



**Industrie De Nora S.p.A.**

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**RELATED PARTY TRANSACTIONS PROCEDURE**

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**Adopted by the Board of Directors of Industrie De Nora S.p.A. on 10 May 2023, following the positive opinion of the Related Parties Committee.**

## 1. INTRODUCTION

This Procedure (the “**Procedure**”) has been adopted by Industrie De Nora S.p.A. (“**Industrie De Nora**” or the “**Company**” or the “**Issuer**”) and, more specifically:

- (a) regulates the procedures for identifying related parties, defining the procedures and time-frames for preparing and updating the list of related parties and identifying the relevant corporate functions;
- (b) establishes rules for the identification of related party transactions in advance of their conclusion;
- (c) regulates the procedures for the carry out of transactions with related parties by the Company, including through subsidiaries pursuant to Article 93 of Legislative Decree No. 58/1998 (“**TUF**”) or otherwise subject to management and coordination activities<sup>1</sup>;
- (d) establishes the modalities and timing for the fulfilment of disclosure obligations vis-à-vis corporate bodies and the market.

The Company, as a newly listed company pursuant to Article 3 of the “*Regulation containing provisions on related party transactions*”, adopted by Consob with Resolution No. 17221 of 12 March 2010, as amended (the “**RPT Regulations**”), in implementation of Art. 2391 bis of the Italian Civil Code and Articles 113 ter, 114, 115 and 154 ter of the Consolidated Law on Finance, applies to transactions with related parties, including those of greater significance (as identified pursuant to Annex 3 of the RPT Regulations), by way of derogation from Art. 8 of the RPT Regulations, a procedure that takes into account the principles and rules set forth in Art. 7 of the RPT Regulations with regard to transactions of “lesser significance” and, in any case, without prejudice to the necessary disclosure requirements (as better specified below).

It must be noted that the Company applies the Procedure also taking into account Consob Communication no. DEM/10078683, published on 24 September 2010, containing “*Directions and Guidelines for the Application of the Regulations on Related Party Transactions adopted with Resolution No. 17221 of 12 March 2010*” as amended (the “**Application Notice**”).

This Procedure applies as an instruction given by the Issuer to its subsidiaries according to the definition of “control” as referred to in the RPT Regulations (in the terms set out in Section 2.1 below) (the “**Subsidiaries**” or, individually, the “**Subsidiary**”) pursuant to and for the purposes of Article 114(2) of the Consolidated Law on Finance.

This Procedure was adopted, on a preliminary basis, by Industrie De Nora by resolution issued by the Board of Directors of 18 February 2022 as amended, in view of the admission to listing of the Issuer's ordinary shares on the Euronext Milan market (formerly known as MTA, Mercato Telematico Azionario), organised and managed by Borsa Italiana S.p.A. (respectively, “**Euronext Milan**” and “**Borsa Italiana**”) (the “**Listing**”).

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<sup>1</sup> Therefore, for the purposes of this Procedure that regulates related party transactions carried out through subsidiaries, it should be noted that “related parties” are to be understood as the companies controlled, directly or indirectly by the Issuer, pursuant to Article 2359 of the Italian Civil Code.

Following the Listing, the Procedure was subject to adoption, pursuant to Article 4, paragraph 3, of the RPT Regulations, by the Board of Directors on 5 July 2022, subject to the opinion of the Related Parties Committee issued on 5 July 2022 and after an assessment by the Company's Board of Statutory Auditors about the Procedure's compliance with the principles set forth in the RPT Regulations. Thereafter, the Procedure was amended by the Board of Directors on 10 May 2023, following the positive opinion of the Related Parties Committee.

The provisions of this Procedure shall become effective as of the date on which the Issuer's ordinary shares begin trading on the Euronext Milan market. Any subsequent amendments and/or additions shall enter into force on the day of publication of the Procedure on the Issuer's website, or on the day otherwise provided for by law or regulations or by a resolution to be issued by the Board of Directors or, in case of urgency, by the Chair of the Board of Directors.

The Procedure, in the text in force from time to time, is published on the Company's website [www.denora.com](http://www.denora.com) in the "*Governance*" section and, also by reference to the same website, in the annual Directors' Report, pursuant to Article 2391-*bis* of the Italian Civil Code, where information is also provided on transactions carried out with related parties.

For all matters not expressly provided for in the Procedure, reference should be made to the laws and regulations in force and, unless otherwise specified, the definitions set out in the RPT Regulations and the Corporate Governance Code for Listed Companies drawn up by the Corporate Governance Committee apply.

## 2. DEFINITIONS

### 2.1 Definition of "related party"

A "related party" is defined as such by the international accounting standards in force from time to time,<sup>2</sup> adopted in accordance with the procedure laid down in Article 6 of Regulation (EC) No. 1606/2002.

The Responsible Function (as defined below), with the support of any other corporate functions and possibly also by means of appropriate information tools, prepares, keeps up-to-date, on at least a half-yearly basis, and makes available:

- (A) to the company's administrative body,
- (B) to the Company's main corporate functions, as well as
- (C) to the directors and main corporate functions of the parent company, the subsidiaries of the entities that directly or indirectly exercise control over the Company and the associated companies, insofar as they relate to, or are relevant to, those companies and entities,

a list of the Company's related parties (1"Related Parties List").

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<sup>2</sup> An extract from the definitions of "related party transaction" and "related parties" under IAS 24 is provided in the Appendix. The Appendix shall be deemed to be automatically updated to reflect changes in the relevant accounting standards, without application of the provisions for amending this Procedure.

## 2.2 Definition of “related party transaction”

A “related party transaction” is as defined by the international accounting standards in force from time to time,<sup>3</sup> adopted in accordance with the procedure laid down in Article 6 of Regulation (EC) No. 1606/2002.

Related Party Transactions are not those directed indiscriminately at all shareholders, such as, for example, operations to increase the Company's share capital under option to its shareholders and proportional demerger operations in the strict sense of the term, as well as reductions in share capital through reimbursement to shareholders as provided for by Article 2445 of the Italian Civil Code and purchases of treasury shares pursuant to Article 132 of the TUF. Also governed by the Procedure are transactions that, although carried out by Subsidiaries, are attributable to the Company itself by virtue of prior analysis or approval by the latter, as set forth in paragraph 7 of the Application Notice, to which reference should be made, and the disclosure obligations related to transactions carried out through Subsidiaries as governed by Article 7 of this Procedure.

## 2.3 Definition of "Independent Directors", "Non-related Directors", "Competent Function" and "Directors Involved in the Transaction" and "Alternative Procedures"

For the purposes of the Procedure:

- (a) “Independent Directors” refer to those who meet the independence requirements set forth in Article 148, paragraph 3 of the Consolidated Law on Finance and in the Corporate Governance Code for Listed Companies drawn up by the Corporate Governance Committee, to which the Company adheres;
- (b) “Non-related Directors” refer to directors other than the counterparty to a given transaction and its related parties;
- (c) “Directors Involved in the Transaction” refer to directors who have an interest in the transaction, on their own behalf or on behalf of third parties, that conflicts with that of the Company;
- (d) “Competent Function”, refers to the Finance and Control Department or, failing that or when no internal structure is used, the delegated body or person;
- (e) “Alternative Procedures” means one of the control procedures described in Art. 6.3 of this Procedure.

## 2.4 Definition of “Independent Expert”

For the purpose of this Procedure, “**Independent Expert**” is a natural or legal person who meets the requirements of professionalism, integrity and independence according to the nature of the assignment conferred. Independence is verified by the Related Parties Committee, before the appointment, having regard, in particular, to any economic and financial relations between such expert and (i) the Related Party, its Subsidiaries, the entities controlling it, the companies subject to common control, as well as the directors of the aforesaid companies (ii) the Company, its Subsidiaries, its controlling entities, the companies subject to common control, as well as

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<sup>3</sup> See Note 2.

the directors of the aforesaid companies, and is attested by a declaration to be issued by the Expert at the time of the appointment.

### **3. APPROVAL, DISSEMINATION AND PUBLICATION OF THE PROCEDURE**

#### **3.1 Approval and Amendments to the Procedure**

The Procedure and the amendments thereto are approved by the Board of Directors of Industrie De Nora, subject to the favourable opinion of the Related Parties Committee if it is made up exclusively of Independent Directors or, if it is not made up exclusively of Independent Directors, of a specially constituted committee comprising at least three Independent Directors (the “**Committee of Independent Directors**”).

The Committee of Independent Directors meets in due time in view of the Board of Directors meeting called to approve the Procedure or the amendments thereto. The meeting of the Committee of Independent Directors, to which the Chair of the Board of Statutory Auditors, the Competent Function and the Head of the *Internal Audit* function are invited, is attended by the Manager in charge of preparing corporate accounting documents *pursuant to* Art. 154-*bis* of TUF. The opinion of the Committee of Independent Directors is forwarded to the Board of Directors prior to the meeting.

The Board of Directors evaluates, on an annual basis, whether to revise the Procedure, taking into account, inter alia, any changes in laws and regulations, any changes in the ownership structure as well as its effectiveness in practice.

#### **3.2 Dissemination, entry into force and publication of the Procedure**

The Competent Function transmits the Procedure, together with the List of Related Parties, to the main corporate functions of the Company, including the Manager in charge of preparing corporate accounting documents *pursuant to* Article 154-*bis* of the Consolidated Law on Finance - in order to ensure coordination with the administrative and accounting procedures provided for by the aforesaid regulation – as well as the functions that must oversee compliance with the Procedure (by way of example, *Internal Audit* and the *Head of the Internal Audit function*, and the Board of Statutory Auditors).

Also pursuant to Article 114(2) of the Consolidated Law on Finance, the Procedure is also forwarded, by the Competent Function, to the members of the administrative body and (where present) of the control body of the Subsidiaries and to the main corporate functions thereof, so that these persons may review it and, to the extent of their area of competence or responsibility, comply with it. To this end, a communication signed by the Chair of the Board of Directors or the Chief Executive Officer containing instructions on the main requirements to be fulfilled by the Subsidiaries in order to ensure the effectiveness of the processes governed by the Procedure within the group must be sent to the administrative body of the Subsidiaries. The administrative bodies of the Subsidiaries shall sign and send, for acceptance, to the Company (for the attention of the Managing Director and the Competent Function) a communication in which they accept the instructions received, also undertaking to fulfil, to the extent of their respective areas of competence, the obligations provided for by the Procedure as well as to disseminate the Procedure itself within the corporate structures and to any companies over which the Subsidiaries exercise control.

#### 4. IDENTIFICATION OF TRANSACTIONS WITH RELATED PARTIES

The persons (including but not limited to the Company's attorneys) who, on behalf of the Company or, within the limits set forth in Art. 7 of this Procedure, its Subsidiaries, are competent in relation to the approval and/or execution of a given transaction, before starting negotiations, shall verify whether or not the counterparty of such transaction is to be considered a related party, by referring, inter alia, to the Related Parties List and availing themselves, when necessary, of the support of the Competent Function. If it is ascertained that the counterparty to the transaction is a related party, the Competent Function, properly notified, informs the Managing Director of the intention to commence negotiations on the transaction.

These communications, which may also be electronic, must contain at least the following information:

- (a) identification data of the counterparty and nature of the relationship;
- (b) type and object of the transaction;
- (c) economic conditions of the transaction;
- (d) expected timelines;
- (e) reasons for the transaction, critical elements and any risks that might arise from its implementation, also in consideration of the possible subjection to management and coordination activities;
- (f) any other transactions concluded with said related party or parties.

Where the terms of the transaction are defined as equivalent to market or standard conditions (within the meaning of Art. 9.4 below), the documentation prepared shall contain objective evidence thereof.

Upon receipt of the above communication and having verified the existence of correlation relationship with the counterparty of the transaction, the Competent Function, having heard the Chair of the Board of Directors and the Managing Director with the support of the competent corporate function, promptly assesses whether:

- (i) the transaction qualifies as a transaction with a related party within the meaning of the Procedure, in which case it will activate the procedure set forth in Art. 6 below;
- (ii) one or more of the cases of exemption set out in Art. 9 below is applicable.

In the case of *sub*-(i) above, the Competent Function, having heard the Managing Director, initiates the procedure set out in Art. 6 below.

in the case *sub* (ii) above, the Competent Function shall describe in the file of Related Party Transactions (as defined below) the assessment activities carried out and implement (or instruct other corporate functions to do so) any necessary fulfilments pursuant to Art. 9 below.

## **5. GENERAL PRINCIPLES FOR THE APPROVAL OF TRANSACTIONS WITH RELATED PARTIES**

Transactions with related parties comply with criteria of transparency and substantive and procedural fairness and are carried out in the exclusive interest of the Company<sup>4</sup>.

The Company, as a newly listed company<sup>5</sup>, pursuant to Art. 10 of the RPT Regulations, applies to transactions with related parties, both of "greater significance" and of "lesser significance", as an exception to Art. 8 of the RPT Regulations, a procedure identified according to the principles and rules set forth in Article 7 of the RPT Regulations, without prejudice to the exclusive competence of the Board of Directors in relation to the transactions indicated below. The provisions of Art. 5 of the RPT Regulations also remain unaffected. (*“Public disclosure of related party transactions”*). In particular, as described in Art. 6 below, Related Party Transactions are approved through the involvement of a committee, appointed by the Board of Directors and composed of Non-Executive and Independent Directors, who with reference to each transaction must also be Non-related Directors (the **“Related Party Committee”**).

Without prejudice to the provisions of this Procedure for the application of the Alternative Procedures set out in Paragraph 6.3 below, the Board of Directors of the Company (with the abstention of the Director involved in the Transaction, if any, as defined below) shall in any event be responsible for all decisions and/or resolutions concerning:

- (a) transactions carried out on non-market terms;
- (b) transactions of greater significance.

## **6. RELATED PARTY TRANSACTIONS PROCEDURE**

### **6.1 Transactions of lesser significance that do not fall under the area of competence of the Shareholders' Meeting**

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<sup>4</sup> Substantial fairness means the fairness of the transaction from an economic point of view, when for example the transfer price of an asset is in line with market prices and, more generally, when the transaction has not been affected by the correlation relationship or at least that said relationship has not led to the acceptance of conditions that are unjustifiably penalising for the Company. Procedural fairness means the observance of procedures aimed at ensuring the substantial fairness of the transaction and, therefore, compliance with those rules through which it is possible, at least potentially, that Related Party Transactions do not cause an unjustified prejudice to the interests of the Company and its investors. In particular, the essential elements of procedural fairness are: (i) compliance with the regulations set forth for the approval of Transactions with Related Parties; (ii) the information provided to the persons called upon to decide on its execution, who must be exactly made aware of the existence of a related-party relationship (nature, origin and extent) as well as any influence it may have had on the decision to enter into the transaction and on the definition of the terms and conditions of the transaction; (iii) the justification of the reasons of convenience for the issuer - on the basis of the provisions of Articles 2391 and 2497-ter of the Civil Code on the subject of transactions entered into in the presence of a director concerned or in the case of management and coordination of companies – in order to allow for the appreciation of the influence of the relationship of correlation on the definition of the terms of the transaction.

<sup>5</sup> Pursuant to Art. 3 of the RPT Regulations, “newly listed companies” means companies with shares listed in the period between the date of the start of trading and the date of approval of the financial statements for the second financial year following the listing. Companies resulting from the merger or demerger of one or more companies with listed shares that are not themselves newly listed cannot be defined as newly listed companies.

Without prejudice to the exclusive competence of the Board of Directors in relation to the review and approval of the transactions as described in the previous article, as well as to the provisions of Art. 2391 of the Italian Civil Code, Related Party Transactions of lesser significance that do not fall under the area of competence of the Shareholders' Meeting are approved and/or executed by the party responsible for their approval and/or execution in accordance with the Company's *governance* regulations, subject to the non-binding reasoned opinion of the Related Parties Committee.”

To this end, once the transaction has been qualified as a Related Party Transaction in accordance with Art. 4 above and excluding the application of one of the exemption hypotheses set out in Art. 9 below, the Competent Function shall promptly notify the party responsible for approving and/or executing the transaction; the latter, having positively assessed the feasibility of the transaction, shall transmit, through the Competent Function, to the Related Parties Committee, promptly and sufficiently in advance of the date of approval of the transaction, complete and adequate written information on the transaction for the latter to declare in writing the absence of any related party relationship with respect to the specific transaction (including, if applicable, in relation to the counterparty of the Subsidiary).

Such disclosure must at least cover

- (a) the nature of the correlation, including indication of the related party;
- (b) the object of the transaction and the method to be adopted to carry it out;
- (c) the timeline and economic conditions of the transaction, including the countervalue of the transaction;
- (d) a description of the economic, capital and financial effects of the transaction, including the impact on the interests of the parties involved, providing at least the applicable significance indicators;
- (e) the manner in which the economic conditions of the transaction were determined, as well as assessments of the fairness of the consideration/value compared to market values for similar transactions;
- (f) the interests and motivations underlying the transaction, as well as any critical elements and risks that might arise from its implementation, also in consideration of the possible exercise of management and coordination over the counterparty by the Company.

If the terms of the transaction are defined as equivalent to market or standard conditions, the documentation prepared shall contain objective evidence thereof.

This disclosure may take place in several subsequent stages if the course of negotiations does not permit the timely disclosure of all necessary information. The Related Parties Committee may in any case request additional information.

If the nature, size and characteristics of the transaction so require, the Related Parties Committee or, as the case may be, the persons replacing it, has the right to be assisted, at the Company's expense, by one or more independent experts of its choice, through the acquisition of appropriate assessments and/or fairness and/or legal opinions. To this end, they may recommend to the Company's Board of Directors the expert or experts to be appointed to carry



out the transaction, and the appointment must expressly provide that the expert or experts shall also specifically assist the Related Parties Committee in carrying out its functions. The assessments and/or fairness and/or legal opinions are forwarded to the Related Parties Committee (or, as the case may be, to the persons replacing the committee) well in advance of the meeting of the Related Parties Committee itself.

In formulating its opinion, the Related Parties Committee also makes considerations regarding the Company's interest in carrying out the transaction as well as the appropriateness and substantive fairness of the related conditions.

The opinion, with an indication of any conditions to which the conclusion and/or execution of the transaction are subject, must be rendered in due time together with any assessment and/or fairness and/or legal opinions that may be requested and with all information transmitted to the Board of Directors.

Directors who have an interest, on their own behalf or on behalf of third parties, in the transaction must promptly inform the Board of Directors specifying its nature, terms, origin and extent. In the event that the Director has, on his own behalf or on behalf of third parties, an interest in conflict with the Company, he/she is required to abstain from the resolution (the “**Director Involved**”).

In the case of transactions of lesser significance, during the Board of Directors' meeting, if called to approve the transaction, the Related Parties Committee shall present its reasoned opinion to the Board. The Directors Involved in the Transaction shall abstain from voting on it.

Again in the case of transactions of lesser significance, the minutes of the approval resolution (issued by the Board of Directors or any other internal collegiate body or according to the decision or resolution issued by the Managing Director) shall contain adequate justification of the Company's interest in carrying out the transaction and the appropriateness and substantive fairness of the related conditions, as well as evidence of the main elements of the opinion drawn up by the Related Parties Committee.

If the approval of the related party transaction falls under the area of competence of the Company's Managing Directors (if appointed), the Executive Committee (if established) of Executive Directors or executives with delegated powers, the reasons relating to the Company's interest in carrying out the transactions and the appropriateness and substantive fairness of the related conditions, as well as an explanation of the main elements of the opinion, are set out in the Managing Director's decision or decision and provided to the Board of Directors and the Board of Statutory Auditors at the next meeting.

If the transaction is approved, the Board of Directors and the Board of Statutory Auditors are subsequently provided, at least quarterly, with full information on the execution of the transaction.

Without prejudice to the provisions of Art. 17 MAR, in the case of one or more transactions approved despite a negative opinion expressed by the Related Parties Committee, the Company's Board of Directors, with the support of the Competent Function and the persons involved in the transactions, prepares and makes available to the public within 15 days of the

end of each quarter of the financial year at the Company's registered office and in the manner indicated in Title II, Chapter I, of the Issuers' Regulations, a document containing an indication of the counterparty, the object and the consideration of such transactions as well as the reasons why it was decided not to share this opinion.

Within the same period, the opinion of the Related Parties Committee is made available to the public as an annex to the above-mentioned document or on the Company's website [www.denora.com](http://www.denora.com), in the section “*Governance*”.

## **6.2 Transactions of greater significance that do not fall under the area of competence of the Shareholders' Meeting**

The Company, as a recently listed company, pursuant to Art. 10 of the RPT Regulations, applies to transactions with related parties of greater significance the same procedure adopted for information of lesser significance (*see* Art. 6.1 of this Procedure), within the limits set forth in Art. 5 of this Procedure. The competent body for the approval of the Transactions of Greater Significance is in any case the Board of Directors, except in the case of transactions falling within the competence of the Shareholders' Meeting.

The provisions of Art. 5 of the RPT Regulations also remain unaffected. (“*Public disclosure of related party transactions*”).

The Related Parties Committee consults with the members of the Board of Statutory Auditors and, where deemed appropriate, with the Directors or managers with delegated powers (including the executives in charge of conducting negotiations or the preliminary investigation) of the Company or of any Subsidiaries (where the latter are involved in the transaction), as well as any other persons indicated by the Related Parties Committee.

## **6.3 Alternative safeguards in the event of correlation of one or more Independent Directors to a given transaction.**

If regarding a specific related-party transaction one or more members of the Related Party Transaction Committee declare themselves to be related with the specific transaction, the reasoned favourable opinion of the Related Party Committee must be issued by the Independent Director or by the Non-related Independent Directors who may be appointed or, in their absence, by the Board of Statutory Auditors (where its members can be considered unrelated similarly to the non-relationship assessment underlying the identification of Unrelated Directors). This is without prejudice to the right to appoint an Independent Expert.

Where the Board of Directors seeks the opinion of the Board of Statutory Auditors, the members of the Board of Statutory Auditors, if they have a personal or third-party interest in the transaction, shall inform the other Statutory Auditors, specifying its nature, terms, origin and scope.

Where the Board of Directors seeks the opinion of the Independent Expert, the appointment of the Independent Expert may not be made to any person who is a counterparty to the transaction or a related party of the Company or the counterparty to the transaction. At the time of appointment, the Expert must declare his/her independence, which must be verified by the Board of Directors; if economic, asset and financial relations exist (or have existed in the past)

between the Expert and the Company, the Expert must declare such existence and justify the reasons why they are not likely to compromise his/her independence.

For the purposes of this assessment, the above-mentioned relationships (current or past) between the Expert and (i) the Related Party, its Subsidiaries, its controlling entities, companies subject to common control as well as the Directors of the aforesaid companies; (ii) the Company, its Subsidiaries, its controlling entities, companies subject to common control as well as the Directors of the aforesaid companies, are also taken into account.

The provisions contained in this Art. 6.1 shall apply *mutis mutandi* in the event that the opinion is expressed by the Independent Director.

#### **6.4 Shareholders' Meeting transactions**

When a Related Party Transaction falls under the area of competence of the Shareholders' Meeting or must be authorised by it, the provisions of Art. 6.1 above shall apply *mutatis mutandis* to the stage of the preliminary investigation and approval of the resolution proposed by the Board of Directors to be submitted to the Shareholders' Meeting.

### **7. TRANSACTIONS CARRIED OUT THROUGH SUBSIDIARIES**

Without prejudice to the cases of exclusion pursuant to Art. 9 of this Procedure and the applicable disclosure obligations, Related Party Transactions that are carried out by the Company through a subsidiary (meaning transactions that, insofar as they are carried out by the subsidiary, are attributable to the Company by virtue of a prior review or approval by the latter) are investigated and approved according to the preliminary and approval procedures referred to in Articles 6.1 and 6.2 above.

In this regard, and without prejudice to what is indicated in the interpretative guidelines issued from time to time by Consob:

- any transaction carried out by subsidiaries – Italian or foreign – previously reviewed or approved by the Board of Directors, a delegated body or a corporate representative of the Company by virtue of the powers granted to it is considered subject to the “review” or “approval” of the Company, even in the absence of resolutions expressed by the Company's bodies or by internal regulations;

“review” does not mean the mere communication of information on the transaction carried out by the subsidiary (for example, for control purposes or for the purpose of preparing corporate accounting documents) but any assessment of the transaction that may lead to an intervention – also in the form of a non-binding opinion – capable of affecting the approval process of the transaction by the subsidiary. The subsidiaries provide the Company with all the necessary information for the disclosure purposes required by this Procedure and the RPT Regulations.

### **8. FRAMEWORK RESOLUTIONS**

Pursuant to Art. 12 of the RPT Regulations, homogeneous transactions with certain categories of related parties, also to be carried out through Subsidiaries, may be approved by means of framework resolutions.

Without prejudice to the provisions of the RPT Regulations, also in terms of public disclosure, the provisions of Art. 6 above apply to resolutions concerning the adoption of framework resolutions, without prejudice to the decision-making competence of the Company's Board of Directors if the expected maximum amount of the transactions subject to the resolution, cumulatively considered, exceeds the thresholds set forth in Art. 10.2 below (or, if the transaction is carried out by the subsidiary, by its administrative body in collegiate form, if appointed).

Framework resolutions adopted in accordance with this Article may not be effective for more than one year and must relate to sufficiently determined transactions, stating at least the foreseeable maximum amount of the transactions to be carried out in the relevant period and the reasons for the conditions set forth.

The Managing Director, with the support of the Competent Function, reports fully, at least on a quarterly basis, to the Board of Directors on the implementation of the framework resolutions.

On the occasion of the approval of a framework resolution, the Company shall publish a disclosure document pursuant to Art. 10.2 below if the foreseeable maximum amount of the transactions subject to that resolution exceeds one of the significance thresholds identified in Art. 10.2 below.

The provisions of Articles 6 and 7 above do not apply to individual transactions concluded in implementation of the framework resolution. Transactions concluded in implementation of a framework resolution which are the subject of a disclosure document published pursuant to the preceding paragraph shall not be taken into account for the purpose of the cumulation as provided for in Art. 10.2 below.

## **9. CASES OF EXEMPTION UNDER ARTICLE 13 OF THE RPT REGULATIONS**

Without prejudice to the cases of exclusion provided for in Article 13(1) and (4) of the RPT Regulations, the provisions of the Procedure do not apply:

- (a) to transactions involving small amounts as referred to in Art. 9.1 below;
- (b) to compensation plans based on financial instruments approved by the Shareholders' Meeting pursuant to Art. 114-*bis* of the Consolidated Law on Financial Intermediation and related transactions (see Paragraph 9.2 below);
- (c) to Shareholders' Meeting resolutions other than those indicated in Art. 13(1) of the RPT Regulations, concerning the remuneration of directors holding special offices as well as of other key executives, in compliance with the conditions set forth in Art. 13(3)(b) of the RPT Regulations (*see* Paragraph 9.3 below);
- (d) to resolutions, indiscriminately intended for all shareholders, referred to in Art. 13(1-*bis*) of the RPT Regulations, including transactions concerning capital increases, demergers, capital reductions and the purchase of treasury shares;
- (e) to ordinary transactions that are concluded on terms equivalent to market or standard conditions (see Art. 9.4 below);

- (f) to transactions with or between Subsidiaries and transactions with affiliated companies, if no interest qualifies as "significant" in those companies (see Article 9.5 below).

However, it is understood that the periodic reporting requirements set forth in Art. 10.3 below and in Art. 5(8) of the RPT Regulations apply to the resolutions referred to in points (b), (c), (d) and (e) above.

### **9.1 Transactions involving small amounts**

Transactions involving small amounts (as defined below) are excluded from the scope of application of the RPT Regulations and of this Procedure and may be carried out, in accordance with the powers granted to them, by the Company's competent person from time to time or by the executive directors and managers with delegated powers of the Subsidiaries, without prejudice to the disclosure obligations set forth in Art. 10.1 below.

For the purposes of the Procedure, "transactions of small amounts" means transactions with related parties, whether natural or legal persons, the value of which does not exceed Euro 300,000 (if the counterparty is a legal person) or Euro 100,000 (if the counterparty is a natural person).

This exclusion does not apply in the case of several transactions of a small amount, homogeneous among themselves or carried out by virtue of a unitary design, concluded with the same related party or with parties related both to the latter and to the Company, which, taken together, exceed the amount indicated above.

### **9.2 Compensation Plans pursuant to Art. 114- bis of TUF**

Pursuant to Art. 13(3)(a) of the RPT Regulations, compensation plans based on financial instruments approved by the Shareholders' Meeting pursuant to Art. 114-*bis* of the Consolidated Law on Finance and related executive transactions are excluded from the application of the provisions of the RPT Regulations and this Procedure.

The transparency and substantive and procedural fairness requirements set forth in the applicable *pro tempore* provisions apply to the remuneration plans pursuant to Art. 114-*bis* of the Consolidated Law on Financial Intermediation and the related implementing transactions.

### **9.3 Resolutions on the remuneration of directors with special duties and other key executives**

Pursuant to Art. 13(3)(b) of the RPT Regulations, resolutions on the remuneration of directors, other than those set out in Art. 13(1) of the RPT Regulations, as well as of key management personnel, are excluded from the application of the RPT Regulations.

For the purposes of exclusion, it is necessary that:

- (a) the Company has adopted a remuneration policy;
- (b) a committee consisting exclusively of non-executive directors, the majority of whom were independent, was involved in the definition of the remuneration policy;
- (c) a report outlining the remuneration policy has been submitted for the approval or vote of the Shareholders' Meeting of the Company;

- (d) the remuneration awarded is in accordance with the remuneration policy, determined in the absence of discretionary assessments.

#### **9.4 Ordinary transactions that are concluded on terms equivalent to market or standard conditions**

##### **(a) Identification of ordinary transactions at market or standard conditions**

'Ordinary' transactions are defined as transactions that fall within the ordinary course of the Company's business and the related financial activities (Art. 3(1)(d) of the RPT Regulations). For the classification of the transaction as "ordinary", account is taken of the criteria indicated in Paragraph 3 of the Application Notice to which reference is made, and, in any case, of one of the following transactions: contracts and agreements for the provision of services (including those for the supply of IT services), agreements of a financial nature related to the ordinary exercise of operating activities and any other Transaction falling within the ordinary operations of the Company or its Subsidiaries and/or related to the relevant financial assets (including *cash pooling* transactions).

Transactions "concluded on terms equivalent to market or standard conditions" are defined as transactions concluded according to terms similar to those usually applied to non--related parties for transactions of a corresponding nature, size and risk, or based on regulated tariffs or imposed prices, or those applied to persons with whom the company is obliged by law to contract for a specific consideration (Art. 3(1)(e) of RPT Regulations). Without prejudice to a possible specific assessment falling within the competence of the Competent Function, which is shared with the Committee, as a general rule, the conditions defined within the framework of a competitive and transparent procedure, adequately documented and verifiable, governed by general corporate rules or by rules compliant with the legal procedures for the acquisition of goods and services, may be deemed equivalent to those of the market or to standard ones.

The identification of ordinary transactions concluded on terms equivalent to market or standard conditions as referred to in this Article 9.4 is left to the assessment of the Competent Function, which may avail itself of the Committee for this purpose and report in any case to the Managing Directors on the outcome of the assessment carried out.

##### **(b) Applicable regulations**

Ordinary transactions that are concluded on terms equivalent to market or standard conditions are excluded from the scope of application of any provision of this Procedure and the RPT Regulations, with the exception of the provisions of Art. 5(8) of the Regulations concerning periodic accounting reporting.

The body competent to resolve and/or execute the transaction must in any case be provided, in due time before the approval of the transaction, with complete and adequate information on the transaction, including documentation containing evidence of the existence of market or standard conditions.

In the event that the transactions benefiting from the exemption provided for in this Paragraph are transactions of greater significance pursuant to Paragraph 10.2 below, without prejudice to the provisions of Article 17 MAR, the Company shall:

- (i) promptly involve the Related Parties Committee in the assessment of the applicability of this exemption;
- (ii) inform Consob and the independent directors or advisors who express opinions on Related Party Transactions, within seven days of the approval of the transaction, of the counterparty, the object, the consideration of the transactions that have benefited from the exemption as well as the reasons why the transaction is deemed to be ordinary and concluded on terms equivalent to market or standard conditions, providing objective evidence thereof;
- (iii) specify in the interim management report and in the annual management report, as part of the information required by Art. 5, paragraph 8, of the RPT Regulations, which of the transactions subject to disclosure were concluded taking advantage of the exemption referred to in this Paragraph.

For each ordinary transaction subject to exemption, the Competent Function keeps evidence in the Related Party Transaction Archive of elements relating to: (i) the ordinary nature of the transaction, in relation to its object, recurrence and size, (ii) the nature of the relationship, (iii) contractual documentation, and (iv) the size and type of counterparty.

## **9.5 Transactions with and among Subsidiaries and/or Associated Companies**

Transactions with or among Subsidiaries, even jointly, as well as transactions with affiliated companies are excluded from the scope of this Procedure if there are no significant interests of other parties, related to the Company, in the Subsidiaries or affiliated companies that are counterparties to the transaction, without prejudice, however, to the disclosure obligations set forth in Art. 10 below.

The materiality of interests of other related parties in the Subsidiary or Associated Company is left to the evaluation of the Chair of the Board of Directors and the Managing Director with the support of the Competent Function, or is referred to the Board of Directors if the same evaluation of the materiality of interest concerns the Chair of the Board of Directors and/or the Managing Director. Without prejudice to the foregoing, the Chair of the Board of Directors and the Managing Director shall refer the assessment to the Committee and/or the Board of Directors if deemed appropriate taking into account, inter alia, the economic value of the Transaction and/or the specific features of the Transaction.

The Board of Directors, and/or the Committee (as the case may be), assesses the significance of interests as follows:

- (a) account is taken, inter alia, of the existence of any shareholding relationships between the Issuer's Subsidiary or associated company and other related parties of the Company, or of any equity relationships between the Subsidiary or associated company, on the one hand, and other related parties of the Company, on the other;

- (b) the provisions of paragraph 21 of the Application Notice, to which reference is made, are taken into account and, in particular, the interests of the person controlling the Company are considered significant interests, where the shareholding held (even indirectly) by that person in the company counterparty to the Related Party Transaction, controlled by, or connected to the Company, has an effective weight greater than the weight of the shareholding held by that person in the Company;
- (c) Interests resulting from the mere sharing of one or more Directors or, if any, other key executives, by the Company and the Subsidiary or Associated Company, are not considered significant interests (see Art. 14(2) RPT Regulations);
- (d) on the other hand, a significant interest exists if, in addition to the mere sharing of one or more directors or other key executives, such persons benefit from incentive plans based on financial instruments (or, in any case, variable remuneration) dependent on the results achieved by the Subsidiary or associated company with which the transaction is carried out.

## **10. RELATED PARTY TRANSACTIONS POLICY**

### **10.1 Related Party transactions policy**

The Chief Executive Officer, with the support of the Competent Function and the parties involved in the transactions, provides the Board of Directors, the RPT Committee and the Board of Statutory Auditors of the Company with adequate quarterly information:

- (i) on the execution of significant transactions pursuant to the Procedure and the RPT Regulations as well as transactions subject to exemption pursuant to Art. 13, paragraphs 2, 3, letter c) and Art. 14, paragraph 2, of the RPT Regulation approved during the quarter and on their main characteristics and conditions;
- (ii) on the implementation of the framework resolutions referred to in Paragraph 8 above; and

The same periodic disclosure obligations also apply to the Transactions approved by the Subsidiaries in the reference quarter, and to the main characteristics and conditions, as well as to the Transactions carried out by the Subsidiaries (other than intragroup activities) under exemption. For these Transactions, the Chief Executive Officer relies on the support of the Competent Function and the competent corporate functions of the subsidiary concerned.

In any event, this is without prejudice to the disclosure requirements for transactions of greater significance under Art. 5 of the RPT Regulations and following Paragraph 10.2.

Documentation supporting related party transactions is kept by the Competent Function. The Company's Competent Function prepares and maintains an archive (the "**Archive of Related Party Transactions**"), by means of a special electronic register with:

- (A) the transactions with related parties, including through Subsidiaries, approved pursuant to Paragraph 6 below (including those subject to framework resolutions pursuant to Paragraph 8 below); and



- (B) the transactions with related parties, also carried out through Subsidiaries pursuant to previous Paragraph 7, falling within one of the cases of exemption set forth in Paragraph 9 below.

## **10.2 Disclosure to the public on related party transactions of greater significance**

In the case of transactions of greater significance, also carried out through Subsidiaries, the Company prepares an information document drawn up in accordance with the format set out in Annex 4 of the RPT Regulations.

The following transactions with Related Parties carried out by the Company directly or through its Subsidiaries, are considered "transactions of greater significance" when:

- (a) the countervalue significance indicator, i.e., the ratio of the value of the transaction to the Company's shareholders' equity, or, if greater, the Company's capitalisation recorded at the close of the last trading day included in the reference period of the most recently published periodic accounting document (annual or semi-annual financial report or additional periodic financial information, if prepared); or
- (b) the asset significance indicator, i.e. the ratio of the total assets of the entity, object of the transaction, to the total assets of the Company; or
- (c) the liability significance indicator, i.e. the ratio of the total liabilities of the entity, object of the transaction, to the total liabilities of the Company;

is higher than the 5% threshold, all as better defined and detailed in Annex 3 to the RPT Regulations and in the Application Notice, to which reference is made.

The obligation to publish the information document also arises if several transactions are carried out during the same financial year, with the same related party, or with parties related both to the latter and to the Company, which are homogeneous or carried out in execution of a unified design, and which – although not qualifying individually as transactions of greater significance – exceed – when considered cumulatively – at least one of the thresholds of significance referred to above (so-called "cumulative transactions"). Transactions carried out by Italian or foreign Subsidiaries are also taken into account for the purposes of the aforementioned cumulation, and any transactions that are exempt pursuant to Paragraph 9 of the Procedure are not taken into account.

The information document is published within the terms and in the manner set forth in Art. 5 of the RPT Regulations.

## **10.3 Periodic accounting information**

In the interim management report and the annual management report, information is provided on:

- (a) individual transactions of "greater significance" pursuant to Annex 3 of the RPT Regulations, concluded in the reporting period also through the Subsidiaries;

- (b) any other individual Related Party Transactions, as defined pursuant to Article 2426, paragraph 2, of the Italian Civil Code, concluded during the reporting period, which have materially affected the financial position or results of the Company;
- (c) any change or development of the 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.

#### **10.4 Related party transactions and public disclosures pursuant to Art. 17 MAR**

If a related party transaction is disclosed by means of a press release pursuant to Art. 17 MAR, the latter shall contain, in addition to the other information to be published pursuant to the aforementioned provision, 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 a description of the nature of the relationship;
- (c) the name of the counterparty to the transaction;
- (d) whether or not the transaction exceeds the significance thresholds identified pursuant to Paragraph 10.2 of this Procedure and an indication as to whether or not a disclosure document will be published pursuant to Art. 5 of the RPT Regulations;
- (e) the procedure that has been or will be followed to approve the transaction and, in particular, whether the Company has availed itself of a case of exclusion provided for by this Procedure pursuant to Articles 13 and 14 of the RPT Regulations;
- (f) the possible approval of the transaction despite the contrary opinion of the independent directors or advisors.

According to the Application Notice, with regard to the cases in which the issuer does not publish the information document pursuant to Paragraph 10.2 above, either because the transaction does not exceed the significance thresholds identified pursuant to Paragraph 10.2 above, or because the cases and exemption options provided for in Paragraph 9 above apply, the information elements that may be relevant for the purposes of compliance with Art. 17 MAR, on the subject of Related Party Transactions, which normally constitute a reference parameter for the purposes of Consob's requests for the publication of additional information on disclosures relating to such transactions, shall include, by way of example, the following: (i) the essential characteristics of the transaction (price, terms of execution, payment schedule, etc.); (ii) the economic reasons for the transaction; (iii) a description of the economic, equity and financial effects of the transaction in question; (iv) the way in which the consideration for the transaction was determined, as well as assessments of its fairness in relation to the market values of similar transactions (v) if the economic conditions of the transaction are defined as equivalent to market or standard conditions, in addition to the statement to that effect, an indication of the objective elements of verification; (vi) the possible use of experts for the valuation of the transaction and, if so, an indication of the valuation methods to be adopted in relation to the fairness of the consideration, as well as a description of any critical aspects indicated by the experts in relation to the specific transaction.

## APPENDIX

### *Definitions of related parties and related party transactions under International Accounting Standards*

*Related Party*: a person or entity that is related to the entity preparing the financial statements (*i.e.* the Company).

A person is a related party of the Company:

- (a) in the case of a natural person or a close relative of that person, if that person:
  - (i) also jointly controls the Company;
  - (ii) has a significant influence on the Company;
  - (iii) is one of the key management personnel of the Company or its parent company;
- (b) in the case of other entities, if any of the following conditions apply:
  - (i) the entity and the Company are part of the same group;
  - (ii) the entity is an associated company of the Company;
  - (iii) the entity is a joint venture in which the Company is a participant;
  - (iv) the entity is an associated company or a joint venture that is part of a group of which the Company is a member;
  - (v) the entity is a joint venture of a third party and the Company is an associate of the third party;
  - (vi) the entity is represented by a post-employment benefit plan for employees of the Company or of a related entity;
  - (vii) the entity is controlled or jointly controls a person referred to in (a);
  - (viii) 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)
  - (ix) the entity, or any member of a group to which it belongs, provides key management services to the entity preparing the financial statements or to its parent company [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 .

For the purposes of this definition, the meaning of "control", "joint control", "significant influence", "close family members", "key management personnel" set out in the International Accounting Standards and also contained in the Appendix to the RPT Regulations apply.

*Related Party Transaction:* any transfer of resources, services or obligations between the Company and one or more Related Parties, regardless of whether a consideration is agreed upon. The following shall in any case be deemed to be included in Related Party Transactions: (i) merger, demerger by incorporation or demerger in the strict non-proportional sense, if carried out with Related Parties, and (ii) any decision relating to the allocation of remuneration and economic benefits, in any form whatsoever, to members of the administration and control bodies and to key Executives.