

Euronext Growth Milan

# **PROVISIONS ON RELATED PARTY TRANSACTIONS**

25 OCTOBER 2021

*The Italian text of these Rules shall prevail over the English version*



**BORSA ITALIANA**

## Provisions on Related Party Transactions

These provisions set out principles that Euronext Growth Milan/MAC companies shall comply with, pursuant to article 13 of Rules for Companies.

### Definizioni

1. In Euronext Growth Milan Rules for Companies, the terms:

a) "related parties" and "related party transactions": those parties and transactions defined as such in Annex 1;

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*In force as of 1<sup>st</sup> July 2022*

a) "related parties" and "related party transactions": those parties and transactions defined **by the international accounting standards adopted in accordance with the procedure laid down in Article 6 of Regulation (EC) No 1606/2002<sup>1</sup> as such in Annex 1**;

b) "transactions of greater importance": transactions with related parties identified as such pursuant to Article 1, paragraph 1, letter a);

c) "transactions of lesser importance": transactions with related parties other than transactions of greater importance and transactions for smaller amounts pursuant to Article 7;

d) "regular transactions": transactions carried out in the course of the regular business and related financial activities;

e) "market or standard equivalent terms": terms similar to those usually charged to unrelated parties for transactions of a corresponding nature, extent and risk, or based on regulated rates or at fixed prices or those charged to persons with which the issuer is obligated by law to contract at a certain price;

f) "independent directors", "independent management directors" and "independent supervisory directors": directors and managing directors who satisfy the independence requirements pursuant to Article 148, paragraph 3 of the Consolidated Law of Finance and any additional requirements identified in the procedures laid down by Article 1, or industry regulations that may apply because of the company's business;

g) "unrelated directors": directors other than the counterparty of a particular transaction and its related parties;

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<sup>1</sup> For the definitions of "related parties" and "related party transactions", see the Appendix to the RPT Regulation, as amended by Consob Resolution 21624 of 10 December 2020.

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*In force as of 1<sup>st</sup> July 2022*

g) "unrelated directors": directors other than the counterparty of a particular transaction and **its the related parties of the counterparty**;

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

## Article 1

### Implementation of procedures

1. The boards of directors shall adopt, in accordance with principles laid down in these provisions as specified in this regulation, the necessary procedures to ensure transparency and substantial and procedural fairness of related party transactions. In particular, these procedures shall:

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*In force as of 1<sup>st</sup> July 2022*

**a) identify the transactions of greater importance to include at least those that exceed the thresholds in Annex 1 2 in respect of which the board of directors retains the power to take decisions, as well as transactions for smaller amounts, setting different criteria for the latter, taking into account at least the nature of the counterparty;**

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- a) identify the transactions of greater importance to include at least those that exceed the thresholds in Annex 2;
  - b) identify the exemption cases provided for in Articles 7 and 8 to which the companies may resource;
  - c) identify, for the purposes of this Provisions, the independence requirements for directors, in accordance with letter f) of the definitions;
  - d) establish the manner whereby related party transactions are managed and approved and identify rules with regard to cases in which the company shall review or approve the transactions of subsidiaries, Italian or foreign;
  - e) establish procedures and deadlines for providing information on transactions, and referring documentation, to directors advising on transactions with related parties as well as to the management and supervisory bodies, before deliberations, during and after the execution thereof;
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*In force as of the 1<sup>st</sup> July 2022*

**f) establish the procedures and time limits according to which directors who express opinions on related party transactions:**

**i) receive information regarding the application of the cases of exemption identified pursuant to letter b) of this paragraph, at least with regard to**

**transactions of greater importance. This information shall be provided on at least an annual basis;**

**ii) verify the correct application of the exemption conditions to transactions of greater importance defined as ordinary and concluded at market or standard conditions, communicated to them pursuant to Article 7, paragraph 3, letter c).**

2. Companies shall assess whether to apply, in whole or in part, these provisions also to entities other than the related parties, taking account in particular of holdings structure, of any contractual or statutory obligations relevant to Article 2359, paragraph 1, No. 3), or Article 2497-septies of the Italian Civil Code and to the applicable industry regulations for related party transactions.

3. Resolutions on the procedures and any amendments thereto shall be adopted following the favorable opinion of a committee, even specially formed, composed entirely of independent directors. If less than three independent directors are in charge, the resolutions shall be adopted following the favorable opinion of the existing independent directors or, in their absence, after the non-binding opinion of an independent expert.

4. When defining the procedures, boards of directors shall identify which rules require amendments to the bylaws and shall decide in accordance with paragraph 3 the proposals to be submitted to the shareholders' meeting.

5. The supervisory body will ensure that the procedures are compliant with the principles set out in these provisions and that they are observed and report to the shareholders' meeting pursuant Article 2429, second paragraph, of the Italian Civil Code.

6. The procedures and amendments thereto shall be published without delay on the company website, without prejudice of the requirement of publicity, including reference to that site in its annual report on operations.

## Article 2

### Public Information on Related Party Transactions

1. In the event of transactions of greater importance, including those carried out by Italian or foreign subsidiaries, the company shall provide an information document prepared in accordance with Annex 3.

2. Companies shall prepare the information document stated in paragraph 1 even if, during the financial year, they conclude, with the same related party or persons related to the latter and to the company itself, transactions that are similar to each other or executed under the same plan and which would not qualify their self as transactions of greater importance but, if considered cumulatively, they exceed the thresholds of significance identified in accordance with Article 1, paragraph 1, letter a). Operations carried out by Italian and foreign subsidiaries shall be deemed relevant for the purposes of this paragraph with the exception of those eventually excluded pursuant to Articles 7 and 8.

3. Without prejudice of article 17 of Regulation EU no. 596/2014, the information document referred to in paragraph 1 shall be made available to the public, at company registered office and in the way described in Article 17 of the Rules for Companies, no later than seven days after approval of the transaction by the competent body or, if the competent body resolves to submit a contractual proposal, after the moment such contract, even if it is preliminary, is agreed according to the applicable rules. As regards matter of shareholders' meeting competence or subject to shareholders' authorization, the same information document shall be made available no later than seven days after the proposal is submitted for authorization to the shareholders' meeting has been approved.

4. Should the significant reporting threshold be exceeded by a combination of transactions envisaged in paragraph 2, the information document shall be made available to the public no later than fifteen days after the approval of the transaction or after the conclusion of the contract leading to the breach of the significant reporting threshold. In this case the information document shall contain information, also on an aggregate basis for similar transactions, on all transactions take in to account. Should transactions exceeding the significant reporting threshold be carried out by subsidiaries, the information document shall be made available to the public no later than fifteen days after the time when the company liable for the preparation of that document became aware of the transaction approval or the conclusion of the contract leading to the relevant event. The company required to prepare this document shall take all necessary steps to ensure subsidiaries provide the information required for the preparation of the document.

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*In force as of 1<sup>st</sup> July 2022*

*5. Under the terms envisaged in paragraph 3 and 4, as an attachment to the information document referred to in paragraph 1 or on the web site, companies shall disclose any opinions issued by independent directors and independent experts **and opinions issued by experts classified as independent that may have been used by the board of directors.** With reference to **the aforementioned** independent expert opinions, companies shall publish only the elements indicated in Annex 2 3, justifying such decision.*

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5. Under the terms envisaged in paragraph 3 and 4, as an attachment to the information document referred to in paragraph 1 or on the web site, companies shall disclose any opinions issued by independent directors and independent experts. With reference to independent expert opinions, companies shall publish only the elements indicated in Annex 3, justifying such decision.

6. If, in relation to operation of greater importance, the company is required to prepare an information document pursuant to article 12, 14 and 15 of Rules for Companies, the company shall be allowed to publish a single document containing the information required in paragraph 1 and in the mentioned articles 12, 14 and 15. In this case, the document shall be made available to the public at the registered office and in the manner described in article 17 Rules for Companies, within the shortest period envisaged by all applicable provisions. The companies, publishing the information mentioned in this paragraph in a separate document, may incorporate by reference the information previously published.

## Article 3

### Related Party Transactions and disclosure requirements

*In force as of 1<sup>st</sup> July 2022*

1. Should a transaction with related Parties be **disclosed** ~~subject also to disclosure requirements pursuant to~~ **by publication of a notification in accordance with Article 17 of Regulation EU no. 596/2014, the communication to be distributed to the public that notification** shall contain, in addition to other information to be published pursuant to that rule, the following information:

a) **the description of the transaction** and an indication that the counterparty to the transaction is a related party and the description of the nature of the relationship;

1. Should a transaction with related Parties be subject also to disclosure requirements pursuant to Article 17 of Regulation EU no. 596/2014, the communication to be distributed to the public shall contain, in addition to other information to be published pursuant to that rule, the following information:

a) an indication that the counterparty to the transaction is a related party and the description of the nature of the relationship;

b) the legal or commercial name of the counterparty to the transaction;

c) whether the transaction exceeds or not the significant reporting threshold established under Article 1, paragraph 1, letter a), and the indication of the possible subsequent publication of written information pursuant to Article 2;

d) the procedure which has been or shall be followed for the transaction approval and, in particular, whether the company has used a case of exclusion set forth in Articles 7 and 8;

e) any approval of the transaction despite the contrary opinion of the independent directors.

## Article 4

### Procedures for Related Party Transactions

1. With respect to related party transactions the procedures shall at least foresee:

*In force as of the 1<sup>st</sup> July 2022*

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

b) the ability of the committee to request the assistance, at the expense of company, to one or more independent experts of its choice. **The committee shall first verify**

## **the independence of the experts taking into account the reports mentioned in paragraph 2.4 of Annex 2;**

- a) that, before transaction approval, a committee, also specially formed, composed exclusively of unrelated, non-executive directors, mostly independent, expresses a reasoned and not binding opinion on the interest of the company in the completion of the transaction and the convenience and substantial correctness of the agreed terms and conditions;
- b) the ability of the committee to request the assistance, at the expense of company, to one or more independent experts of its choice;
- c) that, the body responsible to approve the transaction and the committee indicated in letter a) above is provided with full and appropriate information in advance. Should the transaction terms be found equivalent to market or standard terms, the documentation prepared shall include objective elements of comparison;
- d) that, whenever at least two unrelated and independent directors are not available, specific internal controls equivalent to those set forth in paragraph a) shall be established, to protect the substantial correctness of the transaction;
- e) that, where applicable, the approval resolution minutes shall mention adequate reasons with regard to the interest of the company in the completion of the operation and the convenience and substantial correctness of its terms and conditions;
- f) full disclosure, at least on a quarterly basis, to the board of directors and to the board of statutory auditors on the execution of transactions;
- g) that, without prejudice to the application of Article 17 of Regulation EU no. 596/2014, is made available to the public, no later than fifteen days after the end of each quarter, at the registered office and in the way set out in Article 17 of Rules for Companies, a document containing an indication of the counterparty, of the object and the consideration of the transactions approved in the reference quarter in the presence of a negative opinion pursuant to paragraph a) above and the reasons why it was deemed suitable not to share that opinion. In the same period, the opinion shall be made available to the public attached to the information document or on the website of the company.

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

## Article 5

### Transactions requiring shareholders' meeting approval

1. For transactions with related parties requiring the authorization of the shareholders' meeting, in the preliminary, inquiry or approval stages of proposed resolution to be submitted to the shareholders' meeting, the procedures shall foresee provisions pursuant to Article 4.

2. If, in connection with a transaction of greater importance, the proposed resolutions to be submitted to be shareholders' meeting is approved with the contrary view of the Independent Directors, the procedures, without prejudice to the application of Articles 2368, 2369 and 2373 of the Italian Civil Code and of the statutory provisions as required by law, shall foresee provisions designed to prevent the completion of the



transaction whenever the majority of unrelated voting shareholders shall vote against the operation. The procedures may foresee that the completion of the transaction is prevented only if the unrelated shareholders present at the meeting represent at least a certain percentage of share capital with voting rights, albeit under no circumstances exceeding ten percent.

3. Should there be relevant updates the information document published pursuant to Article 2, the company, no later than twenty-one days before the shareholders' meeting, shall make available to the public at the registered office and according to Article 17 of the Rules for Companies, a new version of the document. Companies may incorporate by reference information previously published.

4. Where expressly provided in the bylaws, procedures may foresee that, in case of emergency situations related to corporate crisis, without prejudice to the application of Article 2, where applicable, transactions with related parties shall be concluded notwithstanding the provisions of paragraphs 1, provided that the shareholders' meeting is convened pursuant to Article 7, paragraph 6, letters c) and d). Should the assessments of the supervisory body pursuant to Article 7, paragraph 6, letter c) be negative, the shareholders' meeting shall decide pursuant paragraph 3; otherwise, Article 7, paragraph 6, letter e) shall apply.

## Article 6

### Framework resolutions

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

- a) provisions pursuant to Articles 4;
- b) framework-resolutions shall not be effective for more than a year and shall refer to sufficiently determined transactions, reporting at least the foreseeable maximum amount of transactions to be performed during the reporting period and the reasons for the foreseeable terms;
- c) full disclosure to the board of directors, at least on a quarterly basis, on the implementation of the framework-resolutions.

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

3. Provisions envisaged in Articles 4 shall not apply to individual transactions completed in the implementation of framework-resolutions. Transactions completed in implementation of a framework-resolution described in an information document published pursuant to paragraph 2 shall not be counted for the purpose of aggregation set forth in Article 2, paragraph 2.



## Article 7

### Cases and power exclusion

*In force as of the 1<sup>st</sup> July 2022*

**1-bis. The provisions of these rules shall not apply to transactions approved by companies and addressed to all shareholders on equal terms, including:**

**a) rights issues, also to service convertible bonds, and bonus issues envisaged by Article 2442 of the Italian Civil Code**

**b) full or partial demergers in the strict sense, with proportional allocation of shares;**

**c) reductions of share capital by means of reimbursement to shareholders pursuant to Article 2445 of the Italian Civil Code and purchases of own shares pursuant to Article 132 of the Consolidated Law on Finance.**

~~2. Procedures may define criteria for identifying transactions for smaller amounts to which the Provisions shall not apply.~~ **The provisions of these rules do not apply to transactions for smaller amounts identified by companies in accordance with Article 1 letter a).**

1. These Provisions shall not apply to the shareholders' meeting resolutions pursuant to Article 2389, first paragraph, of the Italian Civil Code, relating to fees payable to members of the board of directors and executive committee, nor to the resolutions relating to remuneration of directors holding particular office within the amount determined in advance by the shareholders' meeting pursuant to Article 2389, third paragraph, of the Italian Civil Code. Furthermore, the provisions of this regulation shall not apply to shareholders' meeting resolutions pursuant to Article 2402 of the Italian Civil Code in relation to remuneration for members of the board of statutory auditors.

2. Procedures may define criteria for identifying transactions for smaller amounts to which the Provisions shall not apply.

*In force as of the 1<sup>st</sup> July 2022*

~~3. Procedures may exclude, in whole or in part, from these Provisions:~~

**a) remuneration plans based on financial instruments approved by the shareholders' meeting, provided that the disclosure regime provided for in Article 114-bis of the TUF has been voluntarily complied with;**

~~a b) resolutions in relation to remuneration for directors and board members holding special office, together with remuneration for other managers with strategic responsibilities, provided that:~~

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

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

~~iii) has been submitted for approval or advisory vote of the shareholders' meeting a report setting out the remuneration policy;~~

*iii) the remuneration awarded is ~~consistent~~ **identified in accordance with this policy and quantified based on criteria that do not involve discretionary judgements;***

*b) ~~c) regular transactions completed in market-equivalent or standard terms. In case of exception to the disclosure requirements, established for transactions of greater relevance, set forth in Article 2, paragraphs 1 to 6, and without prejudice to the application of Article 17 of Regulation EU no. 596/2014, companies shall indicate in directors' report the counterparties, subject and consideration of the transactions of greater relevance concluded in the year based on the exclusion provided in this paragraph as well as the reasons why the transaction is considered to be ordinary and undertaken at conditions equivalent to market or standard conditions, providing objective elements of verification. Companies shall also communicate the above information within the time limit laid down in Article 2 paragraph 3 to the independent directors who express opinions on related party transactions;~~*

3. Procedures may exclude, in whole or in part, from these Provisions:

a) resolutions in relation to remuneration for directors and board members holding special office, together with remuneration for other managers with strategic responsibilities, provided that 11:

i) the company has adopted a remuneration policy;

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

iii) has been submitted for approval or advisory vote of the shareholders' meeting a report setting out the remuneration policy;

iv) the remuneration awarded is consistent with this policy;

b) regular transactions completed in market-equivalent or standard terms. In case of exception to the disclosure requirements, established for transactions of greater relevance, set forth in Article 2, paragraphs 1 to 6, and without prejudice to the application of Article 17 of Regulation EU no. 596/2014, companies shall indicate in and annual report, which of the transactions subject to disclosure requirements specified in that provision been concluded based on the exclusion provided in this paragraph;

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

4. These Provisions, without prejudice to the application Article 2, shall not apply to transactions for stabilization purposes required by the supervisory Authorities, or on the basis of dispositions issued by the parent undertaking for the execution of instructions issued by the supervisory authority in the interest of the group stability.

5. Without prejudice to the application of Article 2, for related party transactions subject to applicable provisions in Article 136 of Legislative Decree no. 385 of 1 September 1993, the company, in establishing the procedures, shall not apply the provisions regarding independent opinions and experts under Article 4, paragraph 1, letters a) b) d) and g)

6. In cases where transactions shall not be pass through shareholders' meeting, procedures may foresee, if it is expressly provided by the bylaws, that in case of emergency, without prejudice to the application of Article 2, where applicable, that

transactions with related parties are concluded by derogation of Articles 4, provided that:

- a) for transactions falling under the responsibility of a managing director or the executive committee, the chairman of the board of directors is informed of the reasons of urgency prior to closing the transaction;
- b) these transactions are subsequently, without prejudice to their effectiveness, subject to non-binding resolution of the first valid ordinary shareholders' meeting;
- c) the body which convenes the shareholders' meeting prepares a report containing an adequate justification of the reasons for urgency. The supervisory body reports to the shareholders' meeting its assessment on the existence of the reasons for urgency;
- d) the report and the assessments referred to in letter c) are made available to the public at least twenty-one days before the date fixed for the meeting at the registered office and according to article. These documents may be contained in the disclosure document referred to in Article 2, paragraph 1;
- e) within the day immediately after the shareholders' meeting the company shall make available to the public according to 17 of Rules for Companies the voting results, in particular with regard to the number of total votes cast by unrelated shareholders.

## Article 8

### Management e coordination, subsidiaries and associated companies

1. If the company is subject to management and coordination, for transactions with related parties, the opinions provided pursuant to Articles 4 shall timely indicate the reasons and the convenience of these transactions, where appropriate, in light the overall result of the supervision and coordination of transactions that is designed to fully eliminate the damage resulting from an individual related party transaction.

2. Procedures may foresee that these Provisions shall not apply, in whole or in part, to transactions with or between subsidiaries, or jointly, as well as to transactions with associated companies, if its subsidiaries or associated counterparties no interests exist, which may qualify as significant under the criteria established in Article 1, by other related parties of the company. It shall not be considered as significant interests those derived from the mere sharing of one or more directors or other managers with strategic responsibilities between the company and its subsidiaries or associated companies.

## Article 9

### Final dispositions

1. If the company is an issuer with widely distributed shares, Consob Regulation n. 17221 regarding related party transactions shall apply, pursuant to article 2391-bis of Italian Civil Code. In this case, it is reminded that reporting obligation towards Consob shall apply (e.g. article 13, paragraph 3, letter c), point (i) of Consob Regulation n. 17221).

2. In any case, disclosure obligation provided by article 17 shall apply as well as all other disclosure obligation on companies transaction referred in article 12 and sbq. of Rules for the Companies.

In force as of the 1<sup>st</sup> July 2022

## ~~Annex 1~~

### ~~DEFINITIONS OF RELATED PARTIES AND RELATED PARTY TRANSACTIONS AND FUNCTIONAL DEFINITIONS THEREOF~~

#### ~~1. Definitions of related parties and transactions with related parties~~

~~For the purposes of these Provisions the following definitions shall apply:~~

##### ~~Related parties~~

~~An entity is a related party to a company if:~~

~~(a) directly or indirectly related, through subsidiaries, trustees or an intermediary;~~

~~(i) controls the company, is controlled by, or is under common control;~~

~~(ii) holds a stake in the company to exert significant influence over the entity;~~

~~(iii) exercises control over the company jointly with others;~~

~~(b) is an associate of the company;~~

~~(c) is a joint venture in which the company is a participant;~~

~~(d) is one of the key management personnel of the company or its parent;~~

~~(e) is a close relative of a person referred to in letters (a) or (d);~~

~~(f) is an entity in which a person referred to in letters (d) or (e) exercises control, joint control or significant influence or owns, directly or indirectly, a significant portion, but not less than 20 % of voting rights;~~

~~(g) is a supplementary pension fund, collective or individual, Italian or foreign, established for the employees of the company, or any other entity associated with it.~~

##### ~~Transactions with related parties~~

~~A related party transaction shall be understood as any transfer of resources, services or obligations between related parties, regardless of whether for valuable consideration.~~

~~Be deemed to be included:~~

~~– merger transactions, spin-off by incorporation or strictly non proportional spin-off, if carried out with related parties;~~

~~– any decision on the allocation of wages and economic benefits, in whatever form, for members of the administrative and control bodies and management personnel with strategic responsibilities.~~

#### ~~2. Functional definitions to those of "related parties" and "transactions with related parties"~~

~~For the purposes of the definitions above the notions of "control", "joint control", "significant influence", "close family", "management personnel", "subsidiary", "related company" and "joint venture" are following.~~

##### ~~Control and joint control~~

~~Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.~~

~~It is assumed that control exists when a person owns, directly or indirectly through subsidiaries, more than half of the voting rights of an entity unless, in exceptional cases, it can be clearly demonstrated that such ownership does not constitute control.~~

Control also exists when a person owns half or less of the voting rights exercisable at shareholders' meeting if they have:

(a) control of more than half of the voting rights by virtue of agreement with other investors;

(b) the power to govern the financial and operating policies of the entity under a statute or agreement;

(c) the power to appoint or remove the majority of the members of the board of directors or equivalent body of corporate governance, and control of the entity held by that board or body;

(d) the power to cast the majority of the voting rights at meetings of the board of directors or equivalent body for corporate governance, and control of the entity held by that board or body.

Joint control is the contractually agreed sharing of control over any economic activity.

### **Significant influence**

Significant influence is the power to participate in the determination of financial and operating policies of an entity without having control. Significant influence may be gained through share ownership, statute provisions or agreements.

If a person owns, directly or indirectly (e.g. through subsidiaries), 20% or more of the voting power of the investee, it is presumed to have significant influence, unless it can be clearly demonstrated otherwise. Conversely, if the person owns, directly or indirectly (e.g. through subsidiaries), less than 20% of the voting power of the investee, it is presumed that the investor has significant influence, unless such influence can not be clearly demonstrated. The presence of a person in possession of absolute or relative majority of voting rights does not necessarily preclude another person from having significant influence.

The existence of significant influence is usually evidenced in one or more of the following circumstances:

(a) representation on the board of directors or equivalent governing body of the investee;

(b) participation in decision making, including participation in decisions about the dividend or other distribution of profits;

(c) the presence of significant transactions between the investor and the investee;

(d) exchange of managerial personnel;

(e) the provision of essential technical information.

### **Key management personnel**

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

### **Close relatives**

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

They may include:

(a) the spouse not legally separated and unmarried;

(b) the children and dependants of the subject, not legally separated spouse or partner.

### **Subsidiary company**

A subsidiary company is an entity, even without legal personality, as in the case of a partnership, controlled by another entity.

**Associated company**

*An associated company is an entity, even without legal personality, as in the case of a partnership, in which a shareholder exercises significant influence but not control or joint control.*

**Joint venture**

*A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity subject to joint control.*

**Principles of interpretation of the definitions**

*3.1 In considering each possible related party relationship, attention is directed to the substance of the relationship and not merely its legal form.*

*3.2 The interpretation of the definitions above is accomplished by referring to the set of international accounting standards adopted by the procedure laid down in Article 6 of Regulation (EC) No. 1606/2002. 3.*

## Annex 1

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

**1. Definitions of related parties and transactions with related parties**

For the purposes of these Provisions the following definitions shall apply:

**Related parties**

An entity is a related party to a company if:

- (a) directly or indirectly related, through subsidiaries, trustees or an intermediary:
  - (i) controls the company, is controlled by, or is under common control;
  - (ii) holds a stake in the company to exert significant influence over the entity;
  - (iii) exercises control over the company jointly with others;
- (b) is an associate of the company;
- (c) is a joint venture in which the company is a participant;
- (d) is one of the key management personnel of the company or its parent;
- (e) is a close relative of a person referred to in letters (a) or (d);
- (f) is an entity in which a person referred to in letters (d) or (e) exercises control, joint control or significant influence or owns, directly or indirectly, a significant portion, but not less than 20 % of voting rights;
- (g) is a supplementary pension fund, collective or individual, Italian or foreign, established for the employees of the company, or any other entity associated with it.

**Transactions with related parties**

A related party transaction shall be understood as any transfer of resources, services or obligations between related parties, regardless of whether for valuable consideration.

Be deemed to be included:

- merger transactions, spin-off by incorporation or strictly non-proportional spin-off, if carried out with related parties;



- any decision on the allocation of wages and economic benefits, in whatever form, for members of the administrative and control bodies and management personnel with strategic responsibilities.

## **2. Functional definitions to those of "related parties" and "transactions with related parties"**

For the purposes of the definitions above the notions of "control", "joint control", "significant influence", "close family", "management personnel", "subsidiary", "related company" and "joint venture" are following.

### **Control and joint control**

Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

It is assumed that control exists when a person owns, directly or indirectly through subsidiaries, more than half of the voting rights of an entity unless, in exceptional cases, it can be clearly demonstrated that such ownership does not constitute control. Control also exists when a person owns half or less of the voting rights exercisable at shareholders' meeting if they have:

- (a) control of more than half of the voting rights by virtue of agreement with other investors;
- (b) the power to govern the financial and operating policies of the entity under a statute or agreement;
- (c) the power to appoint or remove the majority of the members of the board of directors or equivalent body of corporate governance, and control of the entity held by that board or body;
- (d) the power to cast the majority of the voting rights at meetings of the board of directors or equivalent body for corporate governance, and control of the entity held by that board or body.

Joint control is the contractually agreed sharing of control over any economic activity.

### **Significant influence**

Significant influence is the power to participate in the determination of financial and operating policies of an entity without having control. Significant influence may be gained through share ownership, statute provisions or agreements.

If a person owns, directly or indirectly (e.g. through subsidiaries), 20% or more of the voting power of the investee, it is presumed to have significant influence, unless it can be clearly demonstrated otherwise. Conversely, if the person owns, directly or indirectly (e.g. through subsidiaries), less than 20% of the voting power of the investee, it is presumed that the investor has significant influence, unless such influence can not be clearly demonstrated. The presence of a person in possession of absolute or relative majority of voting rights does not necessarily preclude another person from having significant influence.

The existence of significant influence is usually evidenced in one or more of the following circumstances:

- (a) representation on the board of directors or equivalent governing body of the investee;
- (b) participation in decision making, including participation in decisions about the dividend or other distribution of profits;
- (c) the presence of significant transactions between the investor and the investee;
- (d) exchange of managerial personnel;
- (e) the provision of essential technical information.

**Key management personnel**

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

**Close relatives**

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

They may include:

- (a) the spouse not legally separated and unmarried;
- (b) the children and dependants of the subject, not legally separated spouse or partner.

**Subsidiary company**

A subsidiary company is an entity, even without legal personality, as in the case of a partnership, controlled by another entity.

**Associated company**

An associated company is an entity, even without legal personality, as in the case of a partnership, in which a shareholder exercises significant influence but not control or joint control.

**Joint venture**

A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity subject to joint control.

**Principles of interpretation of the definitions**

3.1 In considering each possible related party relationship, attention is directed to the substance of the relationship and not merely its legal form.

3.2 The interpretation of the definitions above is accomplished by referring to the set of international accounting standards adopted by the procedure laid down in Article 6 of Regulation (EC) No. 1606/2002. 3.

## Annex 2

### IDENTIFICATION OF TRANSACTIONS OF GREATER IMPORTANCE WITH RELATED PARTIES

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

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

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

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

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

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

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

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

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

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

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

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

**c) Liabilities relevance ratio:** description of characteristics, rules, terms and conditions of the transaction. Data to be used must be derived from the most recently published balance sheet (consolidated, if so prepared) by the company; whenever possible, similar data should be used for determining the total liabilities of the company or company branch acquired.

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

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

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

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

## Annex 3

## INFORMATION DOCUMENT CONCERNING TRANSACTIONS OF GREATER IMPORTANCE WITH RELATED PARTIES

The information document foreseen by Article 2 shall contain at least the following information:

**Table of contents****1. Warnings**

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

**2. Details of the transaction**

2.1. Description of characteristics, formalities, terms and conditions of the transaction.

2.2. Indication of related parties with involved in the operation, the nature of the relationship, and whether it has been disclosed to the board of directors, the nature and extent of the interests of such parties in the transaction.

2.3. Indication of the economic rationale and company suitability of the operation. If the transaction has been approved against the negative opinion of independent directors, an analytical and adequate justification why it was deemed suitable not to share that view.

2.4. Methods of determining the consideration for the transaction and assessments regarding its adequacy in relation to market values of similar transactions. If the economic terms and conditions of the transaction are defined as market-equivalent or standard, providing adequate justification for such claim and comparison elements. Indicate whether there are independent expert opinions in support of the adequacy of such consideration and the conclusions of the same, stating:

- bodies or individuals who commissioned the opinions and designated experts;

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*In force as of the 1<sup>st</sup> July 2022*

*- the assessments conducted to select the independent experts **and the verifications made regarding their independence**. In particular, include any economic relations, property and financial relations between the independent experts, and (i) the **related party, the companies controlled by it, Issuer,** (ii) ~~persons who control the issuer~~ **the persons that control it, the subsidiaries of the issuer, or the companies** under common control ~~with it (iii)~~ **and** the managers of the **mentioned** companies ~~mentioned under (i) and (ii)~~ **(ii) the company, the companies controlled by it, the persons that control it, the companies under common control and the directors of the mentioned companies** taken into account for purposes of qualification as an independent expert and the reasons for which these reports were considered irrelevant to the proceedings on independence. Information about possible relationships can be provided by attaching a declaration from these independent experts;*

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- the assessments conducted to select the independent experts. In particular, include any economic relations, property and financial relations between the independent experts, and (i) the Issuer, (ii) persons who control the issuer, the subsidiaries of the issuer, or under common control with it (iii) the managers of the companies mentioned under (i) and (ii) taken into account for purposes of qualification as an independent expert and the reasons for which these reports were considered irrelevant to the proceedings on independence. Information about possible relationships can be provided by attaching a declaration from these independent experts;

- the terms and purpose of the mandate given to the experts;

- the names of experts appointed to assess the adequacy of the consideration.

Indicate that the opinions of independent experts or the essential elements thereof, pursuant to Article 2 of Rules for Companies, are attached to the information document or published on the company website. The essential elements of the expressed opinion that shall be communicated are as follows:

- evidence, where applicable, of the specific limits encountered in the performance of office (e.g. with regard to access to relevant information), the assumptions used and the conditions to which the opinion is subject;

- evidence of possible criticisms reported by experts in relation to the specific transaction;

- indication of the valuation methods adopted by the experts to comment on the adequacy of the consideration;

- indication of the relative importance attributed to each of the valuation methods adopted for the purpose above;

- indication of the values resulting from each valuation method adopted;

- in the event the valuation methods used provided a range of values, an indication of the criteria whereby it was determined the final value of the consideration;

- indication of the sources used to compile the relevant data being processed;

- indication of the main parameters (or variables) taken as reference for the application of each method.

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

2.5. An illustration of the transaction economic and financial effects, providing at least the applicable ratios of relevance.

2.6. If the amount of compensation for members of the board of the company and / or their subsidiaries is bound to change as a result of the operation, detailed particulars of the variations. If no changes are foreseen, insertion, however, of a declaration to that effect.

2.7. In the case of transactions where the related parties involved are the members of the administrative and control bodies, top executives and directors of the issuer, information concerning the securities of the issuer that are held by entities identified above and to the interests of those in transactions overtime, provided for by Title 14.2 and 17.2 of Annex I to Regulation 809/2004/EC.

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*In force as of the 1<sup>st</sup> July 2022*

*2.8. Inspection bodies or directors who have led or participated in the negotiations and / or educated and / or approved the transaction by specifying the respective roles, particularly with regard to independent directors, if any. Referring to the resolutions approving the transaction, specify the names of those who voted for or*

*against the transaction or abstained, giving the **detailed** reasons for any dissent or abstentions. Indicate that any opinions of independent directors are attached to the information document or published on the website of the company.*

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2.8. Inspection bodies or directors who have led or participated in the negotiations and / or educated and / or approved the transaction by specifying the respective roles, particularly with regard to independent directors, if any. Referring to the resolutions approving the transaction, specify the names of those who voted for or against the transaction or abstained, giving the reasons for any dissent or abstentions. Indicate that any opinions of independent directors are attached to the information document or published on the website of the company.

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





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