifying Related Party Transactions

- 6.1 The company department (of the Company or of its subsidiaries) tasked with the preliminary checking of a transaction (the “**Tasked Department**”) first checks:
- (a) any relationship of the counterparty in accordance with the principles of this RPT Procedure, utilising the Related Party Register set forth in Article 4 of this RPT Procedure;
  - (b) that the transaction does not fall into one of the exclusion categories set forth in Article 3 of this RPT Procedure;
  - (c) the classification as of lesser or greater significance of the transaction, according to the provisions of this RPT Procedure.

For the purposes of the above-cited checks, the Tasked Department may seek the joint advisory support of the group general counsel, the Company's investor relator and the Financial Reporting Officer.

If the outcome of said checks is positive, the Tasked Department promptly informs the group general counsel - by drawing up a specific report. The latter informs the Chairman of the Board of Directors and the Chief Executive Officer. The report of the Tasked Department must contain an overview of the Related Party Transaction and all of the elements to assess the reasons, the terms and the conditions of the Related Party Transaction, indicating in particular:

- (a) the Related Party of the counterparty Company of the transaction;
- (b) the nature of the relationship;
- (c) whether it is a Transaction of Greater Significance or a Transaction of Lesser Significance;

- (d) the conditions and the terms of the Related Party Transaction, including an indication of the manner in which the transaction will be executed, the economic conditions and the manner in which the payment terms of the consideration will be determined, as well as the timing envisaged for its performance;
- (e) the Company's interest in performing the Related Party Transaction;
- (f) the reasons underlying the Related Party Transaction and any risks that could result from its performance; and
- (g) all available documentation relating to the Related Party Transaction.

## **7 Rules for Related Party Transactions of Lesser Significance**

- 7.1** Transactions of Lesser Significance are examined and approved, subject to the justified non-binding opinion of the Control and Risk Committee on the performance of the transaction as well as on the expediency and substantial correctness of the relative conditions, according to the procedure set forth in this Article 7.
- 7.2** Following the classification of the transaction as a Transaction of Lesser Significance, the Chairman of the Board of Directors and Chief Executive Officer, having received the information and on conclusion of the preliminary investigation stage, authorise all of the documents relating to the transaction in question to be sent to the Control and Risk Committee for the relevant checks. If the Transaction of Lesser Significance falls within the scope of the Board of Directors, the Chairman of the Board of Directors and the Chief Executive Officer ensure that the same information is promptly transmitted to the directors.
- 7.3** Without prejudice to the above, the chairman ensures that adequate information on the Transactions of Lesser Significance within the scope of the board is provided to all board directors, in accordance with art. 2381 of the Italian Civil Code, as well as to the board of statutory auditors.
- 7.4** The Control and Risk Committee makes its assessments within a timeframe that is compatible with the performance of the Transaction of Lesser Significance and gives its opinion prior to the final approval of the Transaction of Lesser Significance by the Board of Directors, if the transaction falls within the scope of the same. In all other cases, before the Company commits to performing it.
- 7.5** For the purposes of the above, the Control and Risk Committee draws up minutes on the resolutions passed in this regard, stating its justified non-binding opinion in writing on the Company's interest in performing the Transaction of Lesser Significance, as well as on the expediency and substantial correctness of the relative economic conditions, if necessary in the light of the overall outcome of management and coordination activities or of any transactions addressed to fully eliminating any damage resulting from the single Related Party Transaction. If the economic conditions of the Transaction of Lesser Significance are retained at arm's length or standard, the supporting documentation submitted to the examination of the Control and Risk Committee and the resolution passed by the same objectively shows the salient aspects.
- 7.6** If one or more members of the Control and Risk Committee state a negative opinion on the performance of the Transaction of Lesser Significance, they must indicate the reasons supporting their individual opinions in the minutes.

- 7.7** The Control and Risk Committee may seek the assistance of one or more independent experts who it may choose, at the Company's expense.
- 7.8** If one of the members of the Control and Risk Committee is related to a transaction, the same may not participate in the discussions of the Control and Risk Committee and the alternative procedures set forth in Article 12 below of this RPT Procedure will apply.
- 7.9** Once it has stated its opinion, the Control and Risk Committee sends it to the department or the body responsible for approving the transaction (jointly the "**Competent Body**"), for the subsequent approval of the Transaction of Lesser Significance.
- 7.10** If the Transaction of Lesser Significance is the responsibility of the Board of Directors, the Control and Risk Committee promptly sends all of the documentation set forth in the previous paragraphs to the Chairman of the Board of Directors and the Chief Executive Officer so that the Board of Directors can be convened.
- 7.11** Full information on the transaction in question and on the preliminary investigating conducted is provided to the members of the Board of Directors, usually 5 (five) days before the date set for the board meeting, supplemented with the opinion issued by the Control and Risk Committee.
- 7.12** If the opinion of the Control and Risk Committee is favourable, the approval of the Transaction of Lesser Significance is accompanied by adequate justification regarding the Company's interest in performing the transaction, as well as on the expediency and substantial correctness of the relative conditions.
- 7.13** If the opinion of the Control and Risk Committee on the performance of the Transaction of Lesser Significance is not favourable, they can decide not to go ahead with the transaction, or
- in any event, authorise the transaction. In this case, if the Transaction of Lesser Significance falls within the scope of the Board of Directors, the latter provides details in the approval resolution regarding the reasons underlying the decision, in terms of the Company's interest in performing the transaction and the correctness and expediency of the same. attaching the opinion of the Control and Risk Committee to the minutes of the meeting.
  - if the transaction does not fall within the scope of the Board of Directors, the Competent Body informs the Chief Executive Officer.
- 7.14** Without prejudice to the provisions of art. 114, paragraph 1 of the Consolidated Law on Finance and art. 17 of (EU) Regulation no. 596/2014, in the case of Transactions of Lesser Significance approved with the unfavourable opinion of the Control and Risk Committee, in accordance with the provisions of company procedures, within 15 (fifteen) days of the end of each quarter, the Company prepares an information document indicating the counterparty, the subject and the consideration of the transactions approved in the quarter in question, as well as the reasons it did not agree with the above-mentioned unfavourable opinion of the Control and Risk Committee and makes said information document available to the public. Within the same term, the opinion is made available to the public as an attachment to the above-mentioned information document or on the Company's website.

## **8 Rules for Related Party Transactions of Greater Significance**

- 8.1** Transactions of Greater Significance are submitted exclusively to the approval of the Board of Directors, which resolves in this regard in accordance with the procedures set forth in this Article 8, the Regulation and the laws in force on each occasion, subject to the favourable, justified and binding opinion of the Control and Risk Committee or - in the case in which the Control and Risk Committee is not comprised exclusively of Independent Directors - by a committee, even established specifically for this purpose, comprised exclusively by Independent and Unrelated Directors (the “**RPT Committee**”).
- 8.2** Following the classification of the transaction as a Transaction of Greater Significance, the Chairman of the Board of Directors and Chief Executive Officer, having received the information, authorise, from the preliminary investigation stage of the Transaction of Greater Significance, the documents, information and complete and updated data relating to the Transaction of Greater Significance to be sent to the members of the RPT Committee and/or to any experts delegated by the latter. The information is promptly sent to the RPT Committee and in any event at the meeting of the Board of Directors in which the first disclosure of the Transaction of Greater Significance is provided, so that the RPT Committee or one or more delegated members of the same or any experts appointed by the same are involved in the negotiations and in the preliminary investigation stages, receiving a complete and timely flow of information, and have the power to request information and to make observations to the Chairman of the Board of Directors and the Chief Executive Officer.
- 8.3** The Chairman of the Board of Directors and the Chief Executive Officer decide when the preliminary investigation can be considered completed, and the Transaction of Greater Significance is ready to be submitted to the formal assessment of the RPT Committee, inviting the same to state its opinion.
- 8.4** The RPT Committee makes its assessment in a timeframe that is compatible with the performance of the Transaction of Greater Significance and draws up minutes on the resolutions passed in this regard, stating its justified opinion in writing on the Company’s interest in performing the Transaction of Greater Significance, as well as on the expediency and substantial correctness of the economic conditions, if necessary in the light of the overall outcome of management and coordination activities or of any transactions addressed to fully eliminating any damage resulting from the single Related Party Transaction. If the economic conditions of the transaction are retained at arm’s length or standard, the supporting documentation submitted to the examination of the RPT Committee and the resolution passed by the same objectively shows the salient aspects.
- 8.5** If one or more members of the RPT Committee state a negative opinion on the performance of the Transaction of Greater Significance, they must indicate the reasons supporting their individual opinions in the minutes.
- 8.6** The RPT Committee may seek the assistance of one or more independent experts who it may choose, at the Company’s expense.
- 8.7** If one of the members of the RPT Committee is related to a transaction, the same may not participate in the discussions of the RPT Committee and the alternative procedures set forth in Article 12 below of this RPT Procedure will apply.
- 8.8** After finalising its opinion, the RPT Committee promptly sends all of the documentation relating to the Transaction of Greater Significance with its justified opinion and the opinion

of an independent expert, where present to the Chairman of the Board of Directors and the Chief Executive Officer so that the Board of Directors can be convened.

**8.9** A full and adequate disclosure of the transaction in question and on the preliminary investigating conducted is provided to the members of the Board of Directors, usually 5 (five) days before the date set for the board meeting to approve the transaction, supplemented with the opinion issued by the RPT Committee.

**8.10** If the opinion of the RPT Committee approves the performance of the transaction, the Board of Directors may issue the final approval of the same, providing adequate justification regarding the Company's interest in performing the transaction, as well as on the expediency and substantial correctness of the relative conditions.

**8.11** If the RPT Committee has stated an unfavourable justified opinion or a prior unfavourable opinion that contains objective, reasonable and accurate conditions or findings on the transaction, the Board of Directors can:

- decide not to proceed with the Transaction of Greater Significance; or
- resolve to proceed, subject to the full satisfaction of the objective, reasonable and accurate conditions or the findings formulated by the RPT Committee, or
- resolve to proceed with the Transaction of Greater Significance regardless of the unfavourable opinion of the RPT Committee - clearly illustrating the reasons underlying this decision, with specific regard to the Company's interests in performing the transaction as well as the correctness and expediency of the conditions of the same - submitting the same, when permitted by the Articles of Association, to the authorisation of the Shareholders' Meeting, pursuant to art. 2364, paragraph 1, number 5) of the Italian Civil Code. In this case, without prejudice to the shareholder meeting majorities prescribed by the law and by the articles of association, the Related Party Transaction cannot be performed if:
  - the Unrelated Shareholders present at the Shareholders' Meeting represent at least 10% of share capital with voting rights and;
  - the majority of the voting Unrelated Shareholders - excluding any abstentions - vote against the Transaction of Greater Significance.

To this end, before the start of the Shareholders' Meeting, all parties with voting rights are obliged to communicate the existence of any relationship to the specific Transaction of Greater Significance included in the agenda.

The proposed resolution of the Shareholders' Meeting specifies the above conditions for the effectiveness of the resolution.

## **9 Rules for Related Party Transactions falling within the scope of the Shareholders' Meeting**

**9.1** If the Related Party Transaction to be performed falls within the scope of the Shareholders' Meeting or must be authorised by the same, the same procedures indicated in Articles 7 and 8 above must be followed *mutatis mutandis*, depending on whether it is a Transaction of Greater Significance or a Transaction of Lesser Significance. In this event, the Control and Risk Committee, or the RPT Committee, depending on the case, must state its opinion as

envisaged by Articles 7 and 8 above at the time of the approval, by the Company's Board of Directors, of the proposed resolution to submit to the Shareholders' Meeting.

- 9.2** The opinions of the Control and Risk Committee or of the RPT Committee, depending on the case, and of any independent experts appointed are attached to the proposed resolution approved by the Company's Board of Directors.
- 9.3** If, with regard to a Transaction of Greater Significance, the proposed resolution to be submitted to the Shareholders' Meeting is approved by the Board of Directors in the presence of an unfavourable opinion of the RPT Committee, the transaction - where envisaged by the Company's Articles of Association and in compliance with the quorum required to draw up and pass ordinary and extraordinary Shareholders' Meeting resolutions - it may not be performed if the same is not also approved by a favourable vote of the majority of Unrelated voting Shareholders, on condition that the same represent at least 10% of the share capital with voting rights in the Shareholders' Meeting. To this end, before the start of the Shareholders' Meeting, all parties with voting rights are obliged to communicate the existence of any relationship to the specific Transaction of Greater Significance included in the agenda.

## **10 Related Party Transactions performed through Subsidiaries**

- 10.1** The procedures indicated in Articles 7 and 8 above also apply if a Related Party Transaction is performed by a Subsidiary and the Company's Board of Directors or the Chairman of the Control and Risk Committee or of the RPT Committee (depending on the case) (or another party that has been given powers for the performance of specific transactions), independently, in line with the recommendations of the Code of Self-Regulation or with legal or regulatory requirements, examine or approve the transaction to be performed in advance.
- 10.2** The Chairman of the Control and Risk Committee or of the RPT Committee (depending on the case) (and/or another party that has been given powers for the performance of specific transactions), after consulting the Control and Risk Committee or the RPT Committee (depending on the case), may on each occasion propose to the Company's Board of Directors that the procedures described in Articles 7 and 8 above are applied by the Company also for Related Party Transactions independently performed by Subsidiaries.
- 10.3** To enable the Company to meet its disclosure obligations, the Subsidiaries must promptly send all of the information required by articles 5 and 6 of the Regulation. More specifically, the Subsidiaries:
- within the 10th (tenth) day from the end of each calendar quarter, they include the Related Party Transactions performed in the reference period in the reporting package;
  - within 3 (three) days from the approval of the transaction or the completion of the contract that leads to the achievement of at least one of the significance indicators indicated in Annex 3 of the Regulation, shown in Annex A of this RPT Procedure, information, even on an aggregate basis for similar transactions, relating to Related Party Transactions which, considered as a whole, surpass at least one of the relevance indicators indicated in Annex 3 of the Regulation, shown in Annex A of this RPT Procedure.

## **11 Framework Resolutions**

**11.1** The Board of Directors may approve a series of similar Related Party Transactions, to be performed with the same Related Parties or with specific categories of Related Parties, with a single resolution.

**11.2** In the case indicated in paragraph 11.1 above and without prejudice to the provisions of Article 3 above:

- (a) the provisions of Articles 7 and 8 above apply to the framework-resolution of the management body depending on the expected maximum amount of the relative Related Party Transactions, considered together;
- (b) the provisions of Articles 7 and 8 do not apply to individual Related Party Transactions performed in execution of a framework-resolution of the Board of Directors, on condition that:
  - the effectiveness of the resolution does not exceed 1 (one) year;
  - the resolution refers to sufficiently determined Related Party Transactions;
  - the resolution indicates the expected maximum amount of the transactions which, in the period of effectiveness of the resolutions, may be performed in implementation of the same;
  - the resolution contains an adequate illustration of the conditions of the transactions;
- (c) on a quarterly basis, as part of the periodic disclosure on operations due pursuant to the law and the Articles of Association, the Chairman of the Board of Directors and Chief Executive Officer inform the Board of Directors with regard to the implementation of framework-resolutions;
- (d) if the expected maximum amount of the Related Party Transactions performed under a framework-resolution of the Board of Directors surpasses the significance threshold set forth in the definition of "Transactions of Greater Significance", the Company makes an information document available to the public, drawn up in accordance with art. 5 of the Regulation and Annex 4 of the Regulation.

## **12 Alternative controls**

**12.1** In the event that:

- (a) with regard to Transactions of Lesser Significance, the Control and Risk Committee is not comprised by at least 3 (three) Unrelated and non-executive Directors, the majority of which are Independent Directors; or
- (b) with regard to Transactions of Greater Significance, the RPT Committee is not comprised by at least 3 (three) Independent and Unrelated Directors,

the Transactions of Lesser Significance and the Transactions of Greater Significance, depending on the case, subject to the favourable opinion of at least 2 (two) Independent Unrelated Directors, if present.

**12.2** If the Board of Directors does not have at least 2 (two) Independent Unrelated Directors, the opinion envisaged by Articles 7 and 8 above is stated by: (i) the Board of Statutory Auditors,

on condition that if any member of the Board of Statutory Auditors has a personal interest, or an interest on behalf of third parties, in the Related Party Transaction, they must inform the other Statutory Auditors, specifying the nature, the terms, the origin and the amount; or (ii) an independent expert, appointed by the Chairman of the Board of Directors and Chief Executive Officer, after consulting with the Board of Statutory Auditors.

### **13 Obligations after the performance of Related Party Transactions and disclosure to the public and to CONSB**

- 13.1** In accordance with the provisions of art. 5 of the Regulation, in the case of Transactions of Greater Significance, the Company draws up an information document in compliance with Annex 4 of the Regulation.
- 13.2** The Company also prepares the information document indicated in Paragraph 13.1 above also if, during the year, the same performs transactions that are similar or are part of a single project which, although cannot be considered Transactions of Greater Significance when considered individually, exceed, when considered together, the significance thresholds indicated in Annex 3 of the Regulation with the same Related Party, or with parties related both to the latter and to the Company. For the purposes of this Paragraph, also the transactions performed by Italian or foreign Subsidiaries are included, while transactions that are excluded according to articles 13 and 14 of the Regulation are not considered.
- 13.3** Any information documents drawn up by the Company in accordance with this RPT Procedure are made available to the public in accordance with the timeframe and procedures envisaged by art. 5 of the Regulation.
- 13.4** At least once a quarter, the Chairman of the Board of Directors and Chief Executive Officer provide the Control and Risk Committee and the Board of Statutory Auditors with a detailed disclosure relating to transactions previously approved by the Board of Directors and/or performed by the delegated bodies (or by another party authorised by the Company to perform specific transactions). More specifically, any changes to the transactions indicated by the Control and Risk Committee (or the RPT Committee depending on the case) must be communicated to the Control and Risk Committee and to the Board of Directors.
- 13.5** The Chairman of the Board of Directors and Chief Executive Officer or the delegated bodies also ensure that all of the Related Party Transactions approved under the Regulation and this RPT Procedure are promptly advised to the Financial Reporting Officer, in order to meet the disclosure obligations set forth in art. 154-ter of the Consolidated Law on Finance.
- 13.6** The Financial Reporting Officer guarantees the necessary coordination of the RPT Procedure with the administrative and accounting procedures used to draw up the annual financial statements and the consolidated financial statements, as well as any other financial communication.
- 13.7** The Financial Reporting Officer gathers the information needed to meet the disclosure obligations to the public and to CONSOB set forth in articles 5, 6, 12, paragraph 2, and 13, paragraph 3, letter c) of the Regulation, where applicable, in the manner and the timeframe envisaged therein.
- 13.8** The Financial Reporting Officer promptly informs the Board of Directors of any changes to the RPT Procedure that the same deems necessary to guarantee coordination with the administrative and accounting procedures set forth in the paragraph above, over time, also following changes to international accounting standards and/or domestic legislation.

## **14 General provisions**

- 14.1** Any changes to this RPT Procedure are approved by the Company's Board of Directors, subject to the favourable opinion of the Independent Directors, in accordance with the provisions of the Regulation.
- 14.2** The application of the Regulation and of the RPT Procedure does not prejudice that envisaged:
- a) by art. 2497-ter of the Italian Civil Code, therefore, if the Company is subject to management and coordination, the resolutions influenced by such must be analytically justified and an accurate indication of the reasons and the interests that impacted the decision must be provided. Adequate consideration is given to the same in the report set forth in art. 2428 of the Italian civil code; and
  - b) by art. 2391 of the Italian Civil Code, therefore, directors who have an interest, even if potential and indirect, in a Related Party Transaction, must promptly inform the Board of Directors, specifying the nature, the terms, the origin and the extent of said interest. If the Related Party Transaction falls within the scope of a delegated director and the same has an interest in the transaction, the same must refrain from performing the transaction, assigning the same to the Board of Directors.
- 14.3** Any matter not expressly provided for in this RPT Procedure will be covered by the provisions of the Regulation, as well as the legislative and regulatory provisions in force at the time.

## **ANNEX A - SIGNIFICANCE INDICATORS**

Transactions for which at least one of the following indicators, applicable depending on the specific transaction, exceeds 5% is considered of greater importance

**a) Countervalue significance indicator:** is the ratio of the countervalue of the transaction to the shareholders' equity taken from the most recently published balance sheet of the Company or, if greater, the capitalisation of the company measured at closing time of the last day of market trading included in the reference period of the most recent periodic accounting document published (annual or half-yearly financial statements or additional periodic financial information, where prepared).

If the economic conditions of the transactions are set, the countervalue of the transaction is:

- (i) for cash components, the amount paid to/by the contractual counterparty;
- (ii) for components represented by financial instruments, the fair value measured, on the date of the transaction, in accordance with the international accounting standards adopted with (EC) Regulation no. 1606/2002);
- (iii) for loan transactions or the award of guarantees, the maximum disburseable amount.

If the economic conditions of the transaction depend all or partly on components that are not yet known, the countervalue of the transaction is the maximum amount receivable or payable under the agreement.

**b) Business significance indicator:** is the ratio of the total assets of the entity that is the subject of the transactions to the Company's total assets. The figures to be used must be taken from the most recent consolidated balance sheet published by the Company; where possible, similar figures must be used to determine the total assets of the entity that is the subject of the transaction.

For transactions regarding the purchase and sale of equity investments in companies that have an impact on the scope of consolidation, the value of the numerator is the total assets of the investee, regardless of the percentage of share capital being disposed of.

For transactions regarding the purchase and sale of equity investments in companies that do not have an impact on the scope of consolidation, the value of the numerator is:

- (i) in the case of purchases, the countervalue of the transaction plus the liabilities of the company acquired that may be transferred to the purchaser;
- (ii) in the case of sales, the consideration for the assets sold.

For transactions regarding the purchase and sale of other assets (other than the purchase of an equity investment), the value of the numerator is:

- (i) in the case of purchases, the greater between the consideration and the book value that will be assigned to the asset;
- (ii) in the case of sales, the consideration for the assets.

**c) Liability significance indicator:** is the ratio of the total liabilities of the entity purchased to the Company's total assets. The figures to be used must be taken from the most recent consolidated balance sheet published by the Company; where possible, similar figures must be used to determine the total liabilities of the company or business division purchased.

The significance threshold is reduced to 2.5% for transactions performed with the listed parent company or with parties related to the latter, which in turn are related to the Company.

In the event of a number of transactions, the Company first establishes the significance of each transaction on the basis of the indicator or indicators illustrated above, applicable to the same. To verify whether the envisaged thresholds have been surpassed, the results relating to each indicator are then added together. When checking whether the limits have been surpassed on a cumulative basis, transactions for which an information document has been prepared shall not be considered, even if the financial year has not yet ended.

If a transaction or a number of cumulative transactions is identified as “of greater significance” according to the above-indicated indicators and this result appears to be unjustified due to specific circumstances, the Company will ask Consob for alternative methods to calculate the above-indicated indicators. To this end, the Company informs Consob of the fundamental features of the transaction and the specific circumstances on which the request is based, before concluding negotiations.