

AEFFE S.P.A.

PROCEDURE GOVERNING RELATED-PARTY TRANSACTIONS

15 July 2021

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1. INTRODUCTION

This procedure (the “**Procedure**”) governs the related-party transactions carried out directly by Aeffe S.p.A. (“**Aeffe**” or the “**Company**”) or via subsidiaries, as envisaged in the Regulation adopted by CONSOB (Stock Exchange Authority) resolution no. 17221 dated 12th March 2010, as amended (the “**Regulation**”).

This Procedure comes into force on 15 July 2021 and replaces the previous procedure governing related-party transactions that was approved by the Board of Directors on 10th November 2010.

2. DEFINITIONS

2.1 In addition to the definitions contained in other paragraphs, the terms and expressions with initial capital letters used in this Procedure have the meanings assigned to them below, both in singular or plural form:

Directors Involved in the Transaction: directors with an interest in the Transaction, whether directly or on behalf of others, that conflicts with the interest of the Company.

Independent Directors: directors recognized as independent by the Company, since they satisfy the independence requirements specified in art. 148, para. 3, of Decree no. 58 dated 24th February 1998, and in the Corporate Governance Code approved by the Corporate Governance Committee of Borsa Italiana S.p.A. (the “**Code**”).

Unrelated Directors: directors other than the counterparty in a given transaction and its Related Parties.

Non-Executive Directors: directors recognized as having non-executive status by the Company pursuant to the Code.

Control and Risks Committee or the **Committee:** the control and risks committee of Aeffe. This committee comprises three Non-Executive Directors, two of which are Independent, and carries out the tasks indicated in art. 6 of the Code.

Managers with Strategic Responsibilities: persons with the power and responsibility, directly or indirectly, to plan, manage and control the activities of the Company, including the directors (whether executive or otherwise) and the serving statutory auditors of the Company.

Significant Interests: with respect to a company, this means: (i) holding - directly or indirectly - an equity interest that exceeds 5% of its share capital; or (ii) the Company and the subsidiary or associate with which the transaction is carried out share one or more directors or other Managers with Strategic Responsibilities who benefit from incentive plans based on financial instruments (or, in any case, forms of variable remuneration) that depend, directly and to a significant extent, on the results achieved by that subsidiary or associate.

MAR: Regulation (EU) 596/2014 of the European Parliament and of the Council of 16th April 2014 and the related implementing and delegated acts.

Related-Party Transaction or Operation: all transactions specified in art. 3, para. 1.a), of the Regulation, as amended.

Negligible Transactions with legal person: Related-Party Transactions in which the likely maximum amount of the consideration, or likely maximum value of the services payable by the Company, does not exceed for each transaction:

- (a) Euro 1,500,000 (onemillion fivehundredthousand) per transaction, for Related-Party Transactions carried out by the Company in the ordinary course of business (such as but not limited to agency, lease and license agreements, contracts for the purchase or sale of fungible assets, the rental of lines of business, logistics, etc.);
- (b) in general, Euro 1,000,000 (onemillion) for other types of Related-Party Transaction considered individually or, in the case of several Related-Party Transactions carried out with the same Related Party that are similar to each other or part of a single operation, the cumulative amount of Euro 2,000,000 (twomillion) even if the unit value of each transaction is less than the above amount of Euro 1,000,000 (onemillion).

Negligible Transactions with natural person: Related-Party Transactions in which the likely maximum amount of the consideration, or likely maximum value of the services payable by the Company, does not exceed for each transaction, Euro 200,000 (twohundredthousand), over a calendar year.

Transactions of Greater Significance: Related-Party Transactions that are similar or in which at least one of the indicators of significance indicated in Annex 3 to the Regulation is exceeded, including those Related-Party Transactions that exceed some of the above thresholds when considered together with other Related-Party Transactions carried out as part of a single operation with the same Related Party, or with parties related to that Related Party or to the Company.

Transactions of Lesser Significance: Related-Party Transactions other than Transactions of Greater Significance and Negligible Transactions.

Excluded Transactions: transactions excluded, in whole or in part, from the application of this Procedure in accordance with the exemptions described more fully in Section 3 below.

Ordinary Transactions: Related-Party Transactions: (a) that are carried out in the ordinary course of the operating and related financial activities of the Company; (b) that are concluded on market or standard conditions or their equivalent (being conditions similar to those usually applied to unrelated parties for transactions of a corresponding nature, size and risk, or that are based on regulated tariffs or imposed prices applicable to parties with which, by law, the Company is required to transact on predetermined terms); or (c) in which the likely maximum amount of the consideration, or likely

maximum value of the services payable by the Company, does not exceed Euro 2,500,000 (twomillion fivehundredthousand) for each transaction.

Related Party: each of the parties defined in art. 3, para. 1.a), of the Regulation, as amended¹.

Issuers' Regulation: the regulation adopted by Consob resolution no. 11971 dated 14th May 1999, as amended.

Unrelated Shareholders: parties with voting rights other than the counterparty in a given Transaction and the Related Parties of the counterparty in a given Transaction or of the Company.

Smaller Company: a company whose total assets reported in the balance sheet and total revenues reported in the latest-approved consolidated financial statements do not exceed Euro 500 million. A company may cease to be a Smaller Company if both of the above requirements are not satisfied for two consecutive financial years.

Close Family Member: each family member of a person who may be expected to influence, or be influenced by, the relations of that person with the Company. This category may include: (a) children, spouse or cohabiting partner; (b) children of the spouse or cohabiting partner; and (c) persons dependant on the person concerned or his/her spouse or cohabiting partner.

Consolidated Law or TUF: Decree no. 58 dated 24th February 1998, as amended.

2.2 The definitions of Related Party and Related-Party Transaction and the other definitions presented above are interpreted with reference to the set of international accounting standards adopted pursuant to the procedure described in art. 6 of Regulation (EC) 1606/2002.

3. SCOPE OF APPLICATION

¹In an Annex, the Regulation defines "Related Party" as a person or entity that is correlated to the entity that prepares the financial statements. A person or a close member of that person's family is related to the reporting entity if that person: (i) has control or joint control over the reporting entity; (ii) has significant influence over the reporting entity; or (iii) is a manager with strategic responsibilities of the reporting entity or of a parent of the reporting entity; An entity is related to a reporting entity if any one of the following conditions applies: (i) the entity and the reporting entity 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 a 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 defined benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity; (vi) the entity is controlled or jointly controlled by a person identified in point (a); (vii) a person identified in point (a)(i) has significant influence over the entity or is a manager with strategic responsibilities of the entity (or of a parent of the entity); (viii) the entity, or any member of a group of which it is part, provides key management services with strategic responsibilities to the reporting entity or to the parent of the reporting entity [IAS 24.9]. 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 24.12]. The terms "control", "joint control" and "significant influence" are defined in IFRS 10, IFRS 11 (Joint Arrangements) and IAS 28 (Investments in Associates and Joint Ventures) and are used with the meanings specified in those IFRSs [IAS 24.9].

- 3.1 The instructions contained in the Regulation and this Procedure do not apply to transactions authorized by the Company that have equal effect on all Shareholders, including without limitation:
- (a) capital increases under option, including those to service the issue of convertible bonds, and capitalization issues allowed by art. 2442 of the Italian Civil Code;
 - (b) spin-offs in the strict sense, involving all or part of the business, with the proportional allocation of new shares;
 - (c) capital reductions via repayment to the Shareholders pursuant to art. 2445 of the Italian Civil Code and purchases of treasury shares pursuant to art. 132 of the Consolidated Law.
- 3.2 The instructions contained in the Regulation and this Procedure do not apply to Negligible Transactions.
- 3.3 In addition to the Related-Party Transactions excluded from application of the Regulation pursuant to art. 13, para. 1, of the Regulation and without prejudice to the provisions of art. 5, para. 8, of the Regulation and section 3.4 below, the provisions of the Regulation and this Procedure do not apply to:
- (a) compensation plans based on financial instruments approved at the Shareholders' Meeting pursuant to art. 114-*bis* of the Consolidated Law, or to the implementation in practice of those plans;
 - (b) resolutions adopted by the Board of Directors on the remuneration of Directors assigned special duties - separate from those adopted by the Board without exceeding the maximum overall amount authorized in advance at the Shareholders' Meeting pursuant to art. 2389, para. 3, of the Italian Civil Code - and of the Managers with Strategic Responsibilities, on condition that:
 - (i) the Company has adopted a remuneration policy approved at the Shareholders' Meeting;
 - (ii) the remuneration policy was defined with the involvement of a committee comprising solely Non-Executive Directors, the majority of whom were Independent Directors;
 - (iii) the remuneration assigned was determined in compliance with that policy and quantified using non-discretionary criteria;
 - (c) Ordinary Transactions;
 - (d) Related-Party Transactions with or between individual or multiple subsidiaries, as well as those with associates, on condition that other Related Parties of the Company do not have Significant Interests in the subsidiaries or associates that are counterparties to the Transaction, recognizing that the mere sharing of one or more directors or other Managers with Strategic Responsibilities between the

Company and its subsidiaries or associates does not give rise to Significant Interests.

3.4 Pursuant to art. 13, para. 3.c), of the Regulation, if a Transaction of Greater Significance represents an Ordinary Transaction consequent to this Procedure, the Company will:

- (a) by the deadline specified in art. 5, para. 3, of the Regulation, inform Consob and the Independent Directors who express opinions on Related-Party Transactions about the counterparty, the purpose and the consideration for the transaction that benefited from the exclusion, as well as about the reasons for which the transaction is deemed to be ordinary and concluded on market, standard or equivalent terms and conditions, providing the related objective evidence;
- (b) in the context of the disclosures envisaged in art. 5, para. 8, of the Regulation, indicate in the half-yearly report on operations and the annual report on operations which of the transactions subject to those disclosure requirements were concluded by recourse to the exclusion envisaged in section 3.3.c) above.

3.5 Without prejudice to the provisions of art. 5 and art. 8, para. 1.a), of the Regulation and where expressly allowed by the Statute of the Company, in urgent cases when the Related-Party Transactions need not be referred to or authorized at the Shareholders' Meeting, they may be concluded without reference to the requirements of sections 4.1 and 4.2 below, on condition that:

- (a) if the Related-Party Transaction to be carried out is the responsibility of a Managing Director or the Executive Committee, where appointed, the Chairman of the Board of Directors is informed promptly about its urgency and, in all cases, before the Related-Party Transaction is carried out;
- (b) Subsequently, without prejudice to its effectiveness, the Related-Party Transaction is submitted to the next Ordinary Shareholders' Meeting with the request to adopt a non-binding resolution;
- (c) the Board of Directors prepares a report for the Shareholders' Meeting that adequately explains the reasons for taking urgent action;
- (d) the Board of Statutory Auditors reports its considerations on the existence of the need for urgent action to the Shareholders' Meeting;
- (e) the report and the considerations referred to in points (c) and (d) above are made available to the public, at least twenty-one days prior to the date fixed for the Shareholders' Meeting at the registered office and in the manner envisaged in Part III, Title II, Chapter I of the Issuers' Regulation, by inclusion in the disclosure document required by art. 5, para. 1, of the Regulation;
- (f) the Company makes information about the outcome of voting, with particular reference to the total number of votes cast by the Unrelated Shareholders, available to the public by the day after that of the Shareholders' Meeting in the manner indicated in Part III, Title II, Chapter I of the Issuers' Regulation.

- 3.6 The Independent Directors who express opinions on Related-Party Transactions (a) receive information, at least annually, about application of the exemptions identified in this Procedure with reference to the Transactions of Greater Significance; and (b) check proper application of the conditions for exempting Transactions of Greater Importance that represent Ordinary Transactions notified to them pursuant to section 3.4.a) of this Procedure.

4. REGULATION OF RELATED-PARTY TRANSACTIONS

On the approval date of this Procedure, Aeffe satisfies the requirements specified in art. 3, para. 1.f), of the Regulation for qualification as a Smaller Company. The Company has therefore made the election allowed in art. 10, para. 1, of the Regulation so that the procedure for Transactions of Lesser Significance envisaged in art. 7 of the Regulation also applies to Transactions of Greater Significance.

Without prejudice to the provisions of art. 5 and art. 8, para. 1.a), of the Regulation, the procedure described in section 4.1 below will apply to both Transactions of Lesser Significance and Transactions of Greater Significance while Aeffe remains qualified as a Smaller Company. By contrast, pursuant and consequent to this Procedure and in compliance with art. 10, para. 2, of the Regulation, the Related-Party Transactions representing Transactions of Greater Significance will become subject to the procedure described in section 4.2 below should Aeffe no longer qualify as a Smaller Company.

4.1 Transactions of Lesser Significance

- 4.1.1 The Board of Directors and the bodies with delegated powers - to the extent of their powers of administration assigned by the Statute and/or delegated by the Board of Directors - approve each Transaction of Lesser Significance after receiving a reasoned, non-binding opinion from a committee of three Non-Executive and Unrelated Directors, the majority being Independent, on the interest of the Company in carrying out the Transaction, as well as on the reasonableness and essential appropriateness of the related conditions. This opinion must be attached to the meeting minutes of the above committee.
- 4.1.2 The committee referred to in section 4.1.1 above comprises the members of the Control and Risks Committee although, if the committee cannot be formed in compliance with the rules indicated in section 4.1.1 above, the Board of Directors or, failing that, the Managing Director (or even the Chairman), having consulted with the Board of Statutory Auditors, will appoint another Unrelated Director (Non-Executive and/or Independent, depending on whether or not it is necessary to re-establish the presence of at least two Independent Directors) or, failing that, a serving member of the Board of Statutory Auditors (other than the Chairman), without prejudice in all cases to the provisions of section 4.1.7 below.
- 4.1.3 The Chairman or the Managing Director ensures that the members of the Control and Risks Committee or, in the cases envisaged in section 4.1.7 below, the members of the Board of Statutory Auditors or the independent expert or the Unrelated Independent Director, if appointed, who are requested to express an opinion on the interest of the

Company in carrying out the Transaction, as well as on the reasonableness and essential appropriateness of the related conditions, receive complete and adequate information about the Transaction of Lesser Significance, reasonably in advance, together with objective evidence supporting any transactions deemed equivalent to those carried out on market or standard terms and conditions. If the Board of Directors has responsibility for the Transaction of Lesser Significance, the Chairman or the Managing Director ensures that same information is provided to the directors on a timely basis.

- 4.1.4 Without prejudice to the above, the Chairman ensures that adequate information about the Transactions of Lesser Significance for which the Board is responsible is provided to all directors pursuant to art. 2381 of the Italian Civil Code, as well as to the Board of Statutory Auditors.
- 4.1.5 The committee must express its opinion prior to final approval of the Transaction of Lesser Significance by the Board of Directors, if the latter has responsibility for it. In other cases, the opinion must be expressed before the Company accepts the obligation to carry out the Transaction of Lesser Significance.
- 4.1.6 The committee is entitled to assistance from one or more independent experts, chosen by the committee at the expense of the Company, within the budgetary constraints for each Transaction established by the Board of Directors. The committee must assess beforehand the independence of the experts, considering the relations indicated in section 2.4 of Annex 4 to the Regulation.
- 4.1.7 Should the Board of Directors not include at least two Unrelated and Independent Directors, the opinion envisaged in section 4.1.1 above is expressed (i) by the Board of Statutory Auditors on condition that those members of the Board of Statutory Auditors who have an interest in the transaction, whether directly or on behalf of third parties, inform the other statutory auditors about the nature, terms, origin and extent of that interest, or (ii) by an independent expert appointed by the Chairman of the Board of Directors after having consulted with the Chairman of the Board of Statutory Auditors, or (iii) by the Unrelated Independent Director, if appointed.
- 4.1.8 The resolutions of the Board of Directors that approve a Transaction of Lesser Significance must be adequately explained in terms of the interest of the Company in carrying out the transaction, as well as the reasonableness and essential appropriateness of the related conditions.

- 4.1.9 If the Board of Directors is responsible for the Transaction, the Directors Involved in the Transaction must abstain from voting on it.
- 4.1.10 Bodies with delegated powers report to the Board of Directors and the Board of Statutory Auditors, at least quarterly, on the execution of the Transactions of Lesser Significance.
- 4.1.11 Without prejudice to the obligations regarding price sensitive communications envisaged in art. 17 MAR, within fifteen days of the end of each calendar quarter the Company will make a document available to the public, at the registered office and in the manner indicated in Part III, Title II, Chapter I, of the Issuers' Regulation, as well as on the institutional website, indicating the counterparty, the object of and the consideration for the Transactions of Lesser Significance approved during that quarter despite the adverse opinion expressed by the committee (or the independent expert or the Board of Statutory Auditors or the Unrelated Independent Director, if appointed in the situation envisaged in section 4.1.7 above), together with the reasons for the decision to disregard that opinion. By the same deadline, the adverse opinion will be made available to the public on the website of the Company.

4.2 Transactions of Greater Significance

- 4.2.1 Without prejudice to the provisions of the previous section 4 and in addition to the provisions of sections 4.1.3, 4.1.4, 4.1.6, 4.1.8, 0 and 4.1.10 above, should the Company cease to qualify as a Smaller Company, the Related-Party Transactions representing Transactions of Greater Significance will be subject to the procedure described in sections 4.2.2, 4.2.3, 4.2.4, 4.2.5 and 4.2.6 below. Related-Party Transactions representing Transactions of Greater Significance will also be subject to the provisions of art. 5 of the Regulation.
- 4.2.2 The Board of Directors has sole responsibility for approving Transactions of Greater Significance.
- 4.2.3 The Managing Director ensures that a committee comprising at least three Unrelated Independent Directors or, in the cases in envisaged in section 4.2.6 below, one or more of the Unrelated Independent Directors, if appointed, is involved promptly in the negotiation and investigation phases via the receipt of complete, adequate and updated information about the Transaction of Greater Significance. The committee may also participate in the negotiation and investigation phases, requesting information and making observations to the bodies with delegated power and the persons assigned to carry out the negotiations or the investigation. The committee may delegate this activity to one or more of its members. *Mutatis mutandis*, sections 4.1.3, 4.1.5 (first part), 4.1.6 and 4.1.11 apply to the committee.
- 4.2.4 The Board of Directors adopts resolutions on the Transactions of Greater Significance following receipt of a favorable opinion from the committee indicated in section 4.2.3 above on the interest of the Company in carrying out the transaction, as well as on the reasonableness and essential appropriateness of the related conditions. This opinion must be attached to the meeting minutes of the above committee.

- 4.2.5 In all cases, the Board of Directors may approve a Transaction of Greater Significance despite the adverse opinion of the Independent Directors, on condition that: (i) if allowed by the Statute of the Company, the Ordinary Shareholders' Meeting authorizes completion of the transaction; and (ii) the same Meeting adopts that resolution not only with the majorities required by law, but also with the votes in favor of the majority of the voting Unrelated Shareholders, on condition that the Unrelated Shareholders present at the Meeting represent at least 10% of the share capital with voting rights.

Should the Statute of the Company not contain the requirement specified in point (ii) above, the Board of Directors must include - in the proposed Shareholders' resolution - a requirement for the Board to execute the approved resolution only if it was adopted by the voting majority specified in point (ii) above.

- 4.2.6 Should the Board of Directors not include three Unrelated and Independent Directors, the opinion envisaged in section 4.2.4 above is expressed (i) by the Board of Statutory Auditors on condition that those members of the Board of Statutory Auditors who have an interest in the transaction, whether directly or on behalf of third parties, inform the other statutory auditors about the nature, terms, origin and extent of that interest, or (ii) by an independent expert appointed by the Chairman of the Board of Directors after having consulted with the Chairman of the Board of Statutory Auditors, or (iii) by the Unrelated Independent Directors, if appointed.

4.3 **Transactions referred to the Shareholders' Meeting**

- 4.3.1 Except as envisaged in section 4.2.5 above and without prejudice to the provisions of section 4.3.2 below, when a Transaction of Lesser Significance or a Transaction of Greater Significance must be referred to or authorized at the Shareholders' Meeting, the provisions of sections 4.1 and 4.2 apply to the investigation and approval by the Board of Directors of the proposed resolution to be submitted to the Shareholders' Meeting, as well as to negotiation phase in the case of Transactions of Greater Significance.
- 4.3.2 The proposed resolutions regarding Transactions of Greater Significance may be approved even if the Independent Directors have expressed an adverse opinion. In that case, the Board of Directors will not execute the resolutions adopted at the Shareholders' Meeting, or carry out operational deeds authorized at that Meeting, if the Unrelated Shareholders present at the Shareholders' Meeting at the time of voting represent more than 10% of the share capital with voting rights, and the majority of the voting Unrelated Shareholders vote against the proposal submitted by the Board of Directors.
- 4.3.3 If expressly allowed by the Statute of the Company and without prejudice to the provisions of art. 5 of the Regulation, Related-Party Transactions that should be referred to or authorized at the Shareholders' Meeting may, in urgent cases linked to corporate crises, be concluded without regard for the instructions given in sections 4.3.1 and 4.3.2 above, on condition that:
- (a) the Board of Directors prepares a report that explains the urgent reasons appropriately;

- (b) the Board of Statutory Auditors reports its considerations on the existence of the need for urgent action to the Shareholders' Meeting;
- (c) the report and the considerations referred to in points (a) and (b) above are made available to the public at least twenty-one days prior to the date fixed for the Shareholders' Meeting at the registered office and in the manner envisaged in Part III, Title II, Chapter I of the Issuers' Regulation. These documents may be included in the disclosure document required by art. 5, para. 1, of the Regulation.

Should the considerations reported by the Board of Statutory Auditors mentioned in letter (b) above be adverse, the Board of Directors must not conclude the operation if the majority of the voting Unrelated Shareholders vote against the proposal submitted by the Board of Directors, and the Unrelated Shareholders present at the Shareholders' Meeting at the time of voting represent more than 10% of the share capital with voting rights. Otherwise, the Company makes information about the outcome of voting, with particular reference to the total number of votes cast by the Unrelated Shareholders, available to the public by the day after that of the Shareholders' Meeting in the manner indicated in Part III, Title II, Chapter I of the Issuers' Regulation.

- 4.3.4 Should it be necessary to make significant updates to the disclosure document published pursuant to art. 5 of the Regulation, the Company will make a new version of the document available to the public at least twenty-one days prior to the Shareholders' Meeting, in the manner envisaged in Part III, Title II, Chapter I of the Issuers' Regulation. The new version may include references to the information already published.

4.4 **Framework resolutions**

- 4.4.1 The Board of Directors may approve, in a single resolution, a series of similar Related-Party Transactions with the same Related Parties or with certain categories of Related Party.

- 4.4.2 In the situation envisaged in section 4.4.1 above and without prejudice to section 3 above:

- (a) the provisions of sections 4.1 and 4.2 above apply to the framework resolution adopted the administrative body, considering the foreseeable maximum cumulative amount of the similar Related-Party Transactions concerned;
- (b) the provisions of sections 4.1 and 4.2 above do not apply to the individual Related-Party Transactions carried out in execution of the framework resolution adopted by the Board of Directors, on condition that:
 - i. the resolution is effective for not more than one year;
 - ii. the resolution refers to sufficiently specific Related-Party Transactions;

- iii. the resolution indicates the foreseeable maximum amount of the transactions that, during the period in which the resolution is effective, may be carried out in implementation of the framework resolution;
 - iv. the resolution contains an adequate description of the terms and conditions applying to the Transactions;
- (c) the Chairman or a Managing Director reports to the Board of Directors every quarter, providing complete information on the implementation of the framework resolutions adopted.

5. RELATED-PARTY TRANSACTIONS CARRIED OUT BY SUBSIDIARIES

This Procedure also applies to Related-Party Transactions that involve subsidiaries and that are assessed in advance by the Board of Directors of the Company or a body with delegated powers, on condition that the outcome of the assessment is capable of influencing the procedure for approving the Related-Party Transaction by the subsidiary, without prejudice to the applicability of section 3 above to the aforementioned Related-Party Transactions that involve subsidiaries.

6. COMMUNICATIONS TO THE COMPANY

- 6.1.1 Related Parties provide the necessary information (including any updates) to the general management of the Company on a timely basis, so that the Company can comply with the obligations specified in the Regulation and the Procedure.
- 6.1.2 The Chairman or the bodies with delegated powers ensure that all Related-Party Transactions approved pursuant to the Regulation and this Procedure are notified on a timely basis to the executive responsible for preparing the corporate accounting documentation, in order to make the disclosures required by art. 154-*bis* TUF.

7. GENERAL PROVISIONS

- 7.1.1 Without prejudice to the provisions of art. 2391 of the Italian Civil Code, should the proposed Related-Party Transaction be the responsibility of a Managing Director who has an interest in it, that person must abstain from carrying out the Related-Party Transaction and refer it to the Board of Directors, specifying the nature, terms, origin and extent of that interest.
- 7.1.2 Without prejudice to the provisions of art. 2497-ter of the Italian Civil Code, the decisions of the Company influenced by management and coordination activities must be explained in detail, indicating clearly the reasons and interests that were assessed when making those decisions. The circumstances must be discussed adequately in the report prepared pursuant to art. 2428 of the Italian Civil Code.

- 7.1.3 Should a Related-Party Transaction be made known in a communication published pursuant to art. 17 MAR, that communication must include, in addition to the other information to be published pursuant to the above regulation:
- a description of the Transaction;
 - indication that the counterparty in the Transaction is a Related Party, describing the nature of the relationship;
 - the business name or personal name of the counterparty in the Transaction;
 - whether or not the Transaction exceeds the significance thresholds identified in Annex 3 to the Regulation, with advance notice of any subsequent publication of a disclosure document pursuant to art. 5 of the Regulation;
 - the procedure that has been or will be followed for approval of the Transaction and, in particular, whether or not, the Company has made recourse to an exclusion envisaged in this Procedure;
 - whether or not the Transaction was approved despite the adverse opinion of the committee (or the independent expert or the Board of Statutory Auditors or the Unrelated Independent Director, if appointed in the situation envisaged in section 4.1.7 above).
- 7.1.4 If the provisions of the Regulation are amended, the references made to the articles of the Regulation in this Procedure must be understood to refer, assuming the content of the articles remains the same, to the articles of the Regulation as amended.