



## **RELATED PARTY TRANSACTION PROCEDURE**

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## Related Party Transaction Procedure

### PART I

#### PRELIMINARY PROVISIONS

##### 1. Introduction

The Board of Directors of Assicurazioni Generali S.p.A. and the Executive Bodies, when performing Related Party Transactions either directly or through subsidiaries, shall comply with this procedure (the “Procedure”), which is designed to ensure that the said transactions comply with the principles of transparency and correctness in both substantial and procedural terms.

##### 2. Legislative sources

The Procedure is adopted in accordance with the terms of section 2391-*bis* of the Italian Civil Code and art. 4 of Consob Resolution No. 17221/2010.

##### 3. Definitions

For the purpose of the Procedure, the following terms shall have the meanings set out below:

- Independent Directors: the Company’s Directors who meet the independence requirements laid down by the Code;
- Directors Involved in the Transaction: the Company’s Directors who have an interest in the transaction, on their own or on behalf of third parties, in conflict with that of the Company, including its subsidiaries;
- Code: the Listed Companies’ Self-regulatory Code;
- Committee: the Committee of Independent Directors (Related Party Transaction Committee and/or Sub-Committee) appointed by the Board of Directors of the Company to perform the tasks for which the Committee of Independent Directors is responsible for pursuant to the Regulation;
- Remuneration Committee: the Committee appointed pursuant to art. 6.P.3 of the Code;
- Key management personnel: Directors and Permanent Statutory Auditors of the Company, the members of the Group Management Committee and the first reporting lines of the Group CEO;
- Executive Bodies: the Executive Board (if appointed), and the Group CEO;
- Collective Investment Undertakings: the Collective Investment Undertakings indicated in the CFA, harmonised or not, as well as any other similar collective investment undertakings provided for by the laws of countries different from Italy, including collective investment undertakings intended for professional or retail investors and private equity funds;



- Related Party Transactions: the transactions defined as such by the International Accounting Standard adopted pursuant to the procedure set out under art. 6 of the (CE) Regulation n. 1606/2002, in force from time to time, which, for convenience of reference, is annexed hereto (Schedule 1);
- Low-value transaction: Related Party Transactions defined as such according to the criteria referred to in art. 11 of the Procedure;
- Transactions of major importance: Related Party Transactions defined as such according to the criteria referred to in Schedule 3 of the Regulation which, for convenience of reference, is annexed hereto (Schedule 2);
- Transactions of minor importance: Related Party Transactions other than Transactions of major importance and Low-value transactions;
- Transactions performed through subsidiaries: all Related Party Transactions performed by the Company's subsidiaries;
- Ordinary transactions: Related Party Transactions defined as such according to the criteria referred to in art. 12 of the Procedure;
- Related Parties: the parties defined as such by the International Accounting Standard adopted pursuant to the procedure set out under art. 6 of the (CE) Regulation n. 1606/2002, in force from time to time which, for convenience of reference, is annexed hereto (Schedule 1);
- Regulation: the Related Party Transactions Regulation approved by Consob in Resolution No. 17221 of 12 March 2010;
- Issuers' Regulation: Implementing regulation of Legislative Decree No. 58 of 24 February 1998, concerning the provisions governing issuers, passed by Consob with resolution No. 11971 of 14 May 1999 as subsequently supplemented and amended;
- Company: Assicurazioni Generali S.p.A.;
- CFA: Legislative Decree No. 58 of 24 February 1998 relating to finance broking, also known as the Italian Consolidated Finance Act;
- Disposals (of shareholdings and financial instruments): acquisition and selling transactions concerning shareholdings or financial instruments, including derivatives contracts having as underlying assets shareholdings or financial instruments.

### **3-bis. Scope of application of the Procedure**

3-bis.1. The Procedure applies to the transactions performed with Related Parties and in addition, according to art. 4, paragraph 2 of the Regulation, with the following subjects:

- The Collective Investment Undertakings where a Related Party has a direct or indirect financial interest when the transaction is performed, in relation to their establishment, and/or promotion and/or management;
- The entities with or without legal capacity (including Collective Investment Undertakings other than open-ended Collective Investment Undertakings), in which the Company or its



Related Parties hold more than 30% of financial interests (also when the Company or its Related Parties do not have any voting or administrative rights);

- The companies where a Key management personnel is an executive director and their direct or indirect subsidiaries, including Collective Investment Undertakings;
- Managing directors and executive managers (or similar roles) of real estate companies controlled, directly or indirectly, by the Company, as well as the companies controlled by such directors and managers, their close relatives and the companies controlled by them.

3-bis.2. For the purposes of the Procedure, any references to Related Parties shall include all the subjects listed in the previous art. 3-bis.1.

#### **4. Identification of Related Parties**

- 4.1 The Group CEO shall identify the Company's Department which will be given the task of drawing up and updating the list of the Company's Related Parties.
- 4.2 To allow correct implementation of the list referred to in the preceding paragraph, the Key management personnel shall send details of the parties with which they are related, as defined in Schedule 1 and art. 3bis.1 above, to the Company's Department responsible for keeping the said list. When submitting the list of close relatives, they shall always include (i) that person's children and spouse or domestic partner (ii) children of that person's spouse or domestic partner (iii) dependants of that person or that person's spouse or domestic partner, and shall evaluate whether other parties are able to influence or be influenced by them in their dealings with the Company.
- 4.3 Key management personnel shall promptly notify any changes to the information already provided.
- 4.4 The list of Related Parties shall be adequately circulated within the Company and its subsidiaries.

#### **5. Identification of Related Party Transactions**

- 5.1 The Group CEO shall identify the Company's Department which will be given the task of drawing up and updating the list of the Company's Related Party Transactions.
- 5.2 Regardless of the findings made by the Company's Department referred to in art. 5.1 hereof, the Directors of the Company and other Key management personnel shall promptly inform the Group CEO if any facts or matters arise which could lead to the completion of transactions in which they or any of the other Related Parties referred to in Schedule 1 paragraphs e) and f), as well as in art. 3-bis.1 are involved.

## **PART II**

### **PROVISIONS GOVERNING RELATED PARTY TRANSACTIONS**

#### **6. Provisions governing Transactions of minor importance**

- 6.1 Transactions of minor importance shall be resolved in compliance with the current system of delegation of powers, after receiving the Committee's opinion.
- 6.2 Transactions of minor importance shall be prepared in such a way as to illustrate in detail, with supporting evidence, the Company's interest in performing the transaction, the reasons

for the transaction and the advantages and substantive correctness of its conditions.

- 6.3 The preparatory documents, that include also the documents and/or prior opinions regarding the transaction submitted to the Committee, prepared by other qualified Committees or company structures in charge and if possibly summarised in a specific report also indicating the date when the transaction must be resolved, must be made available to the Committee and the Board of Directors or the Executive Body with the power to resolve the matter well in advance of the date on which they are required to express their opinion.
- 6.4 The Committee shall express its substantiated opinion of the Company's interest in performing the transaction and the advantages and substantive correctness of its terms. The opinion shall be considered favourable if the Committee fully approved the transaction. Such opinion is an integral part of the minutes of the meeting in which the Committee expressed it or attached to the minutes.
- 6.5 If the Committee expresses an unfavourable opinion on Transactions of minor importance with a value exceeding half the value of the thresholds identified in Schedule 2, said transactions can be carried out only if they are approved by the Board of Directors with a favourable vote by the majority of the independent members. Directors Involved in the Transaction must abstain from voting. In the absence of a favorable vote by the majority of the independent members, the Board of Directors can in any case approve and allow the performance of the Transactions hereof, provided that their execution is authorized, pursuant to art. 2364, paragraph 1, no. 5) of the Italian Civil Code, at the General Meeting, with a resolution passed by the majority of the attending shareholders, excluding from the approving quorum the favorable vote of the related shareholders.
- 6.6 The Committee may call on the assistance of one or more independent experts at the Company's expense. If the Board of Directors or the Executive Body with the power to resolve the matter decides to instruct independent experts, the Committee shall preferably be assisted by the latter. In such case, the appointment letter shall expressly state that the expert shall also specifically assist the Committee in the performance of the tasks specified in the Procedure. The Committee assesses in advance the existence of the independence requirement of the experts, taking into account the economic, patrimonial and financial relations between the independent experts and: (i) the Related Party, its controlled companies, the subjects that control it, the companies subject to common control, as well as the directors of the aforementioned companies; (ii) the company, its controlled companies, the subjects that control it, the companies subject to common control, as well as the directors of the aforementioned companies, taken into consideration for the purposes of qualifying the expert as independent and the reasons for which these relationships were considered irrelevant for the judgment on independence. Information on any relationships can be provided by attaching a statement from the independent experts themselves.
- 6.7 The Board of Directors or the Executive Body shall pass resolutions on the basis of the preparatory documents and the Committee's opinion. Directors Involved in the Transaction must abstain from voting. The resolution shall state the reasons for the Company's interest in performing the transaction and the benefits and substantive correctness of the transaction and its conditions. If the decision-making body does not agree with the Committee's opinion, the said resolution shall specify the grounds for the disagreement.
- 6.8 Complete and prompt information about the performance of the transaction shall be given, as specified in the applicable Company procedures, to the Manager in charge of preparation of the Company's financial reports (*Dirigente preposto alla redazione dei documenti contabili societari*) and to the Company's Department responsible for preparing the accounting documentation.
- 6.9 The Board of Directors and Board of Statutory Auditors shall be informed, at least quarterly, of the performance of Transactions of minor importance.



- 6.10 The provisions of this article shall also apply at the preparatory stage and approval stage of proposed resolutions relating to Transactions of minor importance which fall within the jurisdiction of, or must be authorised at the General Meeting.
- 6.11 In the case of transactions relating to the remuneration of Key management personnel, the Committee's functions shall be performed by the Remuneration Committee.
- 6.12 The governing rules of the Committee are set out under the Board of Directors and Board Committees Regulations of Assicurazioni Generali S.p.A.

## **7. Special provisions governing Transactions of major importance**

- 7.1 The terms of this article shall apply to Transactions of major importance. The terms of articles 6.2, 6.3, 6.4, 6.6, 6.8 and 6.9 shall also apply thereto.
- 7.2 The Board of Directors shall have the sole power to pass resolutions relating to Transactions of major importance.
- 7.3 The Committee, or one or more of its members to whom power is delegated for that purpose, shall be timely involved in the negotiating stage and the preparatory stage by receiving a complete and updated flow of information. The Committee, through its Chairman or delegates, shall be entitled to request information and formulate observations to the executive bodies and parties responsible for conducting the negotiations or preparatory work.
- 7.4 The preparatory documents submitted to the Committee shall contain all the significant information to be published in the information document for the market.
- 7.5 The Board of Directors shall pass resolutions on the basis of the preparatory documents and the binding opinion of the Committee. Directors Involved in the Transaction must abstain from voting. The resolution shall state the reasons for the Company's interest in performing the transaction and the benefits and substantive correctness of the transaction and its conditions. Such opinion is an integral part of the minutes of the meeting in which the Committee expressed it or attached to the minutes.
- 7.6 The provisions referred to in this article shall also apply to the negotiating, preparatory and approval stages of the proposed resolutions relating to Transactions of major importance which require authorisation at the General Meeting.
- 7.7 Without prejudice to the provisions regarding information transparency contained in Part IV of the Procedure, the Company's procedures issued by way of implementation of the terms of s. 114 of the CFA shall apply to information relating to Transactions of major importance in any event.

## **7-bis Rules applicable to Transactions whose value is undetermined or may not be determined**

- 7-bis.1 Related Party Transactions are submitted to the Committee if they are different from those referred to in the following art. 13 and have a value which is not determined or may not be determined. The Committee, taking into consideration of the characteristics of these transactions, decides which of the rules provided for in arts. 6, 7 or 11 apply.

## **8. Transactions performed by Italian or foreign subsidiaries**

- 8.1 If none of the cases of exclusion specified in art. 10 of the Procedure is applicable, the subsidiaries shall submit the Related Party Transactions they intend to perform for prior examination and/or approval by the Company.



- 8.2 For this purpose, the Group CEO shall identify the Company's contact persons for the Italian and foreign subsidiaries, who shall have the task of receiving information relating to the transactions referred to in art. 8.1.
- 8.3 The officials referred to in art. 8.2 hereof shall submit the transactions notified to them to the appropriate Executive Bodies and shall notify the applicant companies of the result of the examination.
- 8.4 If the transaction in question is not among those referred to in art. 10 hereof, the Executive Bodies shall in any case apply the procedure referred to in art. 6 and 7 hereof.
- 8.5 In the cases mentioned in the preceding paragraph, the Related Party Transaction Committee shall receive the preparatory documents drawn up by the Related Party Transaction Committee of the listed controlled company in order to carry out its own independent evaluation.

## **9. Special provisions relating to consultancy**

- 9.1 For the purpose of application of the Procedure, Related Party Transactions involving consultancy services shall be classified as Low-value transactions or Transactions of minor importance or Transactions of major importance, according to the value of the consultancy fee, i.e. whether it exceeds half the value of the thresholds identified, respectively, for the Low-value transactions or Transactions of minor importance or Transactions of major importance.  
In any case, the information document for the market shall be published only when the consultancy fees exceed one of the thresholds provided for in Schedule 3 of the Regulation (attached hereto as Schedule 2).
- 9.2 In addition to what is envisaged by art. 11.3, for the purposes of these provisions, the consultancy services having similar purposes, even in case of Low Value, provided by the same Related Party, or with Parties Related both to the latter and to the Company, even if independent from each other, are evaluated according to their combined and unitary value. Such unitary value is determined taking into account the total amount of the fees due by the Company in relation to the consultancy agreements entered into during the preceding 12 months. Consultancy services having "similar purpose" refer to those that involve the same technical skills.

## **PART III**

### **RELATED PARTY TRANSACTIONS EXCLUDED FROM THE PROCEDURE**

## **10. Exclusions**

- 10.1 The terms of arts. 6 and 7 hereof shall not apply to the following Related Party Transactions:
  - a) the resolutions of the General Meeting referred to in s. 2389, par. 1 of the Italian Civil Code relating to the fees payable to members of the Board of Directors and the Executive Board (if appointed), and the resolutions of the General Meeting referred to in s. 2402 of the Italian Civil Code relating to the fees payable to members of the Board of Statutory Auditors;
  - b) transactions to be performed on the basis of instructions issued by Regulators for stability purposes;
  - c) Low-value transactions, as defined in art. 11 hereof;





- d) remuneration plans based on financial instruments approved at the General Meeting pursuant to s. 114-*bis* of the CFA and the corresponding implementation operations;
  - e) Ordinary transactions entered into on conditions equivalent to market or standard terms, as specified in art. 12 hereof;
  - f) transactions with or between subsidiaries and with associated companies, on the conditions specified in art. 13 hereof;
  - g) resolutions other than those indicated in paragraph a) above, relating to the remuneration of directors holding particular offices and other Key management personnel, on the conditions specified in art. 14 hereof;
  - h) the transactions approved by the Company and addressed to all shareholders on equal terms and conditions, including:
    - a) capital increases in option, also at the service of convertible bond, and free capital increases provided by Article 2442 of the Italian Civil Code;
    - b) full or partial demergers, with proportional share allocation criteria;
    - c) reductions of share capital by reimbursement to shareholders provided by Article 2445 of the Italian Civil Code and purchases of treasury shares pursuant to Article 132 of the CFA
- 10.2 The Group Compliance Officer shall report to the Board of Directors and the Committee at least once a year, on the concrete application of the exclusions referred to in art. 10.1.
- 10.3 When evaluating a Related Party Transaction in order to determine if one of the abovementioned exclusions applies, attention shall be paid to the substance of the transaction and not merely to the form. In particular, when evaluating if a transaction falls into the ambit of the ordinary exercise of operational activity, the fulfillment of the requirements set forth in art. 12 shall be carefully verified. The Compliance function shall be consulted if there are any doubts.

## **11. Low-value transactions**

- 11.1 Low-value transactions shall be defined as transactions whose amount does not exceed €1,000,000.00 (one million Euro) or €250,000.00 (two hundred and fifty thousand Euro), respectively, when the counterparty is a legal person or a natural person (the “Low-value Threshold”).
- 11.2 The value of the transaction shall be established on the basis of the criteria dictated by Consob for identification of Transactions of major importance, set out in Schedule 2.
- 11.3 If similar transactions or transactions designed to implement a unitary plan are entered into during the same financial year with the same Related Party or with parties related both to the said Related Party and to the Company which, though the amount of the individual transactions is below the amount specified in art. 11.1 hereof, exceed that amount if they are combined, the transactions causing the value threshold to be exceeded shall require a resolution in accordance with the terms of art. 6 hereof.
- 11.4. In any event the Group CEO shall have the power, at his sole discretion, not to apply the exclusion referred to in this article.

## **12. Ordinary transactions**

- 12.1 For the purpose of the application of this Procedure, Ordinary transactions shall be defined as transactions which fall into the ordinary exercise of operational activity and the associated financial activity of each company concerned, as they are included in the types specified in art. 12.3 hereof.
- 12.2 Financial activity may be deemed to be connected with the ordinary operational activity if it is



ancillary to the latter.

- 12.3 The operational activity of the companies belonging to the Generali Group shall always include the following types of transaction:
- a) transactions included in the sectors referred to in s. 2 of Legislative Decree No. 209 of 7 September 2005, which the company is authorised to perform;
  - b) inward and outward life and non-life reinsurance;
  - c) insurance broking or (inter)mediation business;
  - d) financial management of the company's assets;
  - e) operational debt <sup>(1)</sup> and the connected financial transactions;
  - f) transactions relating to the sale and purchase of goods or services for the exercise and development of the companies' business excluding the sale and purchase of controlling equity interests, equity interests that result in the exercise of significant influence by the Company, and interests in joint ventures and also excluding the sale and purchase of real estate. However, the sale and purchase of real estate and the connected activities and services may be considered an operational activity if the company conducts a competitive auction which is available to at least three non-related parties. This auction must meet best market standards and be adequately advertised.
- 12.4 The transactions referred to in art. 12.3 hereof shall be deemed to fall into the ambit of the ordinary exercise of operational activity, and consequently excluded from the application of the Procedure pursuant to art. 10.1.e), if the following conditions and those listed in art. 12.6 below are fulfilled:
- the size, structure, object and frequency of the transaction are not unusual and are consistent with the usual size, structure, object and frequency of similar transactions performed by the company concerned;
  - the contractual terms and conditions do not depart from the company's usual business practices and customs;
  - with regard to the purchase of goods and services, there shall always be at least an offer by an unrelated party;
  - the consideration is monetary;
  - the transaction is not unusual having regard to the characteristics of the counterparty;
  - the transaction is not unusual in relation to the time when it is approved or performed.
- 12.5 In order for the following types of transactions to be defined as falling within the ordinary exercise of operational activity, in addition to the conditions referred to in art. 12.4 and the following art. 12.6, the following requirements must be met:
- a) financial assets management must not relate to:
    - disposals of controlling shareholdings or of shareholdings that determine the exercise of a significant influence by the Company;
    - disposals of shareholdings in joint ventures;
    - disposals of the following financial instruments not performed on regulated markets:
      - (i) listed shares issued by Related Parties other than those referred to in art. 13 below, or
      - (ii) shares of Collective Investment Undertakings listed on the market and issued by Related Parties other than those referred to in art. 13 below, or
      - (iii) listed financial instruments issued by Related Parties, including those convertible in or exchangeable with listed shares issued by Related Parties other than those referred to in art. 13 below which, with exclusive reference to Transactions of Minor importance involving the

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<sup>(1)</sup> Operational debt shall mean the debt classified as such in the consolidated financial statements of Assicurazioni Generali S.p.A. (see the definition contained in the "Indebtedness" paragraph of the Directors' Report on the Group's consolidated financial statements).

above financial instruments, must not be executed within a significantly short period of time, being intended that, in such instance, the Committee must be informed in the first meeting held after the transaction performance; transactions executed on multilateral trading facilities and transactions which, according to established market practices, are executed on other electronic systems (e.g. Bloomberg platform) are considered as equivalent to those executed on regulated markets; however, the following conditions must also be fulfilled: (i) the way of execution chosen for the transaction allows for access to assets (liquidity) not available on a regulated market or for a faster execution of the transaction; (ii) the transaction is executed in the best interest of the Group (best execution); (iii) the transaction can be traced and (iv) in cases in which the transaction is executed on electronic systems other than multilateral trading facilities or on multilateral trading facilities which are not based on an anonymous pricing mechanism, at least three counterparties are involved and at least two of these counterparties are not Related Parties;

- disposals of (i) non-listed shares and shares to be listed issued by Related Parties other than those referred to in art. 13; or (ii) non listed financial instruments issued by Related Parties and financial instruments issued by Related Parties to be listed on regulated markets including those convertible in (or exchangeable with) non-listed shares or with shares to be listed issued by Related Parties other than those referred to in art. 13 below, which, with exclusive reference to Transactions of Minor importance involving shares to be listed or financial instruments to be listed convertible in (or exchangeable with) non-listed shares or in shares to be listed on regulated markets, must not be executed within a significantly short period of time, being intended that, in such instance the Committee must be informed in the first meeting held after the transaction performance;
- disposals of listed (financial and non-financial) corporate bonds issued by Related Parties other than those referred to in art. 13 below, which are not liquid as they are not actively negotiated on regulated markets, on multilateral trading facilities nor on other electronic systems referred to article 12.5a), third bullet, under the conditions provided therein, when the transaction is performed and which, with exclusive reference to Transactions of Minor importance must not be executed within a significantly short period of time, being intended that, in such instances, the Committee must be informed in the first meeting held after the transaction performance;
- disposals of (financial and non-financial) corporate bonds non-listed or to be listed on regulated markets and issued by Related Parties other than those referred to in art. 13 below which, with exclusive reference to Transactions of Minor importance involving corporate bonds to be listed, must not be executed within a significantly short period of time, being intended that, in such instances, the Committee must be informed in the first meeting held after the transaction performance;
- disposals (including undertakings for the subscription and/or purchase) of Collective Investment Undertakings (other than Collective Investment Undertakings harmonised according to EU legislation or Collective Investment Undertakings whose regulation of fund management and/or prospectus provide for adequate limits in order to contain and distribute risks) in which a Related Party, other than those referred to in art. 13 below, has, when the transaction is performed, a financial interest, direct or indirect, in relation to their establishment and/or promotion and/or management.

In addition to those listed above, the Committee may indicate other types of financial instruments (including structured finance instruments) or acts of disposal regarding financial



instruments which, according to the Procedure, may not be considered as falling within the ordinary exercise of operational activity and that, consequently, require the procedure set forth in art. 6 or 7.

- b) operational debt and the associated financial transactions (as they do not relate to insurance or reinsurance transactions or transactions regarding interbank debts or with banking clients) must not have a value exceeding €30,000,000 (thirty million Euro).

12.5-*bis*. The Group CEO will inform the Committee in the first meeting held after the transaction performance about any investment transaction carried on (both on the primary and secondary market) by the Company, also through subsidiaries, if a Related Party is the intermediary of the transaction, having the role of “bookrunner”, “lead manager”, “global coordinator”, member of the syndicate or similar and guaranteed the issuer about the price (best of price) or the placement value (guarantee of subscription and sale). These transactions are relevant if they concern financial instruments (other than government or similar bonds) which do not result from the exercise of a call option. The report provides evidence of the Company’s interest in the transaction performance, the reasons of the transaction, as well as the advantages and substantive correctness of its conditions.

12.5-*ter*. Disposals of (listed and non-listed) financial instruments are always subject to the procedure of arts. 6 or 7 when the counterparty (i.e. the purchaser or the seller) is a Related Party other than those referred to in art. 13 below, unless any such disposals concern financial instruments, meet the requirements provided for under articles 12.4 and 12.5a) and, according to the latter provision, fall under the scope of the ordinary exercise of operational activity.

12.6 Conditions equivalent to market or standard conditions shall be deemed to be those usually applied towards unrelated parties for transactions of a corresponding nature, extent and risk. These conditions can also be based on regulated rates or prices imposed on or charged to the parties with which the company concerned is legally obliged to contract for a given consideration. The conditions equivalent to market or standard conditions shall be documented and based on objectively checkable factors.

### **13. Transactions with or between subsidiaries and with associated companies**

13.1 The Procedure shall not apply to transactions with or between subsidiaries and to transactions with associated companies unless the Related Parties specified in Schedule 1.1, lett. a), b) (ii), (v) and (vi) have a holding in them exceeding 5%, taking into account the holdings owned directly and indirectly by the Related Parties in question and by their close relatives. The interests deriving from economic incentives that benefit Key management personnel shall also be taken into account.

### **14. Remuneration of Key management personnel**

14.1 The Procedure shall not apply to the resolutions referred to in art. 10.1.g hereof, provided that:

- (i) a remuneration policy has been adopted and resolved upon by the Shareholders’ Meeting;
- (ii) the Remuneration Committee was involved in establishing the remuneration policy;
- (iii) the remuneration assigned is identified in compliance with such policy and quantified on the basis of non-discretionary criteria.



#### **14bis. Capital increase and issue of exchangeable financial instruments**

14bis.1 The procedure set forth in arts. 6 or 7 applies to the proposals of capital increase or issuing convertible financial instruments (and/or financial instruments to be converted) when the call option is, in whole or in part, excluded and the proposal provides for (or substantially assigns) a priority or preferred treatment in favour of Related Parties.

### **PART IV**

#### **INFORMATION TRANSPARENCY**

#### **15. Transactions of minor importance**

- 15.1 In the case of Transactions of minor importance approved despite the unfavourable opinion of the Committee, a specific information document shall be made available to the public within fifteen days of the end of each quarter.
- 15.2 The information document shall contain details of the counterparty, the subject and the consideration for any Transactions of minor importance approved during the quarter in question, and the reasons why it was decided not to follow the Committee's opinion, which shall be annexed to the information document.
- 15.3 The information document shall be publicised as specified in Part III, Title II, Chapter I of the Issuers' Regulation.

#### **16. Transactions of major importance**

- 16.1 On the occasion of Transactions of major importance, including those to be performed by Italian or foreign subsidiaries, the Group CEO shall prepare an information document drafted in accordance with the statutory and regulatory provisions.
- 16.2 For the purpose of drafting of the information document referred to in art. 16.1 hereof, Transactions of major importance shall include transactions with similar characteristics or performed by way of implementation of a unitary plan, including those entered into by subsidiaries during the same financial year with the same Related Party or with parties related both to a Related Party and to the Company which, though not individually classifiable as Transactions of major importance, exceed the importance thresholds set out in Schedule 2 to the Procedure if they are combined. When calculating the combined total, no account shall be taken of Related Party Transactions excluded pursuant to art. 10 hereof. If the use of the indexes referred to in the said Schedule 2 gives rise to a manifestly unfair result in view of the specific circumstances, the Group CEO may request Consob to indicate alternative procedures to be followed when calculating the combined total.
- 16.3 To allow the identification of the cases referred to in art. 16.2, the Company's Department referred to in art. 5.1 shall promptly inform the Group CEO when the importance thresholds are about to be exceeded. For this purpose, the Company's Department referred to in art. 8.2, on the basis of the information received pursuant to art. 8, shall promptly notify the Company's Department referred to in art. 5.1 of the subsidiaries' intention to perform Related Party Transactions.



## **17. Transactions not subject to information transparency**

- 17.1 The transactions referred to in art. 10 hereof are not subject to the information transparency provisions contained in arts. 15 and 16.
- 17.2 In the case of Ordinary transactions referred to in art. 10.1.e which are classed as Transactions of major importance, the Group CEO shall ensure that:
- a) the notices specified in the Regulation are submitted to Consob and to the Committee;
  - b) the said transactions are indicated in the interim and annual Directors' Reports.
- 17.3 The Committee verifies the correct application of the exemption conditions for the Transactions of major importance defined as ordinary and carried out at market or standard conditions.

## **18. Periodic report**

- 18.1 Pursuant to section 154-ter of the CFA, the Group CEO shall ensure that the interim and annual Directors' Reports contain information about:
- a) individual Transactions of major importance concluded during the reference period;
  - b) any other individual Related Party Transactions concluded during the reference period, which influenced the Company's financial statements or profit to a significant extent;
  - c) any modification or development in the Related Party Transactions described in the last Annual Report which had a significant effect on the Company's financial statements or profits during the reference period.

## **PART V**

### **IMPLEMENTING PROVISIONS AND ENTRY INTO FORCE**

## **19. Sundry provisions**

- 19.1 The Board of Directors reserves the right to adapt the Procedure as necessary as a result of practical experience, with the aim of always ensuring an adequate level of transparency and substantive and procedural correctness of Related Party Transactions.
- 19.2 The Group CEO, also upon request of the Committee, shall submit to the Board, at least every three years, a proposed revision or confirmation of the Procedure, which takes account (*inter alia*) of any changes in the ownership of the Company and of the efficacy demonstrated by the Procedure in its practical application.
- 19.3 The Group CEO shall be granted all the widest powers by the Company's Board of Directors to implement the Procedure fully and substantially.
- 19.4 The Group CEO, at least every year, verifies that the provisions of the Procedure comply with laws and regulations in force, other provisions applicable to the Company, as well as the resolutions of the Board of Directors and the Executive Bodies. In this regard, the Group CEO may make any merely formal amendments, integrations or deletions deemed necessary in the Procedure, informing promptly thereof the Directors and all the addressees of the Procedure.

## **20. Entry into force**

- 20.1 The Procedure came into force on 1 January 2011 and has been, lastly, amended by the Board of Directors on 23 June 2021.



## Schedule 1

### **DEFINITIONS OF RELATED PARTIES AND RELATED PARTY TRANSACTIONS, AND ASSOCIATED DEFINITIONS ACCORDING TO INTERNATIONAL ACCOUNTING STANDARDS**

(Schedule 1 to the Regulation)

#### **1. Definitions of related parties and related party transactions according to international accounting standards**

For the purpose of article 3.1, lett.a) of this Regulation, the definitions provided by the International Accounting Standards shall apply and are hereby recalled for convenience:

A related party is a person or entity that is related to the Company.

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

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

#### *Related party transactions*

A related party transaction is a transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged [IAS 24, par. 9]<sup>2</sup>.

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<sup>2</sup> These include:

- Mergers or non proportional demergers, if carried out with related parties;



## 2. Definitions associated with those of “*related parties*” and “*related party transactions*” according to International Accounting Standards

The terms "control", "joint control" and "significant influence" are defined in IFRS 10, IFRS 11 (Arrangements for joint control) and IAS 28 (Investments in associates and joint ventures) and are used with the meanings specified in these IFRSs [IAS 24, paragraph 9].

### *Key management personnel*

*Key management personnel* are parties who have the power and responsibility, directly or indirectly, for the planning, management and control of the Company's business, and shall include the Company's executive and non-executive Directors [IAS 24, par. 9].

### *Close relatives*

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

- (a) that person's children and spouse or domestic partner;
- (b) children of that person's spouse or domestic partner; and
- (c) dependants of that person or that person's spouse or domestic partner.

## 3. Principles interpreting the definitions

**3.1.** When examining each relationship with Related Parties, attention must be paid to the substance of the relationship and not merely its legal form [IAS 24, par. 10].

**3.2.** The definitions set out above shall be interpreted with reference to the set of International Accounting Standards adopted according to the procedure referred to in art. 6 of Regulation (EC) no. 1606/2002.

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- Decision of granting remuneration or economic benefit, under any form, to the board members or to the statutory auditors and to the Key management personnel.





## Schedule 2

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

(Schedule 3 to the Regulation)

1. The internal procedures shall identify quantitative criteria for the identification of “*transactions of major importance*” in such a way as to include at least the categories of transaction indicated below.

1.1. Transaction in which at least one of the following indexes of importance, the applicability of which depends on the specific operation, exceeds the threshold of 5%:

a) ***Index of importance of value***: is the ratio between the value of the transaction and the net equity taken from the latest balance sheet published by the company (the consolidated balance sheet, if any) or in the case of listed companies, if higher, the capitalisation of the company recorded at the end of the last market trading day in the reference period of the latest periodic accounting document published (annual or half-yearly financial report or interim Directors’ Report). In the case of banks, it is the ratio between the value of the transaction and the regulatory capital taken from the latest balance sheet published (the consolidated balance sheet, if any).

If the economic conditions of the transaction have been determined, the value of the transaction is:

- i) in the case of cash components, the amount paid to/by the counterparty;
- ii) in the case of components consisting of financial instruments, the fair value determined, as at the date of the transaction, in accordance with the International Accounting Standards adopted by Regulation (EC) No. 1606/2002;
- iii) in the case of loans or grants of guarantees, the maximum amount payable.

If the economic conditions of the transaction depend wholly or partly on quantities which are not yet known, the value of the transaction shall be the maximum value receivable or payable pursuant to the agreement.

b) ***Index of importance of assets***: is the ratio between the total assets of the entity forming the subject of the transaction and the total assets of the company. The data used must be taken from the latest balance sheet published by the company (the consolidated balance sheet, if any); where possible, similar data must be used to determine the total assets of the entity forming the subject of the operation.

For operations relating to the purchase or sale of shareholdings in a company which affect the consolidation area, the value of the numerator shall be the total assets of the investee company, regardless of the percentage of capital to be assigned.

In the case of purchase or sale of shareholdings in companies which have no effect on the consolidation area, the value of the numerator shall be:



- i) in the case of acquisitions, the value of the transaction plus any liabilities of the acquired company which are taken over by the purchaser;
- ii) in the case of sales, the consideration for the business sold.

For transactions involving the purchase or sale of other assets (other than the acquisition of a shareholding), the value of the numerator shall be:

- i) in the case of acquisitions, the consideration or the book value to be attributed to the business, whichever is higher;
  - ii) in the case of sales, the book value of the business.
- c) ***Index of importance of liabilities:*** is the ratio between the total liabilities of the entity acquired and the total assets of the company. The data used shall be taken from the latest balance sheet published by the company (the consolidated balance sheet, if any); where possible, similar data shall be used to determine the total liabilities of the company or business unit acquired.

**1.2.** Transactions with the listed parent company or with parties related to the latter which are also related to the company, if at least one of the indexes of importance referred to in paragraph 1.1. exceeds the threshold of 2.5%.

**1.3.** Companies shall assess whether to identify thresholds of importance lower than those indicated in paragraphs 1.1 and 1.2 for transactions which may affect the managerial independence of the issuer (e.g. the sale of intangible assets such as patents or trademarks).

**1.4.** If a number of operations are combined pursuant to art. 5.2, the companies shall firstly determine the importance of each transaction on the basis of the applicable index or indexes, as specified in paragraph 1.1. To establish whether the thresholds specified in paragraphs 1.1, 1.2 and 1.3 have been exceeded, the results relating to each index shall be combined.

**2.** If one or more transactions which are combined pursuant to art. 5.2 are classed as being “of major importance” according to the indexes specified in paragraph 1, and this result appears manifestly unjustified in view of specific circumstances, Consob can indicate, on request by the company, alternative procedures to be used in the calculation of the said indexes. For this purpose, the company shall notify Consob of the basic characteristics of the transaction, and the specific circumstances on which the request is based, before the conclusion of the negotiations.