

**F.I.L.A. – FABBRICA ITALIANA LAPIS ED AFFINI S.P.A.**



**RELATED PARTIES TRANSACTIONS POLICY**

Text approved by the Board of Directors of F.I.L.A. – Fabbrica Italiana Lapis ed Affini S.p.A. on May 14, 2021, following the favourable opinion of the Control, Risks and Related Parties Committee provided on May 13, 2021.

*[Page intentionally left blank]*

## CONTENTS

1.	INTRODUCTION.....	4
2.	DEFINITIONS.....	4
3.	SCOPE OF APPLICATION .....	8
4.	Related Parties Committee.....	10
5.	GOVERNANCE OF RELATED PARTY TRANSACTIONS .....	12
5.1	Less Significant Transactions.....	12
5.2	Significant Transactions.....	14
5.3	Transactions subject to Shareholders' Meeting approval .....	15
5.4	Framework resolutions .....	15
6.	RELATED PARTY TRANSACTIONS CARRIED OUT BY SUBSIDIARIES .....	16
7.	URGENT TRANSACTIONS.....	16
8.	IDENTIFICATION OF SENIOR EXECUTIVES.....	17
9.	GENERAL PROVISIONS .....	18
9.1	Amendments to this Policy .....	18
9.2	Sharing of information.....	18
9.3	Provisions as per Articles 2497-ter and 2391 of the Civil Code.....	19

## 1. INTRODUCTION

- 1.1 This policy (the “**Policy**”) governs related party transactions carried out by F.I.L.A. – Fabbrica Italiana Lapis ed Affini S.p.A. (the “**Company**”), directly or through subsidiaries, according to the regulation adopted by the National Commission for Companies and the Stock Exchange (“**Consob**”) with Resolution No. 17221 of March 12, 2010 as subsequently amended with Resolutions No. 17389 of June 23, 2010, No. 19925 of March 22, 2017. No. 19974 of April 27, 2017, No. 21396 of June 10, 2020 and No. 21624 of December 10, 2020 (the “**Regulation**”).
- 1.2 This Policy was approved by the Company's Board of Directors on May 14, 2021, following the favourable opinion provided on May 13, 2021 by the Company's Control, Risks and Related Parties Committee.
- 1.3 This Policy enters into force as of July 1, 2021. Until that date, the “Procedure for Transactions with Related Parties” approved by the Company's Board of Directors on October 15, 2013 and most recently amended on May 15, 2018 will continue to apply.

## 2. DEFINITIONS

- 2.1 In addition to the definitions contained in other articles, the terms and expressions with an upper case initial letter used in this Policy are defined as follows, with the same meaning applicable both in the singular and plural:

**Independent Directors:** the Directors of the Company who meet the independence requirements pursuant to Article 148, paragraph 3 of the CFA, as referred to in Article 147-*ter*, paragraph 4 of the CFA, and are acknowledged by the Company's Board of Directors as meeting the independence requirements pursuant to Article 2 of the Corporate Governance Code.

**Directors Involved in the Transaction:** the Directors of the Company who have an interest in the transaction, on their own behalf or on behalf of third parties, that conflicts with that of the Company.

**Unrelated Directors:** are those company Directors not qualifying as a counterparty to a specific transaction or a related party of such.

**Corporate Governance Code:** the Corporate Governance Code for Listed Companies approved in January 2020 by the Corporate Governance Committee promoted by Borsa Italiana S.p.A.

**Related Parties Committee:** the committee responsible for the Company's Related Party Transactions referred to in Article 4 of this Policy.

**Control:** the control relationship defined as such by the international accounting standards adopted according to the procedure at Article 6 of Regulation (EC) No. 1606/2002 and as referred to in the Regulation.

**Joint Control:** the joint control relationship defined as such by the international accounting standards adopted according to the procedure at Article 6 of Regulation (EC) No. 1606/2002 and as referred to in the Regulation.

**Senior Executives:** a “Senior Executive” of the Company as defined by the international accounting standards adopted according to the procedure at Article 6 of Regulation (EC) No. 1606/2002 and as referred to in the Regulation. These Senior Executives are specifically identified pursuant to Article 8 below.

**Executive Officer for Financial Reporting:** the manager in charge of drawing up the corporate accounting documents, appointed by the Board of Directors of the Company pursuant to Article 154-*bis* of the CFA.

**Group:** all the companies included in the consolidation scope of the Company.

**Significant Influence:** significant influence as defined by the international accounting standards adopted according to the procedure at Article 6 of Regulation (EC) No. 1606/2002 and as referred to in the Regulation.

**Significant Interests:** any interest of a financial nature that would create an incentive for the Company to enter into a transaction to its own detriment but favourable to a Subsidiary or Associated Company. By way of example, and without prejudice to the appropriate checks to be carried out in each specific case, a Significant Interest may be deemed to exist if: (a) the Related Party of the Company holds an interest of over 5% (five percent) of the share capital of the Subsidiary or Associated Company which is the counterparty in the transaction; or, (b) if the Company and the Subsidiary or Associated Company which is the counterparty in the transaction shares one or more Directors or Senior Executives who benefit from incentive plans based on financial instruments (or in any case from variable remuneration) which depend, directly and to a significant extent, on the results achieved by the Subsidiary or Associated Company which is the counterparty in the transaction.

Interests deriving from merely sharing one or more Directors or other Senior Executives between the Companies and the subsidiary or associated companies that are counterparty to the transaction are not considered significant.

**Related Party Transactions:** the transactions defined as such by the international accounting standards adopted according to the procedure at Article 6 of Regulation (EC) No. 1606/2002 and as referred to in the Regulation.

**Minor Transactions:** Related Party Transactions in which the expected maximum amount of the consideration to be paid by the Company or, in any case, the expected amount or countervalue of the same does not exceed the following thresholds:

- (i) Euro 150,000, during the course of a financial year, for each individual Related Party who is a natural person (other than a Senior Executive) or set of transactions concluded with the same Related Party who is a natural person (other than a Senior Executive) which are homogeneous or carried out in execution of a single design, it being understood that this provision is also applicable to consultancy relationships with a Related Party who is a partner in a professional firm or other consultancy company;
- (ii) Euro 200,000, during a financial year, for a single transaction with a Senior Executive or a set of transactions concluded with the same Senior Executive which are homogeneous or carried out in execution of a single design;
- (iii) Euro 500,000, during the course of a financial year, for each individual transaction with a Related Party who is a legal person or set of transactions concluded with the same Related Party who is a legal person, which are homogeneous or carried out in execution of a single design.

**Significant Transactions:** those Related Party Transactions where one or more of the following significance thresholds, applicable depending on the specific transaction, exceeds 5%:

- (a) value significance ratio: the ratio of the transaction value to equity, as reported in the latest published balance sheet (consolidated, if prepared), or for listed companies, if greater, the capitalisation of the Company at the end of the last trading day of the most recent published financial report (annual accounts, half-yearly report or any other additional periodic financial information, where issued). Should the economic conditions of the transaction be established, the value of the transaction shall be:
  - (i) for the cash component, the amount paid to/by the contractual counterparty;
  - (ii) for the components comprising financial instruments, the fair value at the date of the transaction in accordance with international accounting standards adopted under EU Regulation No. 1606/2002;
  - (iii) for funding transactions or guarantees given, the maximum amount disburseable.

Should the economic conditions of the transaction depend, in whole or in part, upon amounts not yet known, the value of the transaction is the maximum amount receivable or payable under the agreement;
- (b) asset significance ratio: the ratio between total assets of the counterparty to the transaction and the total assets of the Company. The most recent balance sheet published by the Company must be utilised (consolidated, if prepared); if possible, similar data for the determination of the total assets of the counterparty to the transaction should be utilised.

For transactions involving the acquisition or disposal of investments in entities

impacting the scope of consolidation, the value of the numerator is the investee's total assets, regardless of the percentage of capital available.

For transactions involving the acquisition or disposal of investments in entities not impacting the scope of consolidation, the value of the numerator is:

- (i) in the event of acquisitions, the corresponding value of the transaction plus liabilities of the acquired entity that may be assumed by the acquirer;
- (ii) in the event of disposals, the consideration paid on disposal.

For transactions involving the acquisition or disposal of other assets (other than equity interests acquired), the value of the numerator is:

- (i) in the event of acquisitions, the purchase price consideration or, if higher, the carrying amount attributable to the asset;
  - (ii) in the event of disposals, the carrying amount of the asset.
- (c) liabilities significance ratio: the ratio between the total liabilities of the entity acquired and the total assets of the Company. The most recent balance sheet published by the Company must be utilised (consolidated, if prepared); if possible, similar data for the determination of the total liabilities of the company or the business unit acquired should be utilised.

**Less Significant Transactions:** Related Party Transactions other than Significant Transactions and Minor Transactions.

**Ordinary Transactions:** Related Party Transactions which: (a) take place within the ordinary operations or the related financial activities of the Company and/or other Group companies; and (b) are concluded at conditions which are: (i) in line with those usually undertaken with unrelated parties for transactions of a similar nature, size and risk, (ii) based on regulated tariffs or prices, or (iii) corresponding to those undertaken with parties with which the Company and/or other Group companies are obliged by law to contract at a set price.

**Related Party:** a subject defined as such by the international accounting standards adopted according to the procedure at Article 6 of Regulation (EC) No. 1606/2002 and as referred to in the Regulation.

**Board of Directors and Committees Regulation:** the regulation of the Board of Directors and internal committees approved by the Board of Directors of the Company on May [●] 2021, pursuant to and in accordance with Article 3 of the Corporate Governance Code.

**Issuers' Regulation:** the implementing regulation of the CFA governing issuers, adopted by Consob Resolution No. 11971 of May 14, 1999.

**Regulation (EU) No. 596/2014:** the regulation (EU) No. 596/2014 of the European Parliament and Council of April 16, 2014 on market abuse (market abuse regulation), which

nullifies Directive 2003/6/EC of the European Parliament and Council and Directives 2003/124/EC, 2003/125/EC and 2004/72/EC of the Commission;

**Regulation (EC) No. 1606/2002:** the regulation (EC) No. 1606/2002 of the European Parliament and Council of July 19, 2002 concerning the application of international accounting standards.

**Unrelated Shareholders:** parties with voting rights not acting as a counterparty in a specific transaction or related to the counterparty or the Company.

**Associated Company:** any entity, also without legal personality, as in the case of a partnership, on which a shareholder exercises Significant Influence but not Control or Joint Control.

**Subsidiary Company:** any entity, registered in Italy or abroad, also without legal personality, as in the case of a partnership, subject to the Control of another entity.

**CFA:** Legislative Decree No. 58 of February 24, 1998, the Consolidated Law on Financial Intermediation.

- 2.2 The interpretation of the definitions of Related Party and Related Party Transaction and other definitions referred to above make reference to the international accounting standards adopted according to the procedure at Article 6 of Regulation (EC) No. 1606/2002. In the event of regulatory updates to the definitions of Related Party and Related Party Transaction and of the other definitions referred to above, the definition in force at the time of the start of negotiations on a given transaction shall be considered.

### 3. SCOPE OF APPLICATION

- 3.1 The provisions of the Regulation and this Policy do not apply to:

- (a) Shareholders' Meeting motions pursuant to Article 2389, first paragraph of the Civil Code, relating to remuneration paid to the members of the Board of Directors and the Executive Committee of the Company and resolutions concerning the remuneration of Senior Directors within the overall amounts previously determined by the Shareholders' Meeting in accordance with Article 2389, paragraph three, of the Civil Code;
- (b) Shareholders' Meeting motions, as per Article 2402 of the Civil Code concerning remuneration of the members of the Board of Statutory Auditors;
- (c) Minor Transactions;
- (d) transactions approved by the companies and addressed to all shareholders on equal terms, including, but not limited to:
  - (i) rights issues, including those servicing convertible bonds, and free share

capital increases provided for by Article 2442 of the Civil Code;

- (ii) total or partial spin-offs in the strict sense of the word, with proportional share allocation criteria;
- (iii) share capital reductions by means of reimbursement to shareholders pursuant to Article 2445 of the Civil Code;
- (iv) treasury share purchases pursuant to Article 132 of the CFA.

3.2 In accordance with Article 5, paragraph 8 of the Regulation, the provisions of the Regulation and this Policy do not apply to:

- (a) financial instrument-based remuneration plans approved by the Shareholders' Meeting pursuant to Article 114-*bis* of the CFA or to the relative executory operations;
- (b) resolutions, other than those indicated in paragraph 3.1(a), concerning fees for Directors, Directors with specific responsibilities and Senior Executives, provided that:
  - (i) the Company has adopted a remuneration policy that has been approved by the Shareholders' Meeting;
  - (ii) a committee composed exclusively of Non-Executive Directors, the majority of whom independent, was involved in drawing up the remuneration policy;
  - (iii) the remuneration awarded is set in accordance with this policy and qualified by criteria that do not involve discretionary assessments;
- (c) Ordinary Transactions;
- (d) Related Party Transactions or those between Subsidiary Companies, also jointly, in addition to those with Associated Companies, as long as the other Related Parties of the Company do not hold Significant Interests in the Subsidiary Companies or the Associated Companies involved in the transaction.

3.3 The Related Parties' Committee:

- (a) receives information at least once a year from the Executive Officer for Financial Reporting on the application of the cases of exemption provided for by the Regulation and by this Policy, with reference to the Major Transactions approved or carried out during the year and, at the first meeting following receipt of this information, carries out an *ex post* examination of the application of the cases of exemption, also by means of sample selection procedures, as well as of the adequacy of this Policy;
- (b) in accordance with the provisions of paragraph 5.2(g)(i) below, receives information from the Executive Officer for Financial Reporting concerning Ordinary Transactions that qualify as Significant Transactions and, at the first meeting after receiving this

information, verifies the correctness of the application of this exemption.

#### **4. Related Parties Committee**

- 4.1 The Board of Directors of the Company establishes the Related Parties Committee from among its members. The Related Parties Committee may overlap with the Control, Risks and Related Parties Committee of the Company or with other committees established within the Board of Directors of the Company, provided that the composition and operating requirements set out in this Article 4 are met.
- 4.2 The Related Parties Committee performs the functions and exercises the prerogatives regarding Related Party Transactions as set out in the Regulation, in this Policy and in any other legal and regulatory provision on the subject in force at the time and applicable to the Company. The Related Parties Committee may also propose changes to this Policy to the Board of Directors of the Company.
- 4.3 For Less Significant Transactions, the Related Parties Committee shall be composed of at least 3 (three) Unrelated, Non-Executive Directors, a majority of whom shall be Independent Directors, subject to the following provisions. In the event that the aforementioned composition is not complied with for a given Less Significant Transaction, the following equivalent safeguards are adopted, in order:
- (i) if at least 2 (two) Independent and Unrelated Directors are in office within the Related Parties Committee, the opinion referred to in paragraph 5.1(a) below shall be rendered by a board made up of said 2 (two) Independent and Unrelated Directors and another Unrelated and Non-Executive Director identified by the Board of Directors of the Company;
  - (ii) if only 1 (one) Independent and Unrelated Director is in office within the Related Parties Committee, the opinion referred to in paragraph 5.1(a) below shall be rendered by a board made up of the aforementioned Independent and Unrelated Director and two (2) other Unrelated and Non-Executive Directors (of which at least 1 (one) Independent Director) identified by the Board of Directors of the Company;
  - (iii) in the event that the controls referred to in points (i) and (ii) above cannot be applied, the opinion referred to in paragraph 5.1(a) below is given by:
    - (1) the Board of Statutory Auditors of the Company, provided that where its members have an interest in the transaction, either on their own behalf or on behalf of third parties, provide notice of such to the other Statutory Auditors, stating the nature, the conditions, the origin and the extent of the interest; or
    - (2) an independent expert, appointed by the Chairperson of the Board of Directors of the Company, after consulting the Chairperson of the Board of Statutory Auditors.

- 4.4 For Significant Transactions, the Related Parties Committee shall consist of at least 3 (three) Independent and Unrelated Directors, subject to the following provisions. In the event that the aforementioned composition is not complied with for a given Significant Transaction, the following equivalent safeguards are adopted, in order:
- (i) if at least 2 (two) Independent and Unrelated Directors are in office within the Related Parties Committee for the Significant Transaction, the opinion referred to in paragraph 5.2(d) below shall be rendered by a board made up of said 2 (two) Independent and Unrelated Directors and another Independent and Unrelated Director identified by the Board of Directors of the Company;
  - (ii) if only 1 (one) Independent and Unrelated Director is in office within the Related Parties Committee for the Significant Transaction, the opinion referred to in paragraph 5.2(d) below shall be rendered by a board made up of the aforementioned Independent and Unrelated Director and two (2) other Independent and Unrelated Directors identified by the Board of Directors of the Company;
  - (iii) in the event that the safeguards referred to in points (i) and (ii) above cannot be applied, the opinion referred to in paragraph 5.2(d) below is rendered by:
    - (1) the Board of Statutory Auditors of the Company, provided that where its members have an interest in the transaction, either on their own behalf or on behalf of third parties, provide notice of such to the other Statutory Auditors, stating the nature, the conditions, the origin and the extent of the interest; or
    - (2) an independent expert, appointed by the Chairperson of the Board of Directors of the Company, after consulting the Chairperson of the Board of Statutory Auditors.

- 4.5 Resolutions relating to amendments to this Policy shall be approved subject to the favourable opinion only of the Independent Directors serving on the Related Parties Committee.

If there are not at least 3 (three) Independent Directors serving on the Related Parties Committee, resolutions relating to amendments to this Policy shall be approved subject to the favourable opinion rendered by (a) the Independent Directors (or the Independent Director) serving on the Related Parties Committee; and (b) the other Independent Director (or the other Independent Directors) identified by the Company's Board of Directors to supplement the Related Parties Committee so that the Committee shall consist of 3 (three) Independent Directors.

If the Board of Directors of the Company does not include at least 3 (three) Independent Directors, the resolutions concerning the amendments to this Policy shall be approved subject to the favourable opinion of the Independent Directors who may be present or, in their absence, subject to the non-binding opinion of an independent expert appointed by the Chairperson of the Board of Directors of the Company, after consulting the Chairperson of the Board of Statutory Auditors.

- 4.6 Minutes are taken of the meetings of the Related Parties Committee. Opinions of the Related Parties Committee pursuant to paragraphs 5.1(a) and 5.2(d) below shall be expressed in writing and shall be attached to the minutes of the meeting of the Related Parties Committee at which they are given.

## **5. GOVERNANCE OF RELATED PARTY TRANSACTIONS**

### **5.1 Less Significant Transactions**

- (a) The Board of Directors of the Company and the appointed bodies approve the Less Significant Transactions following a prior non-binding opinion from the Related Parties Committee on the interest of the Company with regard to the transaction, as well as the substantial correctness and material benefits of the conditions.
- (b) The Chairperson of the Board of Directors of the Company and the appointed bodies shall ensure that the members of the Related Parties Committee receive, in a timely manner and within the time limits set out in the Board of Directors and Committees Regulation, complete and adequate information on the Less Significant Transaction and, for Ordinary Transactions, objective evidence in this regard. Where the Less Significant Transaction falls under the competence of the Board of Directors of the Company, the Chairperson and the appointed bodies shall ensure that the same information is promptly transmitted to all Directors and to the Board of Statutory Auditors of the Company, in the manner and within the terms set out in the Board of Directors and Committees Regulation. The information to be provided includes, specifically:
- (i) the indication of the Related Party counterparty to the Related Party Transaction being evaluated, with a specific description of the nature of the connection;
  - (ii) the basis on which the Related Party Transaction being assessed qualifies as a Less Significant Transaction;
  - (iii) a description of the terms and conditions of the Related Party Transaction being assessed, the expected timing for its implementation, the related executive procedures and the procedures for determining the consideration;
  - (iv) a description of the Company's interest in carrying out the Related Party Transaction being assessed;
  - (v) an indication of the reasons for the Related Party Transaction being assessed and any risks that might arise from its execution.

Without prejudice to the aforementioned provisions, the appointed bodies shall ensure that full information on Less Significant Transactions falling within the remit of the appointed bodies is provided to all Directors, in compliance with Article 2381 of the Civil Code, as well as to the Board of Statutory Auditors of the Company, in compliance with Article 150 of the CFA.

- (c) Based on the information disclosed, if a member of the Related Parties Committee is the counterparty of the Less Significant Transaction being assessed or a Related Party of the counterparty, he or she shall promptly inform the Chairperson of the Board of Directors of the Company and the Chairperson of the Related Parties Committee so that the equivalent safeguards set out in paragraph 4.3 above may be applied.
- (d) The Related Parties Committee must provide its opinion before the definitive approval of the Less Significant Transaction by the Board of Directors of the Company where such transactions are within the scope of the latter. In the other cases, the opinion must be before the Company executes the transaction. This opinion shall be in writing and attached to the minutes of the meeting of the Related Parties Committee at which it is given.
- (e) The Related Parties Committee may be assisted by one or more independent experts at its own choice and at the Company's expense, taking into account the budget limits set for each individual transaction by the Board of Directors of the Company. The Related Parties Committee verifies in advance the independence of the experts, taking into account the reports indicated in paragraph 2.4 of Annex 4 to the Regulations.
- (f) The Board of Directors' motions relating to the approval of a Less Significant Transaction must be supported by appropriate reasoning, concerning the interest of the Company in the transaction, in addition to the benefit and substantial correctness of the relative conditions. If the transaction falls within the remit of appointed bodies, they are in any case required to provide adequate written reasons for their decisions.
- (g) Without prejudice to the provisions of Article 2391 of the Civil Code, if the Less Significant Transaction falls within the competence of the Company's Board of Directors, the Directors involved in the Transaction are required to abstain from voting on it, but may take part in the related discussion. The Directors involved in the Transaction (i) are taken into account for the purposes of determining the constitutive quorum pursuant to Article 2388, paragraph 1, of the Civil Code; and (ii) are not taken into account for the purposes of determining the deliberative quorum pursuant to Article 2388, paragraph 2, of the Civil Code.
- (h) The appointed bodies report at least on a quarterly basis to the Board of Directors and to the Company's Board of Statutory Auditors on the execution of Less Significant Transactions.
- (i) Notwithstanding the communication obligations established by Article 17 of Regulation (EC) No. 596/2014, within 15 (fifteen) days from the closing of each quarter the Company makes available to the public at its registered office and in the manners established by Part III, Section II, Heading I of the Issuers' Regulation in addition to on its website, a document containing an indication of the counterparty, the subject and the consideration concerning the Less Significant Transactions approved in the quarter upon which the Related Parties Committee expressed a negative opinion, in addition to the reasons for which it was decided not to act upon this opinion. The negative opinions of the Related Parties Committee are attached to this document.
- (j) The Company shall ensure the timely fulfilment of all public disclosure obligations in relation

to Less Significant Transactions provided for by the Regulation, Regulation (EU) No. 596/2014, and any additional legal and regulatory provisions in force and applicable at the time.

## 5.2 Significant Transactions

- (a) The approval of Significant Transactions is exclusively within the scope of the Board of Directors.
- (b) The appointed bodies ensure that the Related Parties Committee is promptly involved in both the negotiating and preliminary stages, through the receipt of complete, adequate and up-to-date information concerning the Significant Transaction, in compliance with paragraph 5.1(b) (point one) above. The Related Parties Committee may also be involved in the negotiation and preparatory phases, requesting information and drawing up observations for the appointed boards and the party appointed to undertake negotiations or preliminary activities. The Related Parties Committee may delegate to one or two of its members for these purposes.
- (c) Paragraphs 5.1(b)(first, second and third points), 5.1(c), 5.1(d)(first and third points), 5.1(e), 5.1(f)(first point) and 5.1(g) above shall apply *mutatis mutandis* to Significant Transactions.
- (d) The Board of Directors of the Company approves Significant Transactions following the favourable reasoned opinion of the Related Parties Committee on the Company's interest in executing the Transaction and the reasons why the relative terms and conditions are advantageous and substantively fair.
- (e) The Board of Directors of the Company may approve a Significant Transaction, even following a negative opinion from the Related Parties Committee, if:
  - (i) where allowed by the Company's By-Laws, the Ordinary Shareholders' Meeting has previously authorised the transaction;
  - (ii) where Unrelated Shareholders attending the Shareholders' Meeting at the time of voting represent more than 10% (ten per cent) of the share capital with voting rights, the majority of Unrelated Shareholders do not vote against the transaction.
- (f) The Company shall ensure the timely fulfilment of all public disclosure obligations in relation to Significant Transactions provided for by the Regulation, Regulation (EU) No. 596/2014, and any additional legal and regulatory provisions in force and applicable at the time.
- (g) If a Significant Transaction is considered an Ordinary Transaction according to this Policy, the Company:
  - (i) shall communicate to Consob, the Directors and the Related Parties

Committee, within the deadline indicated in Article 5, paragraph 3 of the Regulation, the counterparty, the subject and the consideration of the transactions that have benefited from the exclusion referred to in paragraph 3.2(c) above, in addition to the reasons why the transaction is considered an Ordinary Transaction, providing objective evidence of this;

- (ii) shall indicate in the interim report and the Annual Directors' Report, within the disclosure required by Article 5, paragraph 8 of the Regulation, which of the transactions within this latter provision were concluded using the exclusions established as per paragraph 3.2(c) above.

### 5.3 **Transactions subject to Shareholders' Meeting approval**

- (a) Outside of the cases established by paragraph 5.2(e) above, and that set out by point 5.3(b) below, where a Less Significant Transaction or a Significant Transaction is within the remit of the Shareholders' Meeting, or must be authorised by this latter, the provisions of Articles 5.1 and 5.2 above are applied in relation to the approval – by the Board of Directors of the Company – of the motion to be submitted to the Shareholders' Meeting.
- (b) Proposals concerning Significant Transactions may be approved also following a negative opinion from the Independent Directors. In this case, the Board of Directors of the Company will not implement the Shareholders' Meeting motions and will not complete the necessary deeds authorised by this latter where the Unrelated Shareholders which attend the Shareholders' Meeting at the time of voting represent more than 10% (ten per cent) of the share capital with voting rights and the majority of voting Unrelated Shareholders oppose the Board of Directors' proposal.

### 5.4 **Framework resolutions**

- (a) The Company's Board of Directors may approve, in a single motion, a series of similar Related Party Transactions with the same Related Party or with certain categories of Related Parties.
- (b) In the case indicated at paragraph 5.4(a) above and notwithstanding the previous Article 3:
  - (i) the provisions of Articles 5.1 and 5.2 apply to the framework resolutions of the Board of Directors on the basis of the expected maximum amount of the constituent Related Party Transactions, considered cumulatively;
  - (ii) the provisions of Articles 5.1 and 5.2 above do not apply to individual Related Party Transactions undertaken in execution of a Board of Directors framework motion, unless the framework motion:
    - (1) is effective for a period not exceeding 1 (one) year;

- (2) refers to sufficiently defined Related Party Transactions;
- (3) indicates the expected maximum amount of the transactions which, in the effective period of the motion, may be carried out;
- (4) contains an adequate illustration of the conditions of the transactions;
- (iii) on a quarterly basis, the Chairperson or the appointed bodies shall inform the Board of Directors of the Company on the implementation of the framework motions;
- (iv) where the expected maximum number of Related Party Transactions concluded in execution of the Board of Directors' framework motion exceeds the significance threshold established for the definition of "Significant Transactions" contained in Article 2 above, upon the approval of the framework motion the Company shall make available to the public, at its registered offices and in the manners indicated by Part III, Section II, Heading I of the Issuers' Regulation, a disclosure document prepared in compliance with Article 5 of the Regulation and Annex 4 of the Regulation

## **6. RELATED PARTY TRANSACTIONS CARRIED OUT BY SUBSIDIARIES**

- 6.1 Without prejudice to the exemptions referred to in Article 3 above, the Policy also applies to Related Party Transactions in which Subsidiaries are parties and which are subject to prior examination by the Board of Directors of the Company or by a Senior Executive that concludes with the formal approval of the transaction concerned or with the issue of an opinion, including a non-binding one, addressed to the corporate bodies of Subsidiaries with the power to resolve or decide on the transaction concerned in compliance with the regulatory provisions applicable to such Subsidiaries. The procedure provided for Significant Transactions pursuant to paragraph 5.2 above, or the procedure provided for Less Significant Transactions pursuant to paragraph 5.1 above shall apply to these transactions, based on the parameters calculated in accordance with paragraph 2.1 above.
- 6.2 The opinion of the Related Parties Committee pursuant to paragraph 5.2(d) above or paragraph 5.1(a) above, as appropriate, in relation to the transactions referred to in this Article 6, must be rendered before the Board of Directors of the Company approves the transaction or renders its opinion (including a non-binding opinion) pursuant to paragraph 6.1 above.
- 6.3 In order to implement the provisions of paragraphs 6.1 and 6.2, the Subsidiary Companies inform the appointed bodies of the Company in a timely manner of the Related Party Transactions which they intend to approve, sending the information and necessary documentation to ensure the implementation of this Policy.

## **7. URGENT TRANSACTIONS**

- 7.1 In cases of urgency (other than those related to a corporate crisis situation), where expressly allowed by the Company's By-Laws, Related Party Transactions that are not attributed by law or by the Company's By-Laws to the remit of the Company's Shareholders' Meeting (or which are not submitted for the approval of the same), may be concluded by the Board of Directors of the Company or by the competent appointed body, as an exception to the provisions of Articles 7 and 8 of the Regulation, without prejudice to the disclosure requirements set out in Article 5 of the Regulation and to the fact that the Board of Directors of the Company retains the power to resolve on Significant Transactions pursuant to Article 8, paragraph 1, letter (a) of the Regulation and paragraph 5.2(a) above - on condition that:
- (a) if the Related Party Transaction to be carried out falls within the remit of Directors with specific powers or of the Executive Committee (if appointed), the Chairperson of the Board of Directors of the Company shall be promptly informed of the reasons for the urgency and, in any case, before the Related Party Transaction is carried out;
  - (b) these Related Party Transactions are subsequently, without prejudice to their effectiveness, subject to non-binding resolution of the first valid ordinary Shareholders' Meeting;
  - (c) the Board of Directors of the Company, when calling the Meeting referred to in letter (b) above, prepares a report containing a detailed indication of the reasons for the urgency. The Board of Statutory Auditors reports to the Shareholders' Meeting referred to in letter (b) above its assessments with regards to the justification for urgency;
  - (d) the report and the assessments as per letter (c) above shall be made available to the public no later than 21 (twenty-one) calendar days prior to the date set for the Shareholders' Meeting to be held at the Company's registered office and in the form and manner set out in Part III, Section II, Heading I of the Issuers' Regulation.
  - (e) by the calendar day immediately following the Shareholders' Meeting as per letter (b) above, the Company shall make available to the public, in the form and manner set out in Part III, Section II, Heading I of the Issuers' Regulations, details on the voting and particularly the number of total votes cast by Unrelated Shareholders.

## **8. IDENTIFICATION OF SENIOR EXECUTIVES**

- 8.1 Senior Executives are identified by the Company's Board of Directors, with the support of the Company's appointed bodies, based on the Group's organisational chart, in accordance with this Policy.
- 8.2 The list of Senior Executives is revised by the Board of Directors of the Company wherever considered necessary on the basis of information received from the appointed bodies of the Company, as per this Policy.

## **9. GENERAL PROVISIONS**

### **9.1 Amendments to this Policy**

- (a) Amendments to this Policy shall be approved by the Board of Directors of the Company subject to the approval of the Related Parties Committee in accordance with the provisions of paragraph 4.5 above.
- (b) The Board of Directors of the Company will periodically evaluate – at least annually – the necessity to introduce amendments and integrations to this Policy, taking account of any legislative and regulatory changes and of generally accepted practices, in addition to any future changes in the Company and/or Group’s organisational structure.
- (c) The Committee may also propose changes to this Policy to the Board of Directors of the Company.
- (d) The Chief Executive Officer of the Company, subject to the favourable opinion of the Related Parties Committee in accordance with the provisions of paragraph 4.5 above, is authorised to make any amendment to this Policy of a purely formal nature and which does not substantially alter the content of the Policy itself, subsequently informing the Board of Directors of the Company at the first useful meeting of that body.
- (e) The Executive Officer for Financial Reporting monitors the continuing adequacy of the materiality thresholds referred to in this Policy, reporting on this matter to the Chairperson of the Board of Directors of the Company and to the Control and Risk Committee.

### **9.2 Sharing of information**

- (a) Individuals responsible for initiating a transaction must first ascertain:
  - (i) whether the counterparty to the transaction is a Related Party;
  - (ii) whether the transaction falls within the scope of application of the Policy following the operating procedures defined by the Company;
  - (iii) for Related Party Transactions with or between Subsidiaries, also jointly, in addition to those with Associated Companies, whether the other Related Parties of the Company hold Significant Interests in the Subsidiaries or the Associated Companies involved in the transaction; and
  - (iv) if the counterparty to the transaction is a trust company or is under the Control of a trust company, the identity of the beneficiary of the transaction and, in particular, whether such beneficiary is a Related Party.
- (b) The appointed bodies of the Company, possibly in consultation with the Chairperson of the Related Parties Committee, assess whether the proposed transaction falls within Significant Transactions or Less Significant Transactions, based on the parameters

calculated pursuant to paragraph 2.1 above.

- (c) The Related Parties of the Company communicate in a timely manner to the Executive Officer for Financial Reporting the necessary information to enable the Company to fulfil the obligations established by the Regulation and by this Policy.
- (d) The Chairperson and the appointed bodies ensure that all Related Party Transactions approved in accordance with the Regulation and this Policy are communicated in a timely manner to the Executive Officer for Financial Reporting, in order to ensure fulfilment of the disclosure obligations as per Article 154-*bis* of the CFA.

### 9.3 Provisions as per Articles 2497-*ter* and 2391 of the Civil Code

- (a) The application of the Regulation and the Policy does not impact that established by:
  - (i) Article 2497-*ter* of the Civil Code; therefore, where the Company is subject to direction and coordination, the motions affected by these activities must be properly reasoned and provide precise indication of the motives and the interests contributing to the decision. This is adequately outlined in the report as per Article 2428 of the Civil Code; and
  - (ii) Article 2391 of the Civil Code; therefore, the Directors with an interest, also potential or indirect, in a Related Party Transaction must promptly inform the Company's Board of Directors, stating the nature, terms, origin, and extent of the interest. Where a Related Party Transaction falls within the scope of an Executive Director and this latter has an interest in the transaction, they must abstain from its execution, referring it to the Board of Directors.