Compliance Standard

Transaction involving the interests of the Directors and Statutory Auditors and Transactions with Related Parties

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For the purposes of this document, the terms and definitions available in the "Glossary" section found on the company Intranet apply

Any regulatory references are detailed in the "External References" section available on the company Intranet

Any printed copies of the document are not checked and revised.
Before use it is necessary to check that the document is up-to-date compared with the original in force on the company's intranet.

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1. ABSTRACT

This Standard (the "**Standard**"), adopted by the Board of Directors (the "**Board of Directors**") of Italgas S.p.A. ("**Italgas**" or also the "**Company**") pursuant to and for the effects of article 2391-*bis* of the Italian Civil Code and Consob Resolution *"Related-party transactions regulation"* no. 17221 of 12 March 2010 as most recently updated with the amendments made with Resolution no. 21624 of 10 December 2020 (hereinafter, "**Consob Regulation**", annexed to this Standard as Annex 1), establishes the principles and rules which Italgas and its direct or indirect subsidiaries pursuant to art. 93 of Legislative Decree 58/1998 ("**CLF**") or in any case subject to direction and coordination pursuant to art. 2497 and ff. of the Italian Civil Code (hereinafter "**Subsidiaries**" and, together with Italgas, "**Group**" or "**Italgas Group**") must adhere to in order to ensure transparency and substantial and procedural fairness of Related-Party Transactions and Transactions involving the interests of the directors and statutory auditors of Italgas, carried out by Italgas or its Subsidiaries, also taking into account the aim of avoiding the risk of depleting the company's equity.

This Standard, as well as the subsequent amendments and/or supplements, apply from the day indicated by the Board of Directors in the approval resolution. Considering that related-party transactions are important for the Group in relation to two different aspects – management policies and corporate reporting – this Standard is issued:

- to take account of the rules introduced by the Consob Regulation;
- in compliance with the prescriptions and recommendations of the New Corporate Governance Code of the listed companies approved by the Corporate Governance Committee to which Italgas adheres (hereinafter, "**Corporate Governance Code**") and the Corporate of Ethics of the Italgas Group;
- in compliance with the Unbundling Regulations, taking account of the specific nature of the activities carried out by the Italgas Group subject to the supervision of the Regulatory Authority for Energy, Networks and the Environment (in compliance with law no. 481 of 1995 and legislative decree no. 164 of 2000);
- in coordination with the provisions of the administrative and accounting procedures pursuant to art. 154-bis of the CLF.

The Company applies this Standard to Related-Party Transactions implemented by Italgas, directly or through its Subsidiaries, also taking into account Consob Communication no. DEM/10078683, published on 24 September 2010, containing "Indications and guidelines for the application of Regulations on related-party transactions adopted with resolution no. 17221 of 12 March 2010 as subsequently amended" (the "**Consob Communication**"), attached to this Standard as Annex 2.

2. DEFINITIONS

In addition to any terms defined in the articles of this Standard, the terms and expressions in capital letters used herein have the meaning indicated below, it being specified that the same meaning applies in both the singular and plural.

Directors Involved in the RPT: directors of Italgas who have an interest in the Related-Party Transaction, on their own behalf or for third parties, in conflict with that of the Company.

Independent Directors: directors of Italgas in possession of the independence requirements prescribed by the regulations in force at the time and the Corporate Governance Code[1];

Unrelated Independent Directors: Independent Directors other than the counterparty of a particular Transaction and the related parties of the counterparty.

Unrelated and Uninvolved Independent Directors: Independent Directors other than the counterparty of a particular Transaction and the related parties of the counterparty, who have no interest in the Related-Party Transaction, on their own behalf or for third parties, in conflict with that of the Company.

Unrelated Directors: directors of Italgas other than the counterparty of a particular Transaction and the related parties of the counterparty.

Unrelated and Uninvolved Directors: directors of Italgas other than the counterparty of a particular Transaction and the related parties of the counterparty, who have no interest in the Related-Party Transaction, on their own behalf or for third parties, in conflict with that of the Company.

Control, Risk and Related Party Transactions Committee and Appointments and Compensation Committee: Committees established by and within the Italgas' Board of Directors following the recommendations of the New Corporate Governance Code.

Conditions Equivalent to those of the Market or Standard: conditions similar to those usually practised with respect to non-related parties for transactions of a corresponding nature, size and risk, or based on regulated tariffs or on set prices or those practised with respect to subjects with whom the company is obliged by law to contract at a set fee[2]. They usually include conditions determined following competitive and transparent procedures governed by general company rules or by rules in line with legal procedures for purchasing goods and services, as well as the conditions applied in compliance with the provisions set out in clause 14.4 of Annex A to Resolution no. 296/2015/R/com and subsequent amendments and supplements of the Regulatory Authority for Energy, Networks and the Environment (Unbundling Regulations).

Independent Expert: natural or legal person in possession of the requirements of professionalism, integrity and independence required by the nature of the office held. Independence is first assessed by the Committee required to issue an opinion on the RPT pursuant to the subsequent paragraphs 4.2 and 4.3 or, if the Independent Expert is required to issue this opinion by the Board of Directors having particular regard to any economic, equity and financial relations between the Independent Expert and (i) the Related Party counterparty of the RPT, the companies it controls, the subjects that control it and the companies subject to joint control; (ii) Italgas, the subjects that control Italgas, the companies controlled by Italgas or subject to joint control with the latter, (iii) the directors of the companies referred to above under the previous points (i) and (ii); information on any relationships is certified by a statement issued by the expert during the awarding of the assignment[3];

Department: in accordance with this Standard, an organisational unit of the Company or a Subsidiary carrying out the activities specified in the various phases of the process. The department is promptly

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[1] Whether the directors hold the requisites of independence is assessed after their appointment or annually by the Board of Directors; the result of the assessment is made known to the public.

[2] It should be borne in mind that the Italgas Group performs many activities that are strictly regulated by the Italian Regulatory Authority for Energy, Networks and the Environment in terms of both contractual and tariff aspects, therefore leaving no discretionary elements in the agreements signed by the Italgas Group in strict compliance with the provisions and tariffs approved by the Authority.

[3] The Consob Communication specifies that the Experts chosen by the Independent Directors do not necessarily have to be different from those that may be appointed by the company. Moreover, the economic, equity and financial relations indicated above may be considered irrelevant as far as judging independence is concerned, without prejudice for the need to provide express justification for it in the information document referred to in Annex 4 of the Consob Regulation.

identified in the current organisation chart according to the responsibilities laid out in the relevant corporate organisational documents.

Group or **Italgas Group**: the corporate group comprised of Italgas and its Subsidiaries.

Unbundling Regulation: Provisions issued by the Regulatory Authority for Energy, Networks and the Environment as set out in Annex A to Resolution 137/2016/R/com - Consolidated Law on Accounting Unbundling (TIUC) as set out in Annex A to Resolution 296/2015/R/com - Consolidated Law on Functional Unbundling (TIUF).

Transaction: any transfer, active or passive, of resources, services or the assumption of obligations, irrespective of whether compensation has been agreed. However, the following are included:

- mergers, demergers by incorporation or non-proportional demergers in the strictest sense;
- any decision relating to the allocation of remuneration and economic benefits, in any form, to the members of the boards of Directors or Statutory Auditors and to executives with strategic responsibilities[4].

Transactions involving the interests of the directors and statutory auditors: any Transaction carried out by Italgas or another Group company with directors and statutory auditors of Italgas or with Subjects of Interest.

Transactions with Related Parties or **RPT:** transactions defined as such by the international accounting standards adopted in accordance with the procedure referred to in art. 6 of Regulation (EC) no. 1606/2002 ("**International Accounting Standards**") in force at the time negotiations on a RPT start or, in the absence of negotiations, at the time the relative decision is made [5]; for ease of reference Annex 2-bis of this Standard contains the definition of Related-Party Transactions and the definitions functional thereto indicated in the International Accounting Standards in force at the time[6].

Transactions of Greater Importance: RPTs that exceed the thresholds envisaged by the regulations in force each time and that, on the date of approval of this Standard correspond to the RPTs identified as such by Annex 4 to this Standard.

Transactions of Lesser Importance: RPTs other than Transactions of Greater Importance and Transactions of Negligible Value.

Transactions of Negligible Value: RPTs identified as such by Annex 5 of this Standard, which, considering the size of the Italgas Group, do not involve any appreciable risk to the protection of investors and the integrity of the company's equity.

Ordinary Transactions[7]: RPTs which fall within the sphere of the ordinary management of business operations and the

[4] Cf. paragraph 4.6

[5] Express reference is made to the Consob Communication, where it states that "*If the transaction is carried out by a listed company through another listed company, in the sense indicated above, both companies shall be required to apply the procedures according to their respective roles: the parent company shall apply, during the examination or approval of the transaction, the rules independently identified, while the subsidiary shall apply the procedures required by the Regulations for transactions of greater or lesser importance. Of course, the above shall apply only on condition that the related party is also a related part of the controlled company.*"

[6] Any merely formal amendments made to the aforementioned definitions that are necessary to adapt to regulatory or legislative measures can be made by the Legal Department, subject to assessment by the Committee itself, which shall inform the Board at the first available meeting.

[7] The expression refers to the concept of the *ordinary course of business.* Pursuant to the Consob Communication, an "ordinary" transaction occurs in cases where two selection criteria are simultaneously met. Firstly, the transaction must be consequent to operating activities or, alternatively, to the financial activity related to the same. Secondly, the same transaction must also fall within the sphere of the "ordinary" operating activities or the related financial activities". "Business operations" means the set of (i) main activities that generate revenues for the company and (ii) all the other management activities that cannot be classified as "investment-related" or "financial." When identifying "business operations" the subject, recurrence, purpose or scope, size, contractual terms and conditions, nature of the counterparty and timing must be taken into account.

related financial activities.

Related Parties: the subjects defined as such by the International Accounting Standards in force at the time negotiations on a RPT start or, in the absence of negotiations, at the time the relative decision is made; for ease of reference Annex 2-bis of this Standard contains the definition of Related Parties and the definitions functional thereto indicated in the International Accounting Standards in force at the time[8].

Attorney-in-fact: individual attributed, according to the cases, the power to complete deeds in the name and on behalf of the Italgas Group, with effect in respect of third parties.

Unrelated Shareholders: subjects with voting rights, other than the counterparty of a particular RPT or subjects related to both the counterparty of the RPT and to Italgas.

Subjects of Interest: subjects (natural or legal persons) indicated by directors and statutory auditors of Italgas, who may have a direct or indirect interest, even potential, in the activities carried out by Italgas and by the Subsidiaries or in certain Transactions[9].

When examining each relationship with Related Parties, attention should be given to the substance of the relationship and not only its legal form.

DEPARTMENTS INVOLVED

Department Mentioned in this document	Organisational Unit
Legal Department	Legal, Corporate and Compliance Affairs (ALESOC)
Corporate Affairs Department	Corporate Affairs and Governance (AFFSOC)
Legal Compliance Department	Compliance, Legal and Anti-Corruption Department (COMPLA)
Internal Audit Department	Internal Audit (INTAU)
Budget Department	Administration and Finance (AMBIL)

3. CENSUS OF THE RELATED PARTIES AND PARTIES CONCERNED. PRELIMINARY WORK.

3.1 Related Parties and Subjects of Interest Database

The Related Parties of Italgas and Subjects of Interest are listed, in compliance with privacy regulations, in a database (“**Related Parties and Subjects of Interest Database**” or also “**Database**”) created on the basis of:

- the company register of shareholdings of the Italgas Group;
- the statements that the persons indicated in point I, letter a) (i) and (ii) of Annex 2-bis to this Standard, as well as the directors, standing auditors and executives with strategic responsibilities of Italgas issue periodically with reference to the identification of the Related

[8] Any merely formal amendments made to the aforementioned definitions that are necessary to adapt to regulatory or legislative measures can be made by the Legal Department, subject to assessment by the Committee itself, which shall inform the Board at the first available meeting.

[9] If the Subject of Interest is indicated with reference to a certain Transaction involving the interests of the directors and statutory auditors of Italgas, the director or statutory auditor of Italgas shall assess whether to update their periodic statement and, in any case, inform the Corporate Affairs Department of Italgas for the purposes of the application of points 5.1 and 5.2.

Parties referable to them[10] and, limited to the directors and standing auditors of Italgas, of the Subjects of Interest;

- of any additional information available to the Italgas Group[11] [12].

For the purposes of updating the Database, the Corporate Affairs Department, at least once a year, sends the person indicated in point I, letter a (i) and (ii) of Annex 2-bis to this Standard, as well as the directors and statutory auditors and the other executives with strategic responsibilities of Italgas a statement to fill out, sign and send back to the Corporate Affairs Department, attached to this Standard as Annex 3. The Related Parties and Subjects of Interest Database is kept by the Corporate Affairs Department. The head, identified by the head of Corporate Affairs ("**Head of the Database**"), ensures it is updated, if necessary also with the assistance of external consultants.

Moreover, the Corporate Affairs Department prepares and retains, in a special electronic register, an archive of (i) Related-Party Transactions approved according to the procedures described in the following paragraphs 4.2 and 4.3, as well as the framework resolutions mentioned in paragraph 4.5; (ii) Related-Party Transactions covered by the causes of exclusion indicated in the following paragraph 4.6.

3.2 Preliminary work

At the outset of any transaction, or when the conditions of an already approved transaction are altered, the Attorney-in-fact is responsible for ascertaining, even through the person instructed to carry out the preliminary work, whether the transaction is included under the scope of application of this Standard[13].

In particular, the Attorney-in-fact must check, even through the person instructed to carry out the preliminary work, whether the counterparty in the transaction is a Related Party or Subject of Interest, with the support of the Corporate Affairs Department.

Each Attorney-in-fact, at the start of any Transaction, or when the conditions of an already approved transaction are amended, is required, with the support of the Corporate Affairs Department, to check in the Related Parties and Subjects of Interest Database, via access from a special application on the company Intranet, whether the party or parties to the possible agreement are identified in the Database. The Database manager, at the request of the Interested Party, is required to give a prompt reply, indicating whether the name of the counterparty is in the Database or not.

The Attorney-in-fact keeps track of any application of one of the causes of exclusion indicated in the next paragraph 4.6 to the Related-Party Transactions and in any case informs the Corporate Affairs Department, so that it can include the transaction in the archive referred to in paragraph 3.1.

3.3 Information flows

The Attorney-in-fact:

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[10]It is the responsibility of the people indicated as Related Parties in point I, letter a) (i) and (ii) of Annex 2-bis to this Standard, as well as the directors, standing auditors and other executives with strategic responsibilities of Italgas to promptly inform the Corporate Affairs Department of the Italgas Group of any updates to the statements issued.

[11] Such as, for example, the information deduced from the mapping of its related parties periodically sent by the person or legal persons required to do so to the head of the Company's Legal Department.

[12] The information and data on the Related Parties and Subjects of interest contained in the Database consists of: (i) for natural persons, name and surname, date and place of birth, tax code; (ii) for legal persons, company name, registered office, tax code/VAT registration number. Information relating to the directors, auditors and executives with strategic responsibilities is obtained and processed in compliance with the privacy regulations.

[13] In the case of transactions that require auctions, tenders or other competitive procedures to be carried out, the checks must be made during the preparation of the documentation necessary to participate in or announce the competitive procedure.

- where it is ascertained that the transaction is carried out with a director or a statutory auditor of Italgas or with a Subject of Interest, applies the provisions stated in article 5 below.
- where it is ascertained that it is a Related-Party Transaction, is also required, with the support and prior verification of the Corporate Affairs Department, to start the preliminary work for the RPT referred to in this Standard, unless it is one of the cases of exclusion mentioned in paragraph 4.6 below. In particular, the Attorney-in-fact must send the information[14], with the relative assessments on the RPT, through the Head of the relevant Department:

(i) to the Chief Executive Officer of Italgas in the case of transactions for which the Board of Directors of Italgas or the Chief Executive Officer of Italgas are competent;

(ii) to the Chief Executive Officer of the competent Subsidiary or the executive directors of another subject that is not corporate in nature, whose management bodies are comprised mainly of employees of Italgas or of Subsidiaries, in the case of Transactions in their interest.

The Head of the competent Department shall assure the competent Chief Executive Officer that the information and assessments received have been checked before subsequent communication to the Committee called on to give its opinion, as well as the additional activities required pursuant to the subsequent paragraphs 4.2 and 4.3.

In any case, if the responsibility for deciding is attributed to a subject or body other than the one that carried out the preliminary work, the same information and relative assessments referred to above are sent, by the Attorney-in-fact, also through his/her own managers, to such a subject or body.

4. TRANSACTIONS WITH RELATED PARTIES

4.1 Roles and authorisation procedure

The task of providing the opinion mentioned in the subsequent paragraphs 4.2 and 4.3 is assigned to the Control, Risk and Related Party Transactions Committee, established by and within the Board of Directors[15]. In the case of Related-Party Transactions concerning the remuneration of the directors, statutory auditors, general managers and other executives with strategic responsibilities of Italgas, this opinion is expressed by the *Appointments and Compensation Committee* established by and within the Board of Directors[16].

The Committee meets in good time in view of the date scheduled for the approval and/or execution of the RPT. The opinion of the Committee must in any case be provided in good time for the approval and/or execution of the RPT.

In the cases envisaged in the subsequent paragraphs 4.2 and 4.3, if the Committee is not entirely made up of Unrelated and Uninvolved Directors, the members of the Committee who are not Unrelated and Uninvolved Directors shall be replaced, for the issuing of the opinion referred to that specific RPT:

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[14] The information on the RPT is drawn up coherently and compatibly with the provisions of the "Information Document on Transactions of Greater Importance" referred to in Annex 6.

[15] The Control, Risk and Related Party Transactions Committee must be made up of non-executive directors, the majority of whom are independent. The opinion mentioned in paragraph 4.3 below on Transactions of Greater Importance must be issued by a committee, even set up specifically, made up exclusively of Unrelated Independent Directors. Therefore, if the Control, Risk and Related Party Transactions Committee of Italgas is made up of non-executive directors, the majority of whom are independent, in application of the procedure indicated in the last paragraph of this paragraph 4.1, the opinion mentioned in the subsequent paragraph 4.3 is given by a committee set up specifically, appointed by the Board of Directors and made up only of Unrelated and Uninvolved Independent Directors, or an Independent Expert identified by the Board of Directors.

[16] The opinion mentioned in paragraph 4.3 below on Transactions of Greater Importance must be issued by a committee, even set up specifically, made up exclusively of Unrelated Independent Directors. Therefore, if the Appointments and Compensation Committee is made up of non-executive directors, the majority of whom are independent, in application of the procedure indicated in the last section of this paragraph 4.1, the opinion mentioned in the subsequent paragraph 4.3 is given by a committee set up specifically, appointed by the Board of Directors and made up only of Unrelated and Uninvolved Independent Directors, or an Independent Expert identified by the Board of Directors.

- in the case of Transactions of Lesser Importance, by Unrelated and Uninvolved Directors in order of seniority until it is made up entirely by Unrelated and Uninvolved Directors, the majority of whom are Independent Directors;
- in the case of Transactions of Greater Importance, by Unrelated and Uninvolved Independent Directors in order of seniority until it is made up entirely by Unrelated and Uninvolved Independent Directors.

If it is not possible to make such a momentary substitution, the Committee informs the Board of Directors which shall appoint an Independent Expert[17].

4.2 Procedure for Transactions of Lesser Importance

For Transactions of Lesser Importance, notwithstanding the decision-making powers established by the governance system of the Italgas Group and the provisions set out in the following paragraph 4.6, the following procedure must be carried out.

a) Before approval of a Transaction of Lesser Importance, the information stated in the previous paragraph 3.3 shall be transmitted, as soon as it is available and in any case at least seven days before the first useful date for a meeting, by the relevant Department to the Control, Risk and Related Party Transactions Committee for the issuing of the opinion referred to in the subsequent letter b)[18]. If the RPT Conditions are deemed by the Attorney-in-fact as Market-Equivalent or Standard Conditions, the documentation drawn up must contain objective elements evidencing the fact.

b) The Control, Risk and Related Party Transactions Committee shall provide a grounded, non-binding opinion on the interests of the Company in fulfilling the RPT and on the value and substantial correctness of the related conditions[19]. The opinion is annexed to the minutes of the Committee meeting at which it was given.

   In this respect:

   (i) the Committee may seek assistance, at the company's expense, from one or more Independent Experts of its choice, having checked their independence, this check is carried out by the Committee, taking into account the economic, equity and financial relations between the Independent Expert and: *(i)* the Related Party counterparty of the Transaction, the companies it controls, the subjects that control it and the companies subject to joint control; *(ii)* Italgas, the subjects that control Italgas, the companies controlled by Italgas or subject to joint control with the latter, *(iii)* the directors of the companies referred to under the previous points *(i)* and *(ii)*;

   (ii) if the duty to decide is attributed to a subject or body other than the Attorney-in-fact or the subject that carried out the preliminary work, they shall be sent, in addition to the information already sent pursuant to paragraph 3.3, the opinion issued by the Committee;

   (iii) if the duty to decide on the Transaction of Lesser Importance lies with the Italgas' Board of Directors, the Directors Involved in the Transaction shall abstain from voting on it[20];

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[17] This procedure shall be followed even if the Committee required to express the opinion referred to in the subsequent paragraph 4.3 is made up of Unrelated and Uninvolved Directors, the majority of whom are independent.

[18] In any case, the time deemed necessary by the Committee itself shall always be respected to ensure that it can adequately examine the documentation transmitted.

[19] In case of Transactions regarding the remuneration of directors, statutory auditors, general managers and other executives with strategic responsibilities, the opinion is expressed by the Appointments and Compensation Committee.

[20] At the Board of Directors' meeting, the directors involved can suggest they do not participate in the discussion, leaving the meeting room.

(iv) the opinion issued by the Committee on a Transaction of Lesser Importance contains adequate reasons why it is in Italgas' interest to carry out the RPT and on the reasonableness and propriety in substance of the related conditions.

c) The Board of Directors and the Board of Statutory Auditors shall receive a complete disclosure, at least quarterly, on the execution of Transactions of Lesser Importance from the Chief Executive Officer, highlighting any transactions that have been approved despite the Committee having given a negative opinion and the related reasons for it.

d) Notwithstanding the provisions of article 17, paragraph 1, of (EU) Regulation 596/2014 ("**MAR**")[21], if Transactions of Lesser Importance have been approved despite a negative opinion given by the Control, Risk and Related Party Transactions Committee pursuant to the previous letter b), a document shall be made available to the public within 15 days of the end of each quarter, at the company's office and in the ways specified in Part III, Chapter II, Heading I of the Issuer Regulation adopted by Consob with resolution no. 11971/1999 as subsequently amended ("**Issuers' Regulations**"), containing the indication of the counterparty, the object and price of the Transactions of Lesser Importance approved during the reference quarter with the negative opinion of the Committee, along with the reasons why the choice was made not to comply with said opinion. Within the same term, the opinion is made available to the public as an annex to the information document or on the Company's website.

4.3 Procedure for Transactions of Greater Importance

For Transactions of Greater Importance, notwithstanding the provisions set out in the subsequent paragraph 4.6, the following procedure must be carried out.

a) Before approval of a Transaction of Greater Importance, the information stated in paragraph 3.3 shall be sent as soon as it is available and in any case at least seven days before the first useful date for a meeting, by the relevant Department to the Control, Risk and Related Party Transactions Committee for the issuing of the opinion referred to in the subsequent letter c)[22]. If the conditions of the Transactions of Greater Importance are deemed by the Attorney-in-fact as Market-Equivalent or Standard Conditions, the documentation drawn up must contain objective elements evidencing the fact.

b) In this respect:

   1) the Committee, or one or more of its members appointed by it, shall be promptly involved in the negotiations phase and in the preliminary work phase receiving a complete, updated and timely flow of information, with the faculty to request information and to make observations to the appointed bodies and subjects in charge of conducting negotiations and preliminary work;

   2) the Committee may seek assistance, at the company's expense, from one or more Independent Experts of its choice, having checked the independence of the same in compliance with the provisions of the previous paragraph 4.2, lett. b(i);

   3) the report or documents approving the RPT, where applicable, contain suitable reasoning regarding the company's interests in carrying out the RPT and the monetary value and substantial correctness of the related conditions.

c) The responsibility for resolving on the Transactions of Greater Importance is reserved to the Italgas' Board of Directors and the Directors Involved in the Transaction shall abstain from voting

[21] *"The issuer discloses to the public, as soon as possible, Inside Information directly concerning the issuer"*.

[22] See notes n. 18 and n. 19 above.

on it[23]. The Board of Directors approves the Transaction of Greater Importance only after receiving the Control, Risk and Related Party Transactions Committee's reasoned favourable opinion[24] on the company's interest in concluding the RPT and on the substantive correctness of the underlying conditions. The opinion is annexed to the minutes of the Committee meeting at which it was given.

4.4 Transactions with Related Parties attributed to the shareholders' meeting

When a Transaction of Lesser Importance has to be resolved or authorized by the Shareholders' Meeting of Italgas, during investigations and approval of the proposed resolution to be submitted to the shareholders' meeting, insofar as applicable, the provisions of paragraph 4.2 shall apply.

When a Transaction of Greater Importance has to be resolved or authorized by the Shareholders' Meeting, during negotiations, investigations and approval of the proposed resolution to be submitted to the shareholders' meeting, the provisions laid down in the previous paragraph 4.3 shall apply.

4.5 Framework resolutions

Homogeneous Transactions, to be completed with the same Related Party, can be approved by adopting framework resolutions.

During investigations and approval of the framework resolution, on the basis of the expected maximum amount of the transactions subject to the resolution, considered cumulatively, the provisions set out in the previous Paragraphs 4.2 and 4.3, insofar as compatible, apply.

In any case, the framework resolutions shall not be effective for more than one year, shall refer to sufficiently determined RPTs and show at least the forecast maximum amount of RPTs to be performed during the reference period and the reasons for the envisaged terms.

The Chief Executive Officer of Italgas, with the support of the Head of the Internal Audit Department, sends the Board of Directors a full disclosure at least quarterly on the implementation of framework resolutions.

The additional provisions set out in the previous paragraphs 4.2 and 4.3 do not apply to the individual transactions concluded by implementing the framework resolution.

4.6 Cases of exclusion

Without prejudice to the provisions of art. 2391 of the Italian Civil Code and the procedure set out in the paragraph 5.1 below (where applicable), the procedures indicated in paragraphs 4.2, 4.3, and 4.4 and the public disclosure obligations in the subsequent paragraph 4.7, do not apply:

1) to the shareholders' meetings resolutions pursuant to article 2389, first subsection, of the Italian Civil Code, in relation to compensation due to members of the Board of Directors;
2) to resolutions on the compensation of directors assigned specific roles falling under the overall amount previously determined by the Shareholders' Meeting pursuant to article 2389, third subsection, of the Italian Civil Code;
3) to the shareholders' meetings resolutions pursuant to article 2402 of the Italian Civil Code, in relation to compensation due to members of the Board of Statutory Auditors;
4) to the Related-Party Transactions of Insignificant Amount identified as such by Annex 5 of this Standard;

[23] At the Board of Directors' meeting, the directors involved can suggest they do not participate in the discussion, leaving the meeting room.

[24] See note no. 19 above.

5) to transactions resolved by the Company aimed at all shareholders under equal conditions, including:

   (i) capital increases in option, also at the service of convertible debenture loans, and the free share capital increases envisaged by Article 2442 of the Italian Civil Code;

   (ii) spin-offs in the strictest sense, both total and partial, with the criterion of proportional share attribution;

   (iii) share capital reductions through the reimbursement of shareholders envisaged by Article 2445 of the Italian Civil Code and purchases of treasury shares pursuant to Article 132 of the CLF.

Without prejudice to the provisions of art. 2391 of the Italian Civil Code and the procedure set out in the subsequent paragraph 5.1 (where applicable), as well as the provisions of the Consob Regulation on public information on financial relations[25], the procedures indicated under paragraphs 4.2, 4.3 and 4.4 and other public information obligations referred to in Annex 6, Section I, point 1 of this Standard, referred to in the subsequent paragraph 4.8, do not apply:

6) to compensation plans based on financial instruments approved by the Shareholders' Meeting in accordance with Article 114-*bis* of the CLF and related executive operations;

7) to the resolutions regarding the compensation of Directors and Statutory Auditors holding special offices, other than those indicated in points 1, 2 and 3 of the paragraph above, and of other executives with strategic responsibilities, providing: (i) the company has adopted a remuneration policy approved by the Italgas shareholders' meeting; (ii) the Appointments and Compensation Committee has been involved in drawing up the remuneration policy; (iii) the established remuneration is identified in compliance with this policy and is quantified based on criteria that do not involve discretionary evaluations;

8) to Ordinary Transactions with Related Parties concluded at Equivalent to Market or Standard conditions. In these cases, if it is a Transaction of Greater Importance, the reporting obligations set out in article 17, para. 1, MAR still stand[26]:

   (i) the Corporate Affairs Department must inform Consob and the Independent Directors required to express the opinion referred to in the previous paragraph 4.3 of the counterparty, the subject and the consideration for the transactions that benefited from the exclusion, as well as the reasons why the transaction is deemed to qualify as an Ordinary Transaction concluded under Market-Equivalent or Standard Conditions, providing objective elements evidencing the fact; the communication is sent to Consob and the Independent Directors within the deadline of seven days from approval of the Transaction of Greater Importance by the competent body, if the competent body passes resolution in favour of presenting a contract proposal, from the moment the contract is concluded, even in preliminary form;

   (ii) after notification of the Corporate Affairs Department, the interim report on operations and the annual report on operations, as part of the information provided for by the Consob Regulation on public information on financial relations[27] and reported in Annex 6, Section 1, point 2 of this Standard, indicated which of the Transactions of Greater Importance subject to the information obligations provided for therein, were concluded making use of the exclusion provided for Ordinary Transactions under Market-Equivalent or Standard Conditions;

9) to RPTs with or between Subsidiaries, including jointly, and RPTs with associates of Italgas ("Associates") if in the Subsidiaries or Associates acting as counterparts in the transaction there

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[25] Article 5, clause 8 of the Consob Regulation.

[26] See note 21.

[27] Article 5, clause 8 of the Consob Regulation.

are no interests, quantified as significant based on the criteria defined in Annex 4, section II of this Standard, of other Related Parties of the Company. Significant interests shall not be considered as 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.

The Independent Directors required to express the opinion on Transactions of Greater Importance as per the previous paragraph 4.3:

(i) receive, from the Corporate Affairs Department, at least once a year and with reference to Transactions of Greater Importance, information on the application of the cases of exemption referred to in the previous points of this paragraph;

(ii) on the basis of the information received from the Corporate Affairs Department in accordance with the previous point 8 (i) of this paragraph, without delay they check the correct application of the exception conditions for Transactions of Greater Importance defined as Ordinary Transactions and concluded under Market or Standard Conditions. More specifically, the Chairman of the Committee within whose remit it falls each time, within 3 working days after receiving the information, calls the same Committee to carry out the aforementioned checks. Where deemed necessary or appropriate for the verification purposes within their remit, the Independent Directors may make requests for information to the Legal Department which is required to promptly respond to the requests received.

4.7 Public information obligations

Related-Party Transactions carried out by the Italgas Group shall be communicated to the public at the time of their completion and, periodically, as part of the interim report on operations and the annual report on operations.

The public is informed in compliance with the provisions of the Consob Regulations (in this regard see the content of Annex 6 to this Standard).

4.8 Reporting to the Board of Directors and Board of Statutory Auditors

Information on the execution of all the Transactions with Related Parties (excluding those exempt from the application of this Standard) is provided by the Chief Executive Officer to the Board of Directors and Board of Statutory Auditors at least quarterly.

5. TRANSACTIONS INVOLVING THE INTERESTS OF THE DIRECTORS AND STATUTORY AUDITORS

5.1 Roles and authorisation procedure

In the case of Transactions in which a Director or a Statutory Auditor has an interest on his/ her own behalf or on behalf of third parties, the following provisions are applied.

Notwithstanding the contents of the previous provisions of this Standard, the Attorney-in-fact must also verify whether the transaction is carried out with a director and/or with a statutory auditor of Italgas and/or with a Subject of Interest.

In the event of a positive finding, the Attorney-in-fact must perform, with the support of the Corporate Affairs Department, an in-depth analysis and documented examination, during the preliminary work and resolution phase, of the grounds for the Transaction, clearly highlighting the interests of the Italgas Group, also taking into account the implications and advantages linked to belonging to the Italgas Group, as well as the value and equity of the conditions envisaged, in light of the objective and documented findings.

The reasons must be brought to the knowledge of the subject responsible for passing the resolution.

Before discussing each point on the agenda of the meeting:

- on the basis of the provisions of Article 2391 of the Italian Civil Code, all directors and statutory auditors are in any case required to report any interests they may have, on their own behalf or for third parties, in connection with the matters or issues at hand, specifying the relevant nature, terms, source and scope;
- if the transaction falls within the remit of the Italgas' Board of Directors, in any case the procedures referred to in the previous paragraph 4.2, letter b) apply[28], namely those provided for Transactions of Lesser Importance[29]. At the Board of Directors' meeting, the directors involved do not take part in the relative resolution[30].

If the interest in the Transaction concerns the Chief Executive Officer and if the Transaction falls within his/her competence, he or she shall in any case abstain from taking part in the Transaction and shall entrust the matter to the Board of Directors (art. 2391 of the Italian civil code).

To ensure respecting for the investigation and resolution procedures envisaged by this article:

- directors and statutory auditors of Italgas, at least once a year and if changes are made, shall issue a statement setting out the potential interests of each of them in relation to the Italgas Group and in any case pointing out in good time to the Chief Executive Officer of Italgas (or the Chairman of Italgas, in the case of the Chief Executive Officer's interests) – who shall inform the other directors and the Board of Statutory Auditors – the individual Transactions that the Italgas Group intends to complete, in which they have interests;
- in this regard, it is specified that:
    - the evaluation of the directors and standing auditors is subjective;
    - the interest can be relevant even if it is indirect (e.g. through a close relative);
    - the declarations indicate the organizations, excluding the Subsidiaries and Associates of Italgas, in which the declaring party holds the positions of director, statutory auditor and other manager with strategic responsibility or with whom the declaring party in any case has a significant commercial, financial or professional relationship, with particular attention to the organisations that perform activities, even indirectly, in the same business sector as the Italgas Group.

5.2 Reporting to the Board of Directors and Board of Statutory Auditors

Information on the execution of all the Transactions involving the interests of directors or statutory auditors governed by this Standard is provided by the Chief Executive Officer to the Board of Directors and Board of Statutory Auditors of Italgas at least quarterly.

6. MONITORING COMPLIANCE OF THE STANDARD AND FINAL PROVISIONS

6.1 Monitoring compliance of the Standard

[28] All the information on such transactions is sent to the Control, Risk and Related Party Transactions Committee, or the Appointments and Compensation Committee on the basis of the relative competence indicated in the previous paragraph 4.1, in the terms set out in the previous paragraph 4.2, letter a).

[29] If the transaction also qualifies as a Related-Party Transaction, the Committee will issue a single opinion in accordance with the previous paragraphs 4.2 and 4.3, depending on whether it is, respectively, a Transaction of Lesser Importance or a Transaction of Greater Importance.

[30] At the Board of Directors' meeting, the directors involved can suggest they do not participate in the discussion, leaving the meeting room.

The Board of Statutory Auditors shall monitor compliance of this Standard with the law, the Bylaws and the principles indicated in the Consob Regulation, as well as their observance based on the information it receives pursuant to the previous paragraph 4.8 and shall report the findings in the report to the Shareholders' Meeting.

6.2 Final provisions

The Chief Executive Officer of Italgas shall implement the provisions of this Standard, even through implementing provisions which are transposed in line with the provisions of the Group's regulatory system.

The Standard and the relative amendments are approved by the Board of Directors having obtained the favourable opinion of the Control, Risk and Related Party Transactions Committee if made up of only Independent Directors, or of another committee set up specifically and made up of only Independent Directors, which meets in good time in view of the meeting at which the Board of Directors is required to express an opinion on the Standard and the subsequent amendments. The Chairman of the Board of Statutory Auditors or a standing auditor designated by the latter can attend the Committee meeting. The Committee's opinion is sent to the Board of Directors in good time to allow all the directors to examine it and thereby pass resolutions on the Standard in an informed way.

The Control, Risk and Related Party Transactions Committee shall assess, on a yearly basis, the adequacy of this Standard taking into account, inter alia, any amendments that have been made to the ownership structures, and the effectiveness of the procedures in application of the same, also with regard to the congruence of the relevance thresholds of the RPTs. At the end of the assessment, the Committee submits any revisions it deems necessary to the Board of Directors. In any case, at least every three years, the Board of Directors expresses its opinion on the adequacy of the Standard, subject to the opinion expressed in this regard by the Control, Risk and Related Party Transactions Committee.

Any purely formal amendments made necessary for compliance with legal or statutory provisions, resolutions of the Board or in relation to organisational changes in the Company, can be made by the Legal Department, subject to assessment by the Committee itself, which shall inform the Board at the first available meeting.

This Standard shall be formally delivered to all statutory auditors, directors and other executives with strategic responsibilities of the Italgas Group and to all Attorneys-in-fact of the Italgas Group by the Legal Department, and published on the company intranet and on the Italgas website www.italgas.it and referred to in the annual report on operations.

7. CONSERVATION OF DOCUMENTATION AND RESPONSIBILITY FOR UPDATES

All the work documentation, arising from the application of this document, shall be conserved by the relevant Departments, in accordance with the timing and procedures laid down by the Italgas Enterprise System.

The updating of the document in question and the relative disclosure shall be ensured by the procedures laid down by the Italgas Enterprise System.

As part of a vertically integrated company, the Company is subject to the obligations of functional unbundling pursuant to the "Consolidated Law on Functional Unbundling" ("TIUF") adopted by the Italian Regulatory Authority for Energy, Networks and the Environment ("ARERA"), with resolution no. 296/2015/R/com of 22 June 2015. It is also subject to the obligations of accounting separation pursuant to the "Consolidated Law on Accounting Unbundling" ("TIUC") set out by ARERA Resolution no. 137/2016/R/com of 24 March 2016.

This procedure is always applied in accordance with the obligations and purposes of the unbundling regulations. In particular, the Commercially Sensitive Information and the information relating to distribution infrastructure are processed in respect of the procedure on Access to commercially sensitive information and related annexes.

8. LIST OF ANNEXES

Annex		Responsible for Updates
1	Consob Regulation	Legal Compliance Department
2	Consob Communication	Legal Compliance Department
2-bis	Definitions of “Related Parties” and “Related Party Transactions” and definitions functional thereto in accordance with the International Accounting Standards in force on 14 June 2021	Legal Compliance Department
3	Related Parties mapping request form	Legal Compliance Department
4	Identification of the transactions of greater importance with related parties and significance ratios of the interests of other related parties of Italgas in transactions with or between subsidiaries or associates	Legal Compliance Department
5	Identification of transactions of negligible value	Legal Compliance Department
6	Public disclosure obligations involving related-party transactions and Information Document on transactions of greater importance with related parties	Legal Compliance Department
7	External references	Legal Compliance Department

Regulations containing provisions relating to transactions with related parties *(adopted by Consob with Resolution no. 17221 of 12 March 2010, later amended by Resolutions no. 17389 of 23 June 2010, no. 19925 of 22 March 2017, no. 19974 of 24 April 2017, no. 21396 del 10 June 2020 and no. 21624 of 10 December 2020)*[1]

The Resolution no. 21396 of 10 June 2020 temporarily suspended, from 20 June 2020 to 30 June 2021, in the event of operations of capital strengthening, the application of the provisions of the Article no. 11, paragraph 5, and of the Article no. 13, paragraph 6 of this Regulation, where provided for that, for the purposes of recourse to the faculty of exemption for urgent cases, this faculty is envisaged by the procedures adopted pursuant to the Article no. 4, paragraph 1, of the Regulation as well as in the company statute.

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[1] Resolution no. 17221 of 12 March 2010 and related regulation were published in Official Gazette no. 70 of 25 March 2010 and in CONSOB Fortnightly Bulletin no. 3.1, March 2010. Resolution no. 17389 of 23 June 2010 was published in Official Gazette no. 152 of 2 July 2010 and in CONSOB Fortnightly Bulletin no. 6.2, June 2010, regarding the entry into force of the provisions of Resolution no. 17221 of 12 March 2010 as amended by Resolution no. 17389 of 23 June 2010. Resolution 19925 of 22 March 2017 is published in the Official Gazette no. 88 of 14 April 2017 and in the CONSOB Fortnightly Bulletin no. 4.1 April 2017; it is in force from the fifteenth day following its publication in the Official Gazette. Letter *a)* of art. 3 of resolution no. 19925 of 22 March 2017 was subsequently amended with resolution no. 20250 of 28.12.2017, published in the Official Gazette n. 1 of 2.1.2018. Resolution 19974 of 27 April 2017 is published in the Official Gazette no. 106 of 8 May 2017 and in the CONSOB Fortnightly Bulletin no. 4.2 April 2017; it is in force from the fifteenth day following its publication in the Official Gazette. Resolution 21396 of 10 June 2020 is published in the Official Gazette no. 154 of 19 June 2020 and in the CONSOB Fortnightly Bulletin no. 6.1 June 2020; it is in force from the fifteenth day following its publication in the Official Gazette. Resolution no. 21624 of 10 December 2020 is published in the Official Gazette no. 317 of 22 December 2020 and in CONSOB Fortnightly Bulletin no. 12.1, December 2020; it enters into force on 1 July 2021. Para. 2 of Article 3 of resolution no. 21624 of 10 December 2020 provides that: *"2. The companies harmonize the procedures envisaged by article 4 of regulation no. 17221 of 12 march 2010 with the modifications made by this resolution by 30 June 2021 and apply them as from 1 July 2021"*.

Article 1
(Legal basis)

1. This regulation is adopted pursuant to Article 2391-bis of the Civil Code and Articles 113-ter, 114, 115 and 154-ter of Legislative Decree 24 February 1998, no.58.

Article 2
(Scope of application)

1. This Regulation sets out the principles on which the Italian companies with shares listed on regulated Italian and other European Union countries and with shares widely distributed among the public that (hereafter in this Regulation, a unit, "the company") abide in order to ensure transparency and substantial and procedural fairness of related party transactions entered into directly or through subsidiaries.

2. Without prejudice to what is specified in Articles 2343-bis, 2358, 2373, 2391, by Articles 2497 to 2497 - f of the Civil Code and Articles 53 and 136 of legislative decree No. 385 dated 1 September 1993, and its implementing provisions.

Article 3
(Definitions)

1. In this Regulation, the term:

a) "related parties" and "related party transactions": those parties and transactions defined as such **by the international accounting principles adopted according to the procedure referred to in Article 6 of Regulation (EU) no. 1606/2002**[2];

b) "transactions of greater importance": transactions with related parties identified as such pursuant to Article 4, subsection 1, paragraph a);

c) "transactions of lesser importance": transactions with related parties other than transactions of greater importance and transactions for smaller amounts pursuant to **Article 4, paragraph 1, letter a)**[3];

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) "smaller companies": companies for which neither their balance sheet assets nor their revenue, as of the latest consolidated financial statements approved, exceed € 500 million. Smaller companies shall not qualify as such if any of these requirements is not met for two consecutive years;

g) "company recently listed": companies with shares listed in the period between the trading start date and he financial statements approval date for the second year following the year of listing. Companies recently listed shall not qualify as such Can not be defined newly combined company listing companies resulting from the merger or demerger of one or more companies with listed shares that are not themselves recently listed;

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[2] Letter thus amended by resolution no. 21624 of 10.12.2020, which replaced the words: "in Annex 1" with the words: "by the international accounting principles adopted according to the procedure referred to in Article 6 of Regulation (EU) no. 1606/2002." **For ease of reading, an excerpt from the definition of related party and related party transactions in accordance with IAS 24 and referral to other definitions related thereto envisaged by the international accounting principles is given in the Appendix to this Regulation**.

[3] Letter thus amended by resolution no. 21624 of 10.12.2020, which deleted the word "possibly" and replaced the words: "Article 13" with the words: "Article 4, paragraph 1, letter a)."

h) "independent directors", "independent management directors" and "independent supervisory directors":

- directors and managing directors who satisfy the independence requirements pursuant to Article 148, subsection 3 of the Consolidated Law and any additional requirements identified in the procedures laid down by Article 4, or industry regulations that may apply because of the company's business;

- should a company declare, pursuant to Article 123-bis, subsection 2 of the Consolidated, to adhere to a code of conduct promoted **by the operators** of regulated markets or by trade associations, including the independence requirements at least equivalent to those pursuant to Article 148, subsection 3 of the Consolidated Law, the directors and managing directors acknowledged as such by the company pursuant to the same code[4];

i) "unrelated directors" and "unrelated managing directors": directors, managing or supervisory directors other than the counterparty of a particular transaction and **the counterparty's related parties**[5];

***i-bis)* "directors involved in the transactions" and "managing directors involved in the transaction": directors, management or supervisory directors who have an interest in the transaction, be it their own or that of third parties, in conflict with that of the company**[6]*;*

l) "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;

m) "Consolidated Law": Legislative Decree No.58 of 24 February 1998;

n) "Issuers' Regulation": Regulation adopted by Resolution No. 11971 of 14 May 1999 and subsequent amendments and additions.

Article 4
(Adoption of procedures)

1. The boards of directors or management board of the company shall adopt, 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:

a) identify the transactions of greater importance to include at least those that exceed the thresholds in Annex 3, **and the transactions of small amount establishing, in relation thereto, distinct criteria in consideration at least of the counterparty's nature**[7];

b) identify the exemption cases provided for in Articles 13 and 14 to which the companies may resource;

c) identify, for the purposes of this Regulation, the requirements for independence of directors, managing or supervisory board members in accordance with Article 3, paragraph *h)*;

d) establish the manner whereby related party transactions are executed 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 the manner and timing with which they are provided, to independent directors or board members advising on transactions with related parties as well as to the management and supervisory bodies, information on transactions, and related materials, before deliberations, during and after the execution thereof;

***e-bis)* establish the modalities and the time by which the independent directors or managing directors providing an opinion on the transactions with related parties:**

[4] Letter thus amended with resolution no. 21624 of 10.12.2020, which, in the second sub indentation, replaced the words: "by management companies" with the words: "by the operator."

[5] Letter thus amended with resolution no. 21624 of 10.12.2020, which replaced the words: "than its related parties" with the words: "than the counterparty's related parties."

[6] Letter added with resolution no. 21624 of 10.12.2020.

[7] Letter thus amended with resolution no. 21624 of 10.12.2020, which, after the words: "envisaged by Annex 3" has added the words: ", and the transactions of small amount establishing, in relation thereto, distinct criteria in consideration at least of the counterparty's nature."

i) **receive information on the application of the cases of exemption identified in accordance with letter b) of this paragraph, at least in reference to the transactions of greater importance. This information is transmitted at least once a year;**

ii) **verify the correct application of the conditions of exemption from the transactions of greater importance defined as regular and concluded at market or standard conditions, communicated to the same in accordance with Article 13, paragraph 3, letter c), point i)[8];**

f) indicate the choices made by companies with regard to options, other than those mentioned in previous paragraphs, submitted to the same company from the provisions of this Regulation.

2. Companies shall assess whether to indicate as subjects on which to apply, in whole or in part, the provisions of this regulation, even entities other than the related parties, taking account in particular of ownership, of any contractual or statutory obligations relevant to Article 2359, subsection 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 shall be adopted following the favourable opinion of a committee, even specially formed, composed entirely of independent directors or, for companies that adopt the dual management and supervision system, of independent management and supervisory board members. Should no more than three independent directors remain in office, the resolutions shall be adopted following the favourable opinion of the existing independent directors or, failing that, after the non-binding opinion of an independent expert.

4. The procedures provided for in subsection 1, shall ensure coordination with the administrative and accounting procedures pursuant to Article 154-bis of the Consolidated Law.

5. In defining the procedures, boards of directors and management identifying which rules require amendments to the Statute and shall act in accordance with subsection 3 the resulting proposals to be submitted to the assembly.

6. The oversight body will ensure compliance with the procedures adopted the principles set out in this regulation and compliance with them and report to the assembly under Article 2429, second subsection, of the Civil Code or Article 153 of the Consolidated.

7. 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, under Article 2391-bis of the Civil Code.

8. Entities with a controlling interest and any other entities specified in Article 114, subsection 5 of the Consolidated Law, which are related parties of the companies, shall provide them with the necessary information to enable identification of related parties and transactions with the same **and promptly communicate any updates thereof**[9].

Article 5

(Public information on transactions with related parties)

1. In the event of transactions of greater importance, including those carried out by Italian or foreign subsidiaries, the company shall provide, in accordance with Article 114, subsection 5 of the Consolidated Law, an information document prepared in accordance with Annex 4.

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[8] Letter added with resolution no. 21624 of 10.12.2020

[9] Paragraph thus amended with resolution no. 21624 of 10.12.2020, which, after the words: “transactions with the same” added the words: “and promptly communicate any updates thereof.”

2. Companies shall prepare the information document stated in subsection 1 even if, during the period, they conduct with the same related party, or related subjects to the latter or to the company itself, transactions that are homogeneous or made under a unified design which, while not qualifying as individual transactions of interest, exceed, when considered cumulatively, the thresholds of significance identified in accordance with Article 4, subsection 1, paragraph a). Operations carried out by Italian and foreign subsidiaries shall be deemed relevant for the purposes of this subsection with the exception of those eventually excluded pursuant to Articles 13 and 14.

3. Without prejudice of provisions of Article 17 of Regulation (EU) no. 596/2014, the information document referred to in subsection 1 shall be made available to the public at the registered office and in the manner described **in Part III, Title II**, Chapter I of the Issuers' Regulations, within seven days of approval by the competent body of the transaction or, if the competent body resolves to submit a contract proposal, from the point at which the contract, even preliminary, it drawn up according to the applicable rules. In cases of responsibility or Shareholders' Meeting authorization, the same information document shall be made available within seven days of the approval of the proposal to be submitted to the Shareholders' Meeting[10].

4. Should the significant reporting threshold be exceeded by a combination of transactions envisaged in subsection 2, the information document shall be made available to the public within fifteen days of transaction approval or of the conclusion of the contract leading to the significant reporting threshold excess and shall contain information, including on an aggregate basis for homogeneous transactions, on all transactions under consideration for the aggregate. Should transactions exceeding the significant reporting threshold be carried out by subsidiaries, the information document shall be made available to the public within fifteen days from 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. Pursuant to Article 114, subsection 2 of the Consolidated Law, 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. Subsidiaries shall promptly submit such information.

5. Under the terms envisaged in subsections 3 and 4, as an attachment to the information document referred to in subsection 1 or on the web site, companies shall disclose **any opinions of the directors or independent directors and independent experts, selected in accordance with Article 7, paragraph 1, letter b), and the opinions issued by experts qualified as independent of which the management body has availed itself** . With reference to the **aforementioned** independent expert opinions, companies shall publish only the elements indicated in Annex 4, justifying the decision in question[11].

6. If, in relation to operation of greater importance, the company is required to prepare an information document pursuant to article 70, subsections 4 and 5, and 71 of the Issuers' Regulation, the latter shall be allowed to publish a single document containing the information required in subsection 1 and said articles 70 and 71. In this case, the document shall be made available to the public at the registered office and in the manner described **in Part III, Title II**, Chapter I of the

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[10] Subsection first amended with resolution no. 19925 of 22.3.2017 (as amended by resolution no. 20250 of 28.12.2017) which replaced the words: "article 114, subsection 1 of the Consolidated Law" with the words" article 17 of Regulation (EU) no. 596/2014", then with resolution no. 21624 of 10.12.2020 which replaced the words: "in Title II" with the words: "in Part III, Title II."

[11] Subsection first modified with resolution no. 17389 of 23.6.2010, which deleted the expression ", of the board of statutory auditors" then with resolution no. 21624 of 10.12.2020 which replaced the words: "opinions of directors or independent directors and independent experts" with the words: "opinions of directors or independent directors and independent experts, selected in accordance with Article 7, paragraph 1, letter b), and the opinions issued by experts qualified as independent of which the management body has availed itself," and, after the words: "With reference to" added the word: "aforementioned."

Issuers' Regulations, within the shortest period envisaged by all applicable provisions. The companies, publishing the information referred to in this subsection in a separate document, may incorporate by reference the information previously published[12].

7. The companies, together with the public communication, shall send Consob the documents and the opinions stated in subsections 1, 2, 5 and 6 with connection to the storage mechanism authorized under Article 65-septies, subsection 3, of the Issuers' Regulation.

8. Issuing companies with shares listed, having Italy as the home Member State, pursuant to Article *154-ter* of the Consolidation Law, shall provide information, in the interim management report and annual report:

a) on individual transactions of greater importance concluded during the reporting period;

b) on any other individual transactions with related parties concluded in the reporting period, that have materially affected the financial position or results of companies[13];

c) on any change or development of related party transactions described in the last annual report that had a material effect on the financial position or results of the company during the reporting period.

9. For the purposes of subsection 8, information on individual transactions of greater importance may be incorporated by reference to information documents published pursuant to subsections 1, 2 and 6, reporting on any significant updates.

Article 6

(Related party transactions and communications to the public) [14]

1. Should a transaction with related Parties be disclosed by means of the release of a communication pursuant to article 17 of Regulation (EU) no. 596/2014, the communication shall contain, in addition to other information to be published pursuant to that rule, at least the following information:

***a)* the description of the transaction;**

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

***c)* the legal or commercial name of the counterparty to the transaction;**

***d)* whether the transaction exceeds or not the significant reporting threshold established under Article 4, subsection 1, paragraph *a),* and the indication of the possible subsequent publication of written information pursuant to Article 5;**

***e)* 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 13 and 14;**

***f)* any approval of the transaction despite the contrary opinion of the directors or independent directors[15].**

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[12] Subsection thus amended with resolution no. 21624 of 10.12.2020, which replaced the words: "in Title II" with the words: "in Part III, Title II."

[13] Letter thus amended with resolution no. 21624 of 10.12.2020, which deleted the words: "as defined under Article 2427, second subsection, of the Italian Civil Code."

[14] List thus modified with resolution no. 19974 of 27.4.2017, which deleted the words: "pursuant to Article 114, paragraph 1, of the Consolidated Law".

[15] Subsection first amended with resolution no. 19925 of 22.3.2017 and then thus replaced by resolution no. 21624 of 10.12.2020.

Article 7
(Procedures for transactions of lesser importance in companies adopting traditional or single-tier management and control systems)

1. With respect to transactions of lesser importance, without prejudice to the application of Article 8, the procedures shall at least foresee:

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 underlying terms. **This opinion is attached to the minutes of the committee's meeting**[16];

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 same committee preemptively verifies the independent nature of the experts, keeping into account the reports indicated in paragraph 2.4 of Annex 4**[17];

c) that, the body responsible to resolve on the transaction and the committee indicated in paragraph a) above is provided with full and appropriate information in advance. Should the transaction terms be 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;

***d-bis)* that, in relation to the companies with shares listed on regulated markets, where the transaction is the purview of the Board of Directors, the directors involved in the transaction abstain from voting thereon**[18];

e) that, where applicable, the approval resolution minutes shall bear adequate reasons with regard to the interest of the company in the completion of the operation and the convenience and substantial correctness of the underlying condition;

f) full disclosure, at least on a quarterly basis, to the Board of Directors and the Board of Statutory Auditors on the execution of transactions;

g) that, without prejudice to the provisions of article 17 of Regulation (EU) no. 596/2014, is made available to the public, within fifteen days after the close of each quarter, at the registered office and in the manner set out in **Part III, Title II**, Chapter I of the Issuers' Regulations, 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[19].

2. With reference to the use of independent experts set out in subsection 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.

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[16] Letter thus amended with resolution no. 21624 of 10.12.2020, which, after the words: "of the related conditions" added the words: ". This opinion shall be attached to the minutes of the meeting of the committee."

[17] Letter thus amended with resolution no. 21624 of 10.12.2020, which, after the words: "of its choice" added the words: ". The same committee preemptively verifies the independent nature of the experts, keeping into account the reports indicated in paragraph 2.4 of Annex 4."

[18] Letter added with resolution no. 21624 of 10.12.2020.

[19] Letter first amended with resolution no. 19925 of 22.3.2017, which replaced the words: "article 114 subsection 1 of the Consolidated Law" with the words "article 17 of the (EU) no. 596/2014," then with resolution no. 21624 of 10.12.2020, which, in the first clause, replaced the words: "in Title II" with the words: "in Part III, Title II,".

Article 8
(Procedures for transactions of greater importance in companies adopting traditional or single-tier management and control systems

1. Without prejudice to the application of Article 11 with respect to transactions of greater importance, in addition to the provisions of Article 7, subsection 1, paragraphs *b), c),* ***d-bis,*** *e)* and *f),* the procedures shall at least foresee[20]:

a) the reserved right to resolve of the Board of Directors

b) a committee, including specially formed, composed exclusively of unrelated independent directors, or one or more components delegated by it, are **immediately** involved in the negotiation phase and the initial inquiry through a complete and **updated** flow of information, with the possibility to request information and to submit comments to the managing bodies and entities responsible for the conduct of negotiations or inquiry[21];

c) that the Board of Directors approves the transaction after the reasoned opinion of the Committee indicated in *b)* on the interest of the company in the completion of the transaction and on the convenience and the substantial correctness of the underlying terms, or, alternatively, that other approval modalities are applied to ensure that the majority of independent and unrelated directors play a decisive role. **This opinion is attached to the minutes of the committee's meeting**[22];

d) if, at least three independent directors unrelated are not available, specific internal controls equivalent to those provided by the paragraphs *b)* and *c)* to protect the substantial correctness of the operation.

2. Procedures may foresee, subject to the statutory provisions required by law, that the Board of Directors approves transactions of greater importance despite the contrary opinion of independent directors, provided that the completion of these transactions is authorized, pursuant to Article 2364, subsection 1, number 5) of the Italian Civil Code, by the Shareholders' Meeting acting in accordance with Article 11, subsection 3.

Article 9
(Procedures for transactions in companies adopting dualistic management and control systems)

1. Companies that adopt the dualistic system of management and control shall apply, instead of Articles 7 and 8, the principles contained in Annex 2.

Article 10
(Regulation for certain types of companies)

1. Without prejudice to the provisions of Article 5, and to the right of approval of the Board of Directors, in accordance with Article 8, subsection 1, letter *a)*, or of the management board, in accordance with subsections 2 and 3 of Annex 2, small listed companies, recently listed companies, and the companies with widely distributed among the public shares may apply to transactions of greater importance a procedure identified for transactions of lesser importance in Article 7, or in subsection 1 of Annex 2. Provisions held in this subsection shall not be of application to listed subsidiaries, even indirectly, of an Italian or foreign companies with shares listed on regulated markets.

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[20] Indent thus amended with resolution no. 21624 of 10.12.2020, which, after the words: "letters b), c)," added the words: "d-bis,".

[21] Letter thus amended with resolution no. 21624 of 10.12.2020, which, after the words: "delegated by it, are involved" added the words: "immediately" and replaced the word: "timely" with the word: "updated."

[22] Letter thus amended with resolution no. 21624 of 10.12.2020, which, after the words: "independent and unrelated" added the words: ". This opinion shall be attached to the minutes of the meeting of the committee."

2. The procedures shall be adapted to the provisions of exemption pursuant to subsection 1 within one hundred and eighty days after the end of the financial year in which the company can no longer qualify as a small company, should a sufficient number of directors or independent directors be in place, or within one hundred and ninety days after the first renewal of the Board of Directors or the Management Board following the end of the same financial year, in all other cases[23].

Article 11

(Transactions attributed to the shareholders' meeting)

1. For transactions of lesser importance with related parties attributed to or requiring the authorization of the shareholders' meeting, in the preparatory, inquiry or approval stages of proposed resolution to be submitted to the shareholders' meeting, the procedures shall foresee provisions pursuant to Article 7, subsection 1 of Annex 2.

2. For transactions of greater importance attributed to or requiring the authorization of the shareholders' meeting, the procedure shall foresee provisions pursuant to Article 8, subsections 2 and 3 of Annex 2, for the negotiation, preparation, and approval stages of proposed resolutions to be submitted to the shareholders' meeting. For shareholders' meeting matters, neither Article 8, subsection 2, nor the provisions of subsections 2 and 3 of Annex 2 shall apply. The procedures may foresee that proposed resolutions to be submitted to the shareholders' meeting shall be approved even with the contrary view of the Directors or Independent Directors, provided that in such cases, these procedures are in accordance with subsection 3.

3. If, in connection with a transaction of interest, the proposed resolutions to be submitted to be Shareholders' Meeting is approved with the contrary view of the Directors or Independent Directors, the procedures, without prejudice to the application of Articles 2368, 2369 and 2373 of the Italian Civil Code and subject to 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.

4. Should there be relevant updates the information document published pursuant to Article 5, the company, within the twenty days of the Shareholders' Meeting, shall make available to the public at the registered office and as per the formalities described in **Part III, Title II**, Chapter I, of the Issuers' Regulations, a new version of the document. Companies may incorporate by reference information previously published[24].

5. Where expressly permitted by the statute, procedures may foresee that, in case of emergency situations related to corporate crisis, without prejudice to the application of Article 5, where applicable, transactions with related parties shall be concluded notwithstanding the provisions of subsections 1, 2 and 3, provided that the Shareholders' Meeting is convened pursuant to Article 13, subsection 6, paragraph c) and d). Should the assessments of the control body pursuant to Article 13, subsection 6, paragraph *c)* be negative, the Shareholders' Meeting shall resolve as per subsection 3, otherwise, Article 13, subsection 6 *e)* shall apply[25].

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[23] Article thus replaced by resolution no. 21624 of 10.12.2020.

[24] Subsection thus amended with resolution no. 21624 of 10.12.2020, which replaced the words: "in Title II" with the words: "in Part III, Title II,".

[25] **The Resolution no. 21396 of 10 June 2020 temporarily suspended, from 20 June 2020 to 30 June 2021, in the event of operations of capital strengthening, the application of the provisions of the Article no. 11, paragraph 5, and of the Article no. 13, paragraph 6 of this Regulation, where provided for that, for the purposes of recourse to the**

Article 12
(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 7 and 8 and subsections 1 and 2 of Annex 2, depending on the expected maximum amount of transactions subject to resolution, considered collectively;

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 5 whenever the foreseeable maximum amount of transactions subject to resolution exceeds the significant reporting threshold identified pursuant to Article 4, subsection 1, *a).*

3. Provisions envisaged in Articles 7 and 8 and subsections 1 and 2 of Annex 2 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 subsection 2 shall not be counted for the purpose of cumulation set forth in Article 5, subsection 2.

Article 13
(Cases and power of exclusion)

1. The provisions of this Regulation shall not apply to the Shareholders' Meeting resolutions pursuant to Article 2389, first subsection, 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 offices included in the total amount determined in advance by the Shareholders' Meeting pursuant to Article 2389, third subsection, 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 and the supervisory board, or to shareholders' meeting resolutions on remuneration for members of the management board if appointed pursuant to Article 2409-*terdecies*, subsection 1, paragraph *a)* of the Italian Civil Code[26].

1-*bis*. The provisions of this Regulation shall not apply to the transactions approved by the companies and intended for all the shareholders, all conditions being equal, therein including:

***a)* capital increases on a rights offering, including for servicing convertible debenture loans, and the gratuitous capital increases envisaged by Article 2442, Italian Civil Code;**

***b)* demergers in the strictest sense, in whole or in part, with assignment of shares on a proportional basis;**

***c)* share capital reductions by means of reimbursement to shareholders, as provided for by Article 2445, Italian Civil Code, and purchases of own shares in accordance with Article 132 of the Consolidated Law[27].**

2. The provisions of this Regulation shall not apply to transactions for smaller amounts

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faculty of exemption for urgent cases, this faculty is envisaged by the procedures adopted pursuant to the Article no. 4, paragraph 1, of the Regulation as well as in the company statute.

[26] Subsection thus amended with resolution no. 17389 of 23.6.2010 which added the final sentence.

[27] Subsection added with resolution no. 21624 of 10.12.2020.

identified by the companies in accordance with Article 4, subsection 1, letter *a)*[28].

3. Procedures may exclude, in whole or in part, from the provisions of this Regulation, without prejudice to the application of Article 5, subsection 8, if applicable:

a) compensation plans based on financial instruments approved by the Shareholders' Meeting pursuant to Article *114-bis* of the Consolidated Law and its enactment regulations;

b) resolutions other than those indicated in subsection 1 in relation to remuneration for directors and board members holding special office, together with remuneration for other managers with strategic responsibilities and resolutions by which the supervisory board determines remuneration for management board members, provided that[29]:

i) the company has adopted a remuneration policy **approved by the shareholders' meeting**[30];

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) ***…omissis…***[31];

***iv)* the remuneration awarded is consistent with this policy and quantified on the basis of criteria that do not imply discretionary evaluations[32];**

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 5, subsections 1 to 7, and without prejudice to the application of Article 17, of Regulation (EU) no. 596/2014:

***i)* companies shall notify Consob, and the directors and independent directors giving an opinion on transactions with related parties, within the period specified in Article 5, subsection 3, of the counterparty, the object, the consideration for the transactions that benefited from the exclusion, as well as the of reasons why it is believed that the transaction is a regular one and is concluded at market-equivalent or standard conditions, providing objective facts[33];**

ii) companies listed on regulated markets shall indicate in the interim management report and annual report, in accordance to provisions in Article 5, subsection 8, 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 letter[34].

4. The provisions of this regulation, without prejudice to the application Article 5, shall not apply to transactions for stabilization purposes required by the Italian Central Bank, or on the basis of regulations issued by the parent for the execution of instructions issued by the Italian Central Bank in the interest of the group stability.

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[28] Subsection thus replaced by resolution no. 21624 of 10.12.2020.

[29] Indent as amended by Resolution no. 17389 of 23 June 2010 which replaced the words: "resolutions on remuneration for directors and board members holding special office, other than those indicated in subsection 1, together with managers with strategic responsibilities, provided that" with the words: "resolutions other than those indicated in subsection 1 in relation to remuneration for directors and board members holding special office, together with remuneration for other managers with strategic responsibilities and resolutions by which the supervisory board determines remuneration for management board members, provided that".

[30] Point thus amended with resolution no. 21624 of 10.12.2020, which, after the words: "remuneration policy" added the words: "approved by the shareholders' meeting."

[31] Point repealed with resolution no. 21624 of 10.12.2020.

[32] Point thus replaced by resolution no. 21624 of 10.12.2020.

[33] Point thus replaced by resolution no. 21624 of 10.12.2020.

[34] Letter thus amended with resolution no. 19925 of 22.3.2017, which replaced the words: "article 114 subsection 1 of the Consolidated Law" with the words "article 17 of Regulation (EU) no. 596/2014".

5. Without prejudice to the application of Article 5, 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 and opinions of independent experts under Article 7, subsection 1, paragraphs a) b) d) g) and subsections 1.1, paragraphs to), b) and g), 1.2 and 1.3 of Annex 2 and, for transactions of greater importance, Article 8, subsection 1, paragraphs a), c) and d) and 2, and subsections 2.1, paragraphs to), c) and d) 2.2, b) and d), and 3.1 points a) c) d) e) of Annex 2.

6. In cases where transactions are neither attributed to nor shall be authorized by the Shareholders' Meeting, procedures may foresee, as expressly permitted by statute, that in cases of urgency - without prejudice to the application of Article 5, and to the right of approval of the Board of Directors, in accordance with Article 8, subsection 1, letter *a)*, or of the management board, in accordance with subsections 2 and 3 of Annex 2, applicable to transactions of greater importance - the transactions with related parties be concluded notwithstanding the provisions of Article 7 and other provisions of Article 8 and Annex 2, provided that[35]:

a) for transactions falling under the responsibility of a Managing Director or the Executive Committee, the Chairman of the Board of Directors or of the Management Board is informed of the reasons of urgency **immediately and, in any case,** prior to closing the transaction[36];

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 control 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 paragraph *c)* are made available to the public at least twenty days before the date fixed for the meeting at the registered office and as per the formalities set out in **Part III, Title II**, Chapter I of the Issuers' Regulation. These documents may be contained in the disclosure document referred to in Article 5, subsection 1[37];

e) within the day immediately after the Shareholders' Meeting the company makes available to the public as per the formalities specified in **Part III, Title II**, Chapter I of the Issuers' Regulation on voting results, particularly with regard to the number of total votes cast by unrelated shareholders[38].

Article 14

(Management and 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 7 and 8, and Annex 2 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 the provisions of this Regulation, without prejudice to the application of Article 5, subsection 8, shall not apply, in whole or in part, to transactions with or

[35] Indent thus replaced by resolution no. 21624 of 10.12.2020.

[36] Letter thus amended with resolution no. 21624 of 10.12.2020, which, after the words: “reasons of urgency” added the words: “immediately and, in any case,”.

[37] Letter thus amended with resolution no. 21624 of 10.12.2020, which replaced the words: “in Title II” with the words: “in Part III, Title II,”.

[38] Letter thus amended with resolution no. 21624 of 10.12.2020, which replaced the words: “in Title II” with the words: “in Part III, Title II,”.**The Resolution no. 21396 of 10 June 2020 temporarily suspended, from 20 June 2020 to 30 June 2021, in the event of operations of capital strengthening, the application of the provisions of the Article no. 11, paragraph 5, and of the Article no. 13, paragraph 6 of this Regulation, where provided for that, for the purposes of recourse to the faculty of exemption for urgent cases, this faculty is envisaged by the procedures adopted pursuant to the Article no. 4, paragraph 1, of the Regulation as well as in the company statute.**

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 4, 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[39].

[39] Subsection thus amended with Resolution no. 17389 of 23.6.2010, which, after the words: "or more directors or" added the words: "other"; and after the word: "subsidiaries" added the words: "or associated companies".

Annex 1

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

…omissis…[40]

[40] Annex repealed with resolution no. 21624 of 10.12.2020.

Annex 2

PROCEDURES FOR TRANSACTIONS WITH RELATED PARTIES IN COMPANIES ADOPTING DUALISTIC MANAGEMENT AND CONTROL SYSTEMS

1. Procedures for transactions of lesser importance

1.1. For companies adopting the dualistic system of management and control, with regard to transactions of lesser importance, the procedures shall at least foresee:

a) that, before transaction approval, a committee, even specially formed, composed exclusively of unrelated advisory 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 its underlying terms. **This opinion is attached to the minutes of the committee's meeting**[41];

b) the ability of the committee to request the assistance, at the expense of company, from one or more independent experts of its choice. **The same committee preemptively verifies the independent nature of the experts, keeping into account the reports indicated in paragraph 2.4 of Annex 4**[42];

c) that, the body responsible to resolve on the transaction and the committee indicated in paragraph a) above is provided with full and appropriate information in advance. Should the transaction terms be equivalent to market or standard terms, the documentation prepared shall include objective elements of comparison;

d) that, should the supervisory board members have an interest, be it their own or of third parties, in the transaction, they shall give notice to the other supervisory board members, specifying the nature, terms, origin and scope;

d-bis) **that, in relation to the companies with shares listed on regulated markets, where the transaction is the purview of the Board of Directors, the directors involved in the transaction abstain from voting thereon**[43]**;**

e) that, where applicable, approval resolutions minutes shall bear adequate reasons in respect of the interest of the company in the completion of the transaction and the convenience and substantial correctness of its underlying terms;

f) full disclosure at least quarterly to the management board and supervisory board on execution of transactions;

g) the application of Article 7, subsection 1, paragraph g).

1.2. With reference to the use of independent experts set out in subsection 1.1 b), procedures can define a maximum expenses amount for each individual transaction, identified in absolute terms or in proportion to the transaction amount, for services rendered by independent experts.

1.3. The procedures adopted by companies with at least one unrelated, independent Management Board member may foresee that the advance non-binding opinion referred to in subsection 1.1, paragraph a), shall be issued by such member or a committee, including specially formed, composed exclusively of unrelated, non-executive management board members, mostly independents. In this case, the right to be assisted by one or more independent experts, provided as indicated in subsection 1.2, fall to the management called to the opinion and information about the provisions of subsection 1.1, point c) shall be provided the Board.

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[41] Letter thus amended with resolution no. 21624 of 10.12.2020, which, after the words: "of the related conditions" added the words: "This opinion is attached to the minutes of the committee's meeting."

[42] Letter thus amended with resolution no. 21624 of 10.12.2020, which, after the words: "of its choice" added the words: ". The same committee preemptively verifies the independent nature of the experts, keeping into account the reports indicated in paragraph 2.4 of Annex 4."

[43] Letter added with resolution no. 21624 of 10.12.2020.

2. Procedures for transactions of greater importance

2.1. In companies adopting the dualistic system of administration and control, for transactions of greater importance, the procedures shall, in addition to the provisions of subsection 1.1, paragraphs b) to f), at least foresee:

a) a degree of competence to act on the part of the board of management;

b) that a committee, including specially formed, composed exclusively of unrelated independent supervisory directors, or one or more components delegated by it, are **immediately** involved in the negotiation phase and the initial inquiry through a complete and **updated** flow of information, with the possibility to request information and to submit comments to the managing bodies and entities responsible for the conduct of negotiations or inquiry[44];

c) that, the transaction is approved after reasoned and non-binding opinion on the interest the company holds in the completion of the transaction and on the convenience and the substantial correctness of the underlying terms, by the committee stated in the paragraph b). **This opinion is attached to the minutes of the committee's meeting**[45];

d) that, in the event that the Management Board approves the transaction with the negative opinion of the committee set out in paragraph b), without prejudice to its effectiveness, this transaction is subsequently subject to a non-binding resolution of the ordinary shareholders' meeting, to be convened without delay. Within the day after the shareholders' meeting, companies shall make available to the public, as per the formalities specified in **Part III, Title II**, Chapter I of the Issuers' Regulations, the information on voting results, especially with regard to the number of total votes cast by unrelated shareholders[46].

2.2. The procedures adopted by companies with at least one unrelated, independent Management Board member may foresee that the advance non-binding opinion referred to in subsection 2.1, paragraph a), shall be issued by such member or a committee, including specially formed, composed exclusively of unrelated, non-executive management board members, mostly independents. In such event, without prejudice to the Management Board reserved right to resolve on these matters, the procedures shall at least foresee:

a) that the committee of independent management board members or one or more of its delegated officers or the independent board member are involved **immediately** in the negotiations and investigation stages by means of a full and **updated** flow of information and with the right to request information and issue comments to the delegated bodies and persons appointed to conduct the negotiations or investigations[47]**;**

b) the right of the Board or committee envisaged in paragraph a) to be assisted by one or more independent experts. **The same board or committee preemptively verifies the independent nature of the experts, keeping into account the reports indicated in paragraph 2.4 of Annex 4**[48];

c) that, the information about the provisions of subsection 1.1, point c), is made available to the Management Board;

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[44] Letter thus amended with resolution no. 21624 of 10.12.2020, which, after the words: "delegated by it, are involved" added the words: "immediately" and replaced the word: "timely" with the word: "updated."

[45] Letter thus amended with resolution no. 21624 of 10.12.2020, which, after the words: "in letter b)" added the words: ". This opinion shall be attached to the minutes of the meeting of the committee."

[46] Letter thus amended with resolution no. 21624 of 10.12.2020, which replaced the words: "in Title II" with the words: "in Part III, Title II,".

[47] Letter first amended with resolution no. 17389 of 23 June 2010, which after the words: "the committee of independent management board members or" added the words: "one or more members delegated by it or" and replaced the words: "is involved" with the words: "are involved," then with resolution no. 21624 of 10.12.2020, which, after the words: "the independent management board members are involved" added the word: "immediately" and replaced the word: "prompt" with the word: "updated".

[48] Letter thus amended with resolution no. 21624 of 10.12.2020, which, after the words: "independent experts" added the words: ". The same management director or committee preemptively verifies the independent nature of the experts, keeping into account the reports indicated in paragraph 2.4 of Annex 4."

d) should the Management Board approve a transaction with a negative opinion of the independent director or committee, either:
   i) resource to, without prejudice to the transaction effectiveness, a subsequent non-binding resolution of the ordinary shareholders' meeting, to be convened without delay, subject to the provisions contained in subsection 2.1, d);
   ii) that, a non-binding, reasoned opinion on the interest of the company in the completion of the transaction and on the convenience and the substantial correctness of the underlying conditions, is issued by a committee, including specially formed, composed exclusively unrelated, independent supervisory board members. In this case, the right to be assisted by one or more independent experts is held by this committee.

3. Procedures for strategic transactions

3.1. Should the supervisory board be convened to resolve on transactions with related parties pursuant to Article 2409-l f-bis) of the Italian Civil Code, the procedures shall at least foresee:

a) the reserved right of the Management Board to resolve on the proposal to submit to the Supervisory Board;
b) that a committee, including specially formed, composed exclusively of unrelated independent supervisory directors, or one or more components delegated by it, are **immediately** involved in the negotiation phase and the initial inquiry through a complete and **updated** flow of information, with the possibility to request information and to submit comments to the managing bodies and entities responsible for the conduct of negotiations or inquiry[49];
c) the power of the committee envisaged in paragraph b) to request the assistance, at the expense the company, of one or more independent experts of its choice. **The same committee preemptively verifies the independent nature of the experts, keeping into account the reports indicated in paragraph 2.4 of Annex 4**[50];
d) that, the supervisory board resolves on the transaction following a reasoned and favourable opinion, on the interest of the company in the completion of the transaction and on the convenience and the substantial correctness of the underlying terms, of the Committee indicated in paragraph b). **This opinion is attached to the minutes of the committee's meeting.** The procedures may foresee that the supervisory board decides in favour of the transaction despite the negative opinion of the committee provided this operation, without prejudice to its effectiveness, is subsequently subject to a non-binding resolution of the ordinary shareholders' meeting, to be convened without delay[51];
e) within the day immediately after the shareholders' meeting the company makes available to the public, as per the formalities specified in **Part III, Title II**, Chapter I of the Issuers' Regulation, information on voting results, particularly with regard to the number of total votes cast by unrelated shareholders[52];
f) that, the management board and the supervisory board are provided with full and adequate information in advance. Should the transaction terms be market-equivalent or standard, the documentation prepared shall include objective elements of comparison;
g) that, should the supervisory board members have an interest, be it their own or that of third parties, in the transaction, they shall give notice to the other supervisory board members, specifying the nature, terms, origin and scope;

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[49] Letter thus amended with resolution no. 21624 of 10.12.2020, which, after the words: "delegated by it are involved" added the word: "immediately" and replaced the word: "timely" with the word: "updated."

[50] Letter thus amended with resolution no. 21624 of 10.12.2020, which, after the words: "independent experts of its choice" added the words: ". The same committee preemptively verifies the independent nature of the experts, keeping into account the reports indicated in paragraph 2.4 of Annex 4."

[51] Letter thus amended with resolution no. 21624 of 10.12.2020, which, in the first clause, after the words: "indicated in letter b)." added the words: "This opinion is attached to the minutes of the committee's meeting."

[52] Letter thus amended with resolution no. 21624 of 10.12.2020, which replaced the words: "in Title II," with the words: "in Part III, Title II,".

g-*bis*) that, in companies with shares listed on regulated markets, the directors involved in the transaction abstain from voting thereon[53];

h) that the approval resolutions minutes bear adequate reasons in respect of the interest of the company in the completion of the operation and the convenience and the substantial correctness of the underlying terms;

i) full disclosure at least quarterly to the management board and supervisory board on transactions execution.

[53] Letter added with resolution no. 21624 of 10.12.2020.

Annex 3

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 additonal periodic financial information, if drafted). 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)[54].

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

[54] Letter thus amended with resolution no. 19925 of 22.3.2017 that replaced the words: “interim operating report” with the words “additional periodic financial information when drafted”.

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 subsection 1.1. higher than the threshold of 2.5%.

1.3. Companies evaluate whether to identify thresholds of significance lower than that mentioned in subsections 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 5, subsection 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 subsection 1.1, thereto applicable. To verify whether the thresholds specified in subsections 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 5, subsection 2, are identified as "most relevant" according to the indices established in subsection 1 and this result is manifestly unreasonable in view of special circumstances, Consob may indicate, at the request of the company, alternative arrangements to be followed in determining these indices. To this end, the company announced to Consob the essential characteristics of the transaction and the special circumstances upon which the request prior to the conclusion of the negotiations was based.

Annex 4

INFORMATION DOCUMENT CONCERNING TRANSACTIONS OF GREATER IMPORTANCE WITH RELATED PARTIES

For companies quoted on regulated markets, with their common stock widely distributed among the public (hereinafter "the companies"), and conducting transactions of greater important with related parties, the information document foreseen by Article 5 shall contain at least the following information:

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 directors or 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;
- **the assessments conducted to select the independent experts and verification of 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, the entities controlling it, the companies under common control and the managers of the aforementioned companies; (ii) the company, the companies controlled by it, the entities controlling it, the companies subject to common control and the managers of the aforementioend 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[55];**

[55] Sub-indent thus replaced by resolution no. 21624 of 10.12.2020.

- 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 5 of the Issuers' Regulations, 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 . If the operation exceeds the significant reporting threshold determined by Consob pursuant to Articles 70 and 71 of the Issuers' Regulations, which will be published to highlight pro-forma financial information provided in the document, as appropriate, by subsection 4 of Article. Or Article 70. 71 and in the terms established by those provisions. Notwithstanding the right to publish a single document pursuant to Article 5, subsection 6.

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.

2.8. Inspection bodies or administrators 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 **in a detailed manner** for any dissent or abstentions. Indicate that, under Article 5 of the Issuers' Regulations, any opinions of independent directors are attached to

the information document or published on the website of the company[56].

2.9. If the significance of the transaction results from the cumulation - under article 5, subsection 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 subsections shall be provided with reference to all the above transactions.

[56] Subsection thus amended with resolution no. 21624 of 10.12.2020, which, in the second clause, after the words: “or abstained, giving the reasons” added the words: “in a detailed manner”.

Appendix

DEFINITIONS OF RELATED PARTIES AND TRANSACTIONS WITH RELATED PARTIES AND FUNCTIONAL DEFINITIONS ACCORDING TO INTERNATIONAL ACCOUNTING PRINCIPLES

1. Definitions of related parties and transactions with related parties according to international accounting principles

For the purposes of Article 3, subsection 1, paragraph *a)* of this Regulation, the following definitions contained in the international accounting principles, shall apply:

Related parties

A *related party* is a person or entity that is related to the entity that is preparing its financial statements ("reporting entity").

(a) A person or close member of that person's family is related to a reporting entity if that person:

- *(i)* **has control or joint control over the reporting entity;**
- *(ii)* **has significant influence over the reporting entity;**
- *(iii)* **is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.**

(b) An entity is related to a reporting entity if any 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 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 venture* 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 (*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, paragraph 9].**

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

Transactions with related parties

A *related party transaction* is a transfer of resources, services or obligations between related parties, regardless of whether a price is charged [IAS 24, paragraph 9][57].

2. Functional definitions to those of "related parties" and "transactions with related parties" according to international accounting principles

The notions of "control", "joint control", "significant influence", are defined in IFRS 10, IFRS 11 (*Joint arrangements*) and in IAS 28 (*Investments in associates and joint ventures*) and are used with the meanings specified in those IFRS [IAS 24, paragraph 9].

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 [IAS 24, paragraph].**

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, and include:**

- **(a) the individual's children and spouse or domestic partner;**
- **(b) children of the individual's spouse or domestic partner;**
- **(c) dependants of the individual or the individual's domestic partner [IAS 24, paragraph 9].**

3. 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 [IAS 24, paragraph 10].

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.

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[57] These transactions include:

- mergers, demergers by incorporation or non-proportional demergers in the strictest sense, if carried out with related parties;
- decisions regarding the assignment of remunerations and financial benefits, in any form whatsoever, to the members of management and control bodies and of key management personnel.

Communication No. DEM/10078683 of 24-09-2010

SUBJECT: Guidance and Guidelines for the Application of the Regulation on Related Party Transactions adopted by Resolution No. 17221 of 12 March 2010 as amended

This communication provides indications on the guidelines that Consob intends to follow in its supervisory activity on the implementation of the regulation on related party transactions adopted by resolution No. 17221 of 12 March 2010 and subsequently amended by resolution No. 17389 of 23 June 2010 ("Regulation"). The document deals with the main aspects of the new discipline, clarifying the Commission's point of view on the application modalities of the Regulation deemed most appropriate to achieve the objectives of transparency and substantive and procedural fairness identified by the legislator, without prejudice to the need to assess on a case-by-case basis the concrete behaviour of companies both with regard to the definition of the procedures and their actual application.

1. Definition of 'Related Party Transactions' (Art. 3(*a)*and Annex 1)

1.1. The notions of "related party" and "related party transaction" reproduce those contained in the international accounting standard IAS 24 ("*Related Party Disclosures*") ("IAS 24"), in the text adopted according to the procedure set forth in Article 6 of Regulation (EC) No. 1606/2002 and in force on the date the Regulation came into force. The wording of Annex 1 does not make a direct reference to the international accounting standard; therefore, the perimeter of related parties and significant transactions is not automatically changed in the event of changes in international accounting standards: in fact, the latter, which are justified from the point of view of accounting regulations, are not necessarily also justified from the point of view of the transparency and fairness regulations covered by the Regulation. In incorporating the definitions contained in IAS 24, Annex 1 makes some marginal adjustments to the national regulatory framework and introduces some clarifications.

Although in the absence of a direct reference to IAS 24, in identifying the subjective scope of correlation and the notion of related party transactions, the definitions contained in the Annex
no. 1 will be considered, in the exercise of supervisory activity, having regard - in addition to the entire body of international accounting standards as set forth in the Regulation (see § 3.2. of Annex No. 1) - also to the interpretations dictated by the competent bodies, provided that

applicable to IAS 24 adopted in accordance with the procedure set out in Article 6 of Regulation (EC) No. 1606/2002 and in force at the date of entry into force of the Regulation.

1.2. With reference to the notion of 'related party', Annex No. 1 uses general criteria: as is the case for the preparation of periodic accounting documents under international accounting standards, the concrete application of these criteria is left to the companies, which assess in relation to the specific circumstances of the case whether a party can be considered their 'related party'.

The valuation of the company is particularly important to determine whether a person is able to exercise control, even joint control, or significant influence over the company. For this reason, Annex No. l, for instance, does not establish in general and abstract terms in which cases one or more parties to a shareholders' agreement are to be considered related parties. Assuming that, as in the international accounting standards system, mere participation in an agreement does not in itself imply that the covenantor is a related party of the issuer, it is deemed that such qualification will apply to the individual covenantor if, due to the specific characteristics of the agreement, it is possible to detect control (individual or joint) or significant influence over the issuer within the meaning of the functional definitions contained in the same Annex No. 1. The criteria for assessing relatedness include, inter alia, the size of the shareholdings (individual and total) and the clauses governing the relationship between shareholders. As to the latter aspect, the content of the covenant will be assessed, beyond the *nomen iuris* attributed to it by the parties to the covenant, also taking into account its enforcement practices with regard to the determination of the company's financial and management policies.

Notwithstanding the foregoing, it is not considered that mere participation in an agreement from which one or more persons derive the power to exercise control or significant influence over the company determines the status of related parties of the company for all the covenants, per se. It is therefore with regard to the individual subject that the existence of the power to exercise control (including jointly with one or more of the other covenants) or significant influence will be assessed, in light of the power to determine (or to help determine) the financial and management policies of the company or, respectively, to participate in their determination.

For the purpose of identifying related parties, the definitions in Annex No. 1 do not cover the case where significant influence is exercised by more than one person jointly. Since, however, significant influence is resolved in the 'participation' in the determination of the company's financial and management policies, it is clear that the attribution of such power to one party does not exclude that others may, likewise, participate in the same determination, with or without forms of coordination (e.g. within a shareholders' agreement).

1.3. Annex No. 1 provides, inter alia, that a person is a 'related party' to a company if, including through subsidiaries, trusts or intermediaries, it holds a shareholding in that company that allows it to exercise significant influence. Therefore, a related party is the parent company of a company that exercises significant influence

on the listed or widespread issuer. Conversely, persons exercising significant influence over the parent company of the listed or widespread issuer are not deemed to be related parties. Annex no.
1 also stipulates that companies over which the latter exercises a significant influence are related parties of the listed or widespread company. Similarly to what has been stated with reference to companies upstream of listed or widespread issuers in the chain of control, companies over which the subsidiaries of the listed or widespread issuer exercise significant influence are deemed to be related parties; conversely, subsidiaries of companies subject to the significant influence of the listed or widespread issuer are not deemed to be related parties.

1.4. It should also be noted, in line with what was stated in the outcome document of the consultations of 27 July 2006 on '*International Accounting Standards: Financial Statements for Companies and Corporate Reporting*', that the category of 'key management personnel' is also deemed to include the effective members of the control bodies (board of statutory auditors and supervisory board).

1.5. Furthermore, it is considered that the reference to pension funds in the definition of related party in Annex 1 refers not to all pension funds from which all or some of the employees benefit generically, but only to funds established or promoted by companies as well as funds over which they are able to exercise influence.

1.6. As already indicated, the definition of 'related party transactions' relevant to the regulation under review also incorporates, with some clarifications, IAS 24 adopted with the procedure set forth in Article 6 of Regulation (EC) No. 1606/2002 in force at the time the Regulation was issued.

In particular, it is provided that 'a *related party transaction is any transfer of resources, services or obligations between related parties, regardless of whether a consideration is agreed upon'*.

It is further specified that 'they *are in any case considered to be included*:

– *merger, demerger by incorporation or demerger in the strict non-proportional sense, if carried out with related parties;*

– *any decision concerning the allocation of remuneration and economic benefits, in any form whatsoever, to members of the management and control bodies and to executives with strategic responsibilities*'.

With specific regard to mergers and demergers, the Regulation therefore clarifies that all mergers involving the listed company and a related party are subject to the rules in question and, with regard to demergers, only demergers by incorporation with a related party (i.e. transactions whereby the listed company, for example, demerges part of its assets for the benefit of the parent company or vice versa) or demerger transactions in the strict non-proportional sense (i.e. transactions whereby the assets of the listed company are split, for example, between the listed company and a related party),

in several companies with non-proportional allocation of shares to its shareholders[1]). On the other hand, demergers in the strict sense of the proportional type are not included, as these are transactions addressed to all shareholders on equal terms. A similar consideration applies to capital increases. Only capital increases with the exclusion of pre-emptive rights in favour of a related party are considered as related party transactions, while pre-emptive rights are excluded as they are addressed, on equal terms, both to any related parties holding financial instruments and to all other holders of such instruments.

1.7. Transactions with related parties also include syndicated loans granted by *pools of* banks in which a related party and several other unrelated parties participate, unless the minority role played within the syndicate, as a mere participant, by the related party is evident: for this purpose, regard shall be had to the related party's influence in making decisions on the economic and legal terms of the loan as well as its share of the total loan. Financing transactions in which the related party plays, alone or together with other banks, the role of *arranger* or lead *arranger* are therefore always subject to the Regulation.

2. Definition of 'Transactions of Greater Importance' (Art. 3 (*b*) and Annex No. 3, para. 1.3] and cumulation of transactions [Art. 5(2) and Annex No. 4, para. 2.9]

2.1. The Regulation provides that companies, in adopting the procedures pursuant to Article 4(1)(*a)*, must identify the "transactions of greater importance" - to which the rules of transparency with disclosure document and the stricter procedural rules apply - including at least those transactions exceeding the quantitative significance thresholds indicated in Annex No. 3 of the Regulation.

In particular:

i) transactions of greater importance are those for which at least one of the indices of importance identified in the same Annex No. 3 (equivalent value of the transaction in relation to shareholders' equity[2] or, if greater, capitalisation[3]; total assets of the entity subject to the transaction

[1] Provided, of course, that there are shareholders who qualify as 'related parties' of the company and, in particular, shareholders capable of exercising control or significant influence.

[2] Where the company required to apply the Regulation prepares consolidated accounts, the assessment as to whether the materiality ratios are exceeded shall be made by reference to the consolidated net assets or alternatively, if greater, to the capitalisation. Also in consideration of the need for homogeneous, albeit alternative, parameters to be applied when assessing the size of the transaction, it is deemed that the value of shareholders' equity should not include non-controlling interests for the purposes of Appendix No. 1: this is also consistent with the separate identification, with respect to the group's equity, of the portion of capital and reserves pertaining to non-controlling interests in consolidated subsidiaries as required by international accounting standards.

[3] For banks, reference is made only to the ratio of the countervalue of the transaction to the regulatory capital taken from the most recently published balance sheet (consolidated, if prepared).

over total assets of the company; total liabilities of the acquired entity over total assets of the company) exceeds 5%;

ii) the materiality threshold is reduced to 2.5% for transactions entered into with the listed parent company, or with parties related to the latter that are themselves related to the company, in view of the structurally higher separation between ownership and control in listed companies controlled by other listed companies and the consequent higher risks of extracting private benefits of control to the benefit of the latter;

iii) this is without prejudice to the right of companies to identify, in the procedures, materiality thresholds lower than those set out in the Regulation, even only for certain categories of transactions, as well as to identify criteria, both quantitative and qualitative, in addition to those indicated in Annex no. 3, which may result in an extension of the list of material transactions. The possibility of identifying, on a case-by-case basis, transactions to which the rules laid down for 'highly significant' transactions may be applied, even if they are below the materiality thresholds, also remains unaffected;

iv) companies must consider whether to provide for materiality thresholds lower than those indicated above, for transactions "*that may affect the management autonomy*" of the companies *"(e.g. transfer of intangible assets such as trademarks and patents)*".

With regard to point (*i)*, Annex No. 3 provides that, in the application of the asset materiality ratio, for transactions involving the acquisition and disposal of equity interests in companies that do not affect the scope of consolidation, the value of the numerator is defined, in the case of acquisitions, by the "*countervalue of the transaction plus any liabilities of the acquired company assumed by the acquirer*". In this regard, it should be noted that the value of the numerator will also take into account the liabilities of the acquired company only if it is contractually provided that the acquirer must assume certain obligations in respect of those liabilities, as may occur in the case of an assumption by the transferee of the debts of the acquired company *pursuant to* Article 1273 of the Civil[Code4]. In the absence of obligations of this nature, therefore, the numerator of the indicator will only be equal to the countervalue of the transaction.

Again with reference to the asset materiality ratio, for transactions involving the acquisition of assets other than a shareholding, the Annex provides that the numerator is the

[4] With regard to the manner in which the liabilities to be added to the countervalue of the transaction are to be computed, account must be taken of the obligations specifically arising from the sale and purchase agreement. If, for example, the sale and purchase agreements provide that the buyer assumes all liabilities of the acquired company, recognised at a certain date, the countervalue of the transaction will have to be increased by the full amount of the liabilities of the *target* company. A similar logical course must be followed where the agreements between the seller and the buyer are of a different content from the case considered above by way of example. Thus, if such agreements provide for the assumption by the listed issuer of particular obligations to repay certain liabilities of the target company (as may be the case when a loan agreement includes a change of control of the debtor company as an *event of default* and the acquirer does not obtain the elimination of such a clause at the time of the purchase), such liabilities will have to be added to the acquisition consideration.

"the *higher of the consideration and the book value that will be attributed to the asset*". To this end, the issuer is deemed to first determine the book value that will reasonably be attributed to such an asset in its financial statements. For example, where an issuer that has acquired a property intends, under the conditions of international accounting standards, to recognise it in the balance sheet at *fair value*, the numerator of the ratio will have to show the *fair value*, if higher than the countervalue of the transaction. Similar criteria apply in the case of a transaction that qualifies as a *business combination* under IFRS 3, whereby the assets acquired and liabilities assumed must be measured at *fair value* determined at the date of acquisition, and if this amount is greater than the countervalue of the transaction, the former must be indicated in the numerator of the ratio.

With regard to the materiality ratio of liabilities, it should be noted that in the determination of the 'total liabilities', items of the liabilities of the balance sheet of the acquired entity constituting components of equity are to be excluded (i.e. item (r) of paragraph 54 of IAS 1, or, in the case of financial statements of financial statements prepared in accordance with Italian GAAP, item A of the liabilities pursuant to Article 2424 of the Italian Civil Code). With regard to the asset materiality index, in order to provide more guidance on the categories of balance sheet items to be included, and taking into account that IAS/IFRS do not prescribe mandatory balance sheet formats, it is considered that it may be a useful reference point for the determination of 'total assets' to consider the total of the items included by Article 2424 of the Civil Code in the assets of the balance sheet. Where the company, taking into account the nature of its business, adopts different balance sheet formats, it will consider the total of the different categories of asset items resulting from its balance sheet.

With regard to point (*iii*), specific thresholds, lower than those set forth in the Regulation, or qualitative criteria could, for example, be applied to transactions that result in the transfer of control of investee companies which, while not large enough to cause the 5% threshold (or 2.5%, as the case may be) to be exceeded, are nonetheless particularly significant on account of the strategic relevance of the activity they perform.

With reference to point (*iv*), companies are called upon to consider whether to provide for reduced materiality thresholds for transactions involving activities or assets of strategic importance for their business, especially if they involve intangible assets for which the mere value of the consideration might underestimate their actual materiality. For example, transactions involving the transfer to a related party (e.g. the parent company) of the ownership of a trademark essential to the company's business and the reacquisition of the right to use the same by entering into a licence agreement may fall into this category. Similarly, the sale to a related party of the only industrial plant used for the production of the company managed by the listed company in anticipation of the subsequent purchase of products from the same related party at the

end of their marketing[5]. Transactions of this kind can, in fact, lead to a close dependence of the company on the related party and, incidentally, constitute techniques for defending against transfers of control not appreciated by the related party, especially if they are accompanied by contractual clauses that jeopardise the company's ability to continue producing goods or services (e.g. termination of the contract by the owner of the trademark in the event of a change of control of the licensing company).

It should be noted that, obviously, it is not possible to provide an exhaustive list of the cases that may arise in practice, but a useful identification criterion is that of assessing whether a specific transaction is to be considered in isolation or whether a complex of transactions that appear to be functionally linked (e.g. the repurchase of finished products from the relevant shareholder for subsequent marketing) should not be taken into account for the purposes of management autonomy.

2.2. Unless otherwise specified (in particular, Article 5(2) of the Regulation: see par. 2.3), related party transactions are assessed, for the purpose of calculating their materiality, on an individual basis. In the case of the allocation of remuneration and economic benefits, in any form, to members of the management and control bodies and to executives with strategic responsibilities, it is therefore deemed that the allocation of remuneration to each member and each executive constitutes an independent transaction with a related party, to be considered individually for the purposes of selecting the applicable procedural rules. With regard to transparency rules, the rules on cumulation - to be carried out with regard to the individual key manager - relating to homogeneous transactions or transactions linked by a unitary design will naturally apply.

2.3. The Regulation provides that information must be disclosed to the public, by means of a specific document, on transactions other than those "of greater importance" which are homogeneous or carried out in execution of a unitary design concluded with the same related party, or with parties related both to the latter and to the listed company[6], if they cumulatively exceed the thresholds of significance during the financial year, without prejudice to the exemptions established by the Regulation or by the companies pursuant to Articles 13 and 14 of the same Regulation (see

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[5] Although the purchase of the finished products from the controlling shareholder apparently falls within the ordinary course of business, it is in fact a direct consequence of the decision to dispose of the only production plant available to the listed issuer. Undoubtedly, the latter can be considered a transaction extraneous to the activity typically carried out by the issuer; moreover, the repurchase of the finished products from the controlling shareholder determines a substantial change in the activity carried out by the listed company, since it loses its production activity and becomes a marketing company only. These are also non-recurring transactions (as they have not been recorded on a historical basis), significant in terms of size (and this seems to be the case by definition, given that this is the only production plant), and with risks of conflicts of interest related to the nature of the counterparty.

[6] Thus, for example, transactions between the issuer required to apply the Regulation and companies subject to common control with the latter will be cumulated if they are homogeneous or linked by a unitary design, provided that such transactions are not subject to exemption, e.g. because they are not ordinary (Art. 13(3)(*c*) of the Regulation) or small (Art. 13(2)).

article 5(2) of the Rules of Procedure; see also par. 2.5). It is therefore considered that, in verifying whether the size thresholds are exceeded in application of Annex No. 1, companies should consider only those transactions made since the beginning of the financial year that do not fall within the excluded transactions because, for example, they are of small amounts or are ordinary transactions or transactions carried out with subsidiaries or affiliated companies. A similar effect at the end of the financial year is also the publication of the disclosure document following the exceeding of the size thresholds as a result of cumulation: transactions that are disclosed in that document will no longer have to be taken into account, even if the financial year has not yet elapsed, when assessing whether the size thresholds are again exceeded on a cumulative basis.

2.4. Article 13(3)(*c*) provides for the possibility of excluding from the application of the Regulation (without prejudice to periodic accounting reporting requirements) ordinary transactions (on which see para. 3). In the event that companies decide to avail themselves of the exclusion, the same rule provides, in addition to certain disclosure requirements to be provided in the context of the interim management report and in the annual management report, for an obligation to notify Consob of the counterparty, the object and the consideration of the transactions of greater importance that have benefited from the exclusion (point (*i)* of Article 13(3)(*c*)). The transactions to be communicated to Consob pursuant to the latter provision therefore do not include ordinary transactions of lesser importance which, benefiting from the exemption, do not contribute to cumulation pursuant to Article 5(2) of the Regulation.

2.5. In the event that the materiality thresholds are exceeded as a result of the accumulation of several transactions, Annex No. 4 requires the company to provide the information required by the disclosure schedule 'with reference to all such transactions'. As made clear by Article 5(4) of the Regulation, this information may *als*o be included '*on an aggregate basis, by homogeneous transactions*'.

3. Definition of 'Ordinary Transactions' (Art. 3(*d)*)

3.1. The Regulation provides for the possibility for companies to apply a regime of disclosure and procedural exemptions for related party transactions that qualify as 'ordinary', provided they are concluded on market or standard terms.

The *rationale of* the provision lies in the desire to calibrate compliance burdens in light of the costs they cause in the transactions of companies, with reference to transactions that present less risk of harming shareholders' interests. The exemption therefore covers transactions that fall within the '*ordinary course of business*' or the '*financial activity*' connected therewith.

The elements that are relevant for the definition of *ordinary transactions* are in some cases already known to the companies as they are partly inspired by international accounting standards, and thus

tended7 to be taken into account in the preparation of accounting documentation, with particular regard to the classification of the origin of cash flows required for the preparation of the cash flow statement (IAS 7)[8].

In the Regulation, an "ordinary" transaction occurs when two selective criteria are simultaneously fulfilled. First, the transaction must be attributable to the operating activity or, alternatively, to the related financial activity (see Sections 3.2 and 3.3). Secondly, again in order to benefit from the exemption, the same transaction must also fall within the 'ordinary' course of business of the operating activity or the related financial activity (see Section 3.4).

3.2. The main element of the definition of an *ordinary transaction* is the concept of *operational activity*, by which is meant the whole: *(i)*the company's principal revenue-generating activities and*(ii*) all other management activities that are not classifiable as 'investment' or 'financial'.

The notion of operating activities thus encompasses both, on the positive side, those transactions that fall within the activities that contribute to generating the main components of turnover - or, for non-industrial entities, current operations - and, on the negative side, all other transactions that, although unrelated to the main activity of the company's object, are not attributable to the other two management areas (investment and financing).

Investment activity includes, for these purposes:

(i) transactions that result in the acquisition and disposal of fixed assets - such as, for example, purchases and disposals of property, plant and equipment or intangible assets - with the exception of non-current assets[9] that are held for sale;

(ii) financial investments that do not fall under the so-called "cash equivalents "[10].

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[7] For the purposes of this Communication, transactions that are not recognised in the cash flow statement because they do not require the use of cash or cash equivalents (so-called non-cash transactions) are also considered.

[8] The elements defining *ordinary transactions* in this Communication are therefore interpreted by Consob in accordance with international accounting standards. Conversely, the notion of an *ordinary transaction* in the Regulation and the guidelines on its application naturally have no impact on the interpretation of the definitions contained in the International Accounting Standards.

[9] The term 'non-current' refers to tangible, intangible and financial assets of a long-term nature. An activity is understood to be 'current' when: (*i*) it is expected to be realised, or held for sale or consumption, in the entity's normal course of business or*(ii*) it is held primarily for the purpose of being traded or*(iii*) it is expected to be realised within twelve months after the balance sheet date or*(iv*) it is restricted from being exchanged or used to settle a liability for at least twelve months after the balance sheet date. When the normal operating cycle of an entity is not clearly identifiable, its duration is assumed to be twelve months.

[10] Cash equivalents are considered, in addition to cash and demand deposits (i.e. "cash and cash equivalents") means short-term, highly liquid financial investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of change in value.

Transactions that result in the purchase or sale of non-current assets held for sale and cash equivalents may therefore be exempt provided they are in the *ordinary course* of business as more fully specified in Section 3.4 below.

Financial activities include activities that result in changes:

(i) the size and composition of the paid-up equity capital;

(ii) of the financing obtained by the company.

It is considered that the classification of a transaction within one of the three broad areas of activity (operating, investment, financial) must be made in the most appropriate manner according to the activity carried out by the company: consider, for example, the nature of the activity carried out by banks or financial companies indicated in Articles 106, 107 and 113 of Legislative Decree No. 58 of 27 June 1998. 1 September 1993, No 385 ('Testo Unico Bancario' or 'TUB'), for which the granting of loans, in whatever form, is usually classifiable as an operating activity rather than an investment activity, since it falls within the company's main revenue-generating activities.

3.3. The second element of the definition of an 'ordinary transaction' is the *financial* activity (also called 'financing activity') related to operating activities. This element makes it possible to extend the benefit of the exemption even to transactions that in abstract terms qualify as financial, insofar as they are ancillary to the conduct of business. On the other hand, financing obtained for the performance of non-operating transactions (as they relate to investment activities) cannot be considered *ordinary transactions* .

In some cases, the ancillary link is easily identifiable insofar as it is reflected in the cause of the financing contract (e.g. purpose loans ornon-monetarytransactions[11]) or in any case unequivocally reconstructible in light of the characteristics of the transaction (e.g. short-term liabilities functional to the purchase of raw materials): among the other criteria considered in the supervisory activity, particular attention will be paid to the duration of the loan, also in relation to the useful life of the assets purchased with it. As a general rule and barring specific exceptional circumstances, it is considered that the character of ancillary to the operational activity exists with reference to the so-called "bank 'bridging loans' obtained in order to temporarily ensure financial continuity or cover financial needs.

Where the financing transaction is not characterised by objective elements that permit an unequivocal reconstruction of the character of the ancillary to the operating activity, the presence of circumstances such as to justify the reasonable belief that the financing obtained will be used for that purpose is deemed sufficient. To this end, the reasonableness of

[11] These are financing transactions from which no cash or cash equivalents flow (e.g. the acquisition of an asset by incurring a debt).

such an assessment according to the circumstances existing at the time of the conclusion of the transaction, irrespective of any subsequent different allocation where justified in the light of changing factual circumstances.

With regard to capital increases with the exclusion of pre-emptive rights - the only ones that are relevant since pre-emptive increases are not considered 'related party transactions' as defined in para. 1 - they are generally deemed not to be part of the ordinary course of business in connection with financial activities (see Section 3.4);

3.4. Finally, the definition of *ordinary transactions* requires that, in order to qualify for the exemption, a transaction must fall within the *ordinary course of* business or a related financial activity. A further selective criterion must therefore be applied to the above classifications.

In particular, the following elements will be taken into account in assessing whether a transaction falls within the ordinary course of business or the related financial activity:

i) object of the transaction. The fact that the object of the transaction is not related to the company's typical activity constitutes an indication of abnormality that may indicate its non-ordinary nature;

ii) recurrence of the type of transaction in the company's business. The regular repetition of a transaction by the company is, in fact, a significant indicator of its belonging to ordinary activity, in the absence of other indicators to the contrary[12];

iii) size of the operation. A transaction that is part of the operational activity of a company may not be part of the ordinary course of business because it is of a particularly significant size. However, it should be recalled that the exemption in question also applies to transactions of greater importance (i.e. transactions exceeding the thresholds of significance calculated according to Annex No. 1): what matters is that the transaction is not significantly larger than those usually characterising similar transactions carried out by the company;

iv) contractual terms and conditions, also with regard to the characteristics of the consideration. In particular, transactions for which a non-monetary consideration is envisaged, even if they are the subject of expert appraisals, are normally considered to be outside the ordinary course of business

[12] Indeed, consider the role that the element of repetition is assigned, in identifying the entity's ordinary activities, by the *Framework for the Preparation and Presentation of Financial Statements* (paragraph 72), which states that '*it is common practice to distinguish between those items of income and expense that arise in the course of the entity's ordinary activities and those that do not. This distinction is made on the basis of whether the source of an item is relevant in assessing the entity's ability to generate cash or cash equivalents in the future; for example, exceptional transactions, such as the disposal of a long-term investment, are not likely to be repeated on a regular basis. When distinguishing between elements in this way, the nature of the entity and its activity must be taken into account. Elements that originate from the ordinary activity of one entity may be unusual for another*'.

by third parties. Similarly, contractual clauses that deviate from usage and bargaining practice may be a significant indication of non-ordinary nature;

v) nature of the counterparty. In the context of transactions that are already subjectively qualified because they are carried out with related parties, it is possible to identify a subset of transactions that do not fall within the ordinary course of business (or of the related financial activity) because they are carried out with a counterparty that presents anomalous characteristics with respect to the type of transaction carried out: consider, merely by way of example, the case of a company that sells a capital asset, classified as a non-current asset held for sale, to a company controlled by a director that does not carry on business in the sector in which that asset is used or that is manifestly lacking in an organisation capable of employing that asset.

The materiality of the above elements will be assessed by paying particular attention also to the time of approval and completion of the transaction. In particular, in assessing the indicators of ordinary business transactions and related financial activities, it must be considered that an element of abnormality may assume greater weight in such an assessment if the transaction is resolved upon close to the end of the financial year of the listed company or related party.

3.5. In assessing whether a transaction qualifies as an 'ordinary transaction', regard shall be had to the activity performed by the company effecting the transaction: this is so even if the company effecting the transaction prepares consolidated financial statements or is included in the scope of consolidation of the financial statements prepared by the company required to apply the procedures. Therefore, in the event that the transaction is carried out by a subsidiary of the listed company, the activity carried out (or one of the activities ordinarily carried out) by the subsidiary will be taken over. However, if the company carrying out the related party transaction is a special purpose vehicle set up for the purpose of carrying out such a transaction, it is considered that the ordinary course of business test must also be performed with respect to at least one of the activities carried out by the group to which it belongs, consisting of the companies included in the consolidated financial statements prepared by the parent listed company or the parent company further up the chain of control. In the case of transactions carried out by vehicle companies, in fact, the simultaneous satisfaction of the two conditions (ordinariness for the company carrying out the transaction; ordinariness in the light of one of the group's business activities) better corresponds to the *rationale*, recalled above, underlying the exemption relating to ordinary transactions. This means that it is not possible to avail oneself of the exemption through special-purpose vehicles established for the sole purpose of carrying out a transaction that is unrelated to the characteristic activities carried out up to that time by the companies included in the scope of consolidation.

3.6. For the purpose of the application of the exemption for ordinary transactions concluded on market or standard terms, the procedures adopted by the companies pursuant to Article 4 of the Regulation may better identify, also in light of the activity carried out by the company, the general characteristics of the transactions that may be subject to the exemption.

4. Smaller companies, newly listed companies and companies with shares widely distributed among the public (Art. 3(1)(*f) and (g*) and Art. 10)

4.1. The definition of 'smaller companies', dictated for the purpose of identifying those entities that may benefit from certain procedural simplifications (Article 10), provides for asymmetrical rules regarding the acquisition and loss of qualification. A favourable provision for companies, in fact, stipulates that it is sufficient to meet the size requirements for even one financial year in order to qualify as a 'smaller company', while the same requirements must be exceeded for two consecutive financial years for the qualification to lapse.

The status of smaller companies may also be acquired seamlessly by companies that, having lost their 'newly listed company' status, meet the requirements. In the case of the demerger of a company with listed shares with simultaneous admission to trading of the shares issued by a newly incorporated spun-off company, it is possible that the same spun-off company, while not being able to avail itself of the exemption for newly listed companies, immediately presents the characteristics of a 'smaller company'. It is considered that, even prior to the accrual of the first financial year following the demerger, the newly created spun-off company may be considered 'smaller' within the meaning of the Regulation if the relevant size requirements are met having regard to the assets of the balance sheet, the items assigned to the spun-off company according to the demerger plan and, as regards revenues, the pro forma data contained in the listing prospectus. As for the demerged company, the assessment as to whether the size limits have been complied with relates to the first financial statements prepared after the demerger.

4.2. Article 10 of the Regulation provides for a simplified procedural regime for transactions of greater importance carried out by smaller companies, newly listed companies or companies with shares widely distributed among the public. Indeed, procedures adopted under the provisions referring to transactions of lesser importance may also apply to such transactions. However, it is understood[13] that the provisions concerning the calculation of majorities set forth in Article 11, paragraph 3, of the Regulation (the so-called *whitewash*) shall apply to transactions of major importance falling within the competence of the shareholders' meeting on which the committee of independent directors has expressed a contrary opinion: this also applies in the event that the opinion is of a non-binding nature since the company has decided to avail itself of the option to adopt the procedures set forth in Article 7 of the same Regulation.

[13] Among the exempted rules, Article 11 of the Regulation on transactions within the purview of the shareholders' meeting is not mentioned; moreover, Article 11(3) generally refers to cases in which the proposal for a shareholders' meeting resolution on a transaction of greater importance is approved in the presence of an adverse opinion of the directors or independent directors, without referring only to the opinions expressed pursuant to Article 11(2).

5. Definition of Independent Directors (Art. 3(1)(*h*))

The Regulation generally requires that a director, in order to be defined as 'independent' within the meaning of the regulation, must meet at least the requirements set forth in Article 148 of Legislative Decree No. 58 of the Italian Civil Code. 24 February 1998, No 58 ('Testo Unico'). However, for companies that declare in the 'Report on Corporate Governance and Ownership Structures' that they adhere to a corporate governance code of conduct promoted by regulated market management companies or trade associations (Article*123-bis* of the Consolidated Law), the Regulation requires that directors deemed to be 'independent directors' are those directors deemed to be so by companies pursuant to the same code, provided that the criteria for assessing independence set forth in such code are at least equivalent to those set forth in Article 148 of the Consolidated Law.

The criteria currently laid down in the Corporate Governance Code adopted by the Corporate Governance Committee are deemed to be '*at least equivalent to those of Article 148(3) of the Consolidated Law*'. Therefore, "independent directors" for the purposes of the Regulation are those directors recognised as such by companies in application of the principles and application criteria of the Corporate Governance Code.

This assessment is based on a comparison of the overall level of independence required by the Consolidated Law, on the one hand, with that offered by the application of the criteria of the Corporate Governance Code, on the other.

The greater restrictiveness of the requirements of Article 148 of the Consolidated Law on certain individual aspects (e.g. more detailed indication of the degree of relevant relatives) is, in fact, more than compensated for by the broader indication of significant cases of non-independence and by the existence of a general principle of substance over form that guides the application of the Code's criteria and entails a strong accountability of the companies themselves.

Consob will consider possible amendments to the Self-Regulatory Code in order to assess whether to confirm, also for the new text, the opinion of equivalence expressed herein with regard to the current version of the Code.

6. Adoption of procedures [Art. 4]

6.1. Article 4 of the Regulation requires boards of directors or management boards to adopt procedures containing rules ensuring the transparency and substantive and procedural fairness of related party transactions.

The same rule provides for certain safeguards of fairness and, in particular, the expression of a favourable opinion by a committee of independent directors only, applicable

with regard to both the adoption of procedures and their possible modification. In this regard, it is considered that companies are free to select such a committee from among those already existing that meet the composition requirement or to set up a new one specifically. It is recommended that companies assess at least every three years whether to revise the procedures, taking into account, inter alia, any changes in ownership structures as well as the effectiveness of the procedures in practice. It also seems appropriate, although not required by the Regulation, to obtain an opinion from the committee of independent directors also with regard to the possible decision not to proceed, at the outcome of the evaluation of the existing procedures, with any changes.

6.2. The Regulation stipulates that, if at least three independent directors are not in office, companies must use an alternative to the committee of independent directors when deciding on procedures. In particular, in such a case, it is provided that resolutions are approved 'subject *to the favourable opinion of any independent directors present or, in their absence, subject to the non-binding opinion of an independent expert*'. Therefore, if only one or two independent directors are in office in the companies required to adopt the procedures, their favourable opinion may be used, without the need to change the composition of the board of directors, management board or supervisory board. On the other hand, possible measures do not include the expression of an opinion by the Board of Statutory Auditors: this body, in fact, is already entrusted not only with the task of monitoring compliance with the procedures adopted, but also with the task of verifying the conformity of those procedures with the principles set out in the Regulation (see Article*2391-bis* of the Civil Code, Article 149 of the Consolidated Law and Article 4(6) of the Regulation). In this regard, it is believed that the Board of Statutory Auditors' assessment concerns both the conformity of the procedures adopted with the Regulation and compliance with those procedures when approving individual transactions: in the former case - as, of course, in the latter - these are *ex post* evaluations, but it is believed that nothing prevents the Board of Statutory Auditors from obtaining an opinion on the legitimacy of the procedures before they are approved [14]. In that case, the opinion would complement, but not replace, the opinion expressed by the independent directors or independent experts when the procedures were adopted.

7. Transactions by subsidiaries (Art. 4(1)(*d)*and Art. 5(1))

Transactions entered into by subsidiaries may present risks similar to those inherent in transactions entered into directly by parent companies that are directly subject to

[14] Moreover, companies may also involve other persons in the drafting of the procedures, also through the expression of specific opinions, such as the manager in charge of drafting corporate accounting documents (in order to ensure coordination with the administrative and accounting procedures laid down in Article*154-bis* of the Consolidated Law: see Article 4(4) of the Regulation).

to the fairness and transparency rules laid down in the Regulation as issuers of shares traded on regulated markets or widely distributed among the public.

For this reason, transactions carried out by subsidiaries[15] are always included, under the circumstances envisaged (in particular: individual or cumulative size), among those subject to the disclosure requirements laid down in Article 5 of the Regulation pursuant to Article 114(5) of the Consolidated Law.

In contrast, on the subject of substantive and procedural fairness, Article 4(1)(*d)*of the Regulation requires companies to define specific rules with exclusive regard to cases in which the parent company '*examines or approves*' transactions carried out by Italian or foreign subsidiaries. The provision, which is intended to establish the general principles governing transactions effected '*through subsidiaries*' (Article*2391-bis* of the Civil Code[16]), thus requires that there be a qualified activity (in the form of examination or approval of the transaction) on the part of the parent company in order for the latter to be required to implement rules of propriety.

The Regulation does not, therefore, require parent companies to exercise influence (with or without management and coordination activities) beyond that which they already exercise in their relations with their subsidiaries. In fact, it merely affects the decision-making processes, relating to the transactions carried out by the subsidiaries, adopted by the companies independently of the implementation of the Regulation, either by autonomous choice or by imposition of the law (the latter being the case, for instance, of the transactions on which the parent company is called upon to express its consent pursuant to Article 136(2) of the Consolidated Law on Finance).

For these purposes, it is considered that:

- the examination or approval of transactions need not be conducted pursuant to internal regulations, nor need they necessarily take place by express resolution, but it is sufficient that a corporate officer of the parent company examines in advance or approves the transactions by virtue of the powers delegated to him;

- examination" may be understood as meaning not merely the mere receipt of information on the transaction carried out by the subsidiary (e.g. for control purposes or for the purpose of drawing up the corporate accounting documents) but an assessment of the transaction that may lead to an intervention (e.g. in the form of an opinion, even non-binding) capable of affecting the subsidiary's approval process of the transaction.

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[15] For these purposes, reference is made to the notion of control under Article 2359 of the Civil Code rather than to the definition relevant to the identification of related parties.

[16] For the identification of the subsidiaries indicated in Article*2391-bis* of the Italian Civil Code, reference is made to the notion of control set forth in Article 2359 of the Italian Civil Code and not to the definition relevant to the identification of related parties, contained in Appendix 1 to the Regulation and borrowed from the international accounting standards in force on the date the Regulation came into force: this clarification may be relevant since it is believed that the statutory definition refers only to individual control; on the contrary, the definition contained in the aforementioned Appendix 1 contains an express reference to joint control.

If, on the basis of the foregoing, companies are required to identify rules relating to transactions effected through subsidiaries, the Regulation leaves it entirely to the responsibility of the companies to identify rules capable of ensuring the substantive and procedural correctness of the transactions. The parent companies will not, therefore, be required to apply the procedural provisions of the Regulation in full to the transactions of the subsidiaries they examine or approve. The latter, in fact, may be declined by each parent company according to the degree of influence it exercises in accordance with its autonomous determinations on relations with its subsidiaries, or according to the greater or lesser importance of the transaction.

In the event that the transaction is carried out by a listed company through another listed company, in the sense indicated above, both companies will be required to apply the procedures in accordance with their respective roles: the parent company will apply, when examining or approving the transaction, the rules independently identified pursuant to Article 4(1)(*d)*of the Regulation, while the subsidiary company will apply the procedures required by the Regulation for transactions of greater or lesser importance. This, of course, provided that the related party is also a related party of the subsidiary.

As part of the supervisory activity carried out by the supervisory bodies of the companies required to apply the procedures, particular attention will be paid to the performance by subsidiaries of transactions with related parties of the parent company that may indicate - by reason of their number, type, size or frequency - a circumvention of the fairness safeguards set out in the Regulation.

8. Identification of relevant persons for the application of the discipline [Art. 4(2)]

The rules of the Regulation apply to transactions with "related parties" as defined in Appendix 1 of the Regulation.

Pursuant to Article 4(2) of the Regulation, when adopting the procedures, companies must assess whether to identify - and consequently indicate in the procedures themselves - additional categories of persons, with respect to related parties as defined in the aforementioned Annex No. 1, to which the procedural and transparency rules in question are to be applied, in whole or in part[17].

For the purposes of this assessment, companies must take into account:

- particular ownership structures. For example, a company with a particularly fragmented ownership structure might decide to apply the discipline, in whole or in part, to holders of shareholdings lower than those relevant for the presumption of exercising significant influence (20 per cent provided for in Appendix 1 of the Regulation and borrowed from the current IAS 28; 10 per cent

[17] For instance, companies might decide to apply only the transparency rules with disclosure document provided for in Art. 5 to transactions with the aforementioned additional parties.

indicated with reference to shareholdings in companies with listed shares in Article 2359 of the Civil Code), regardless of whether a significant or dominant influence (individual or joint) is exercised over the investee company;

- any contractual constraints relevant for the purposes of Article 2359(1)(3) of the Civil Code, as well as any contractual or statutory constraints through which management and coordination within the meaning of Article*2497-septies* of the Civil Code may be achieved. In particular, reference is made to contracts that, pursuant to Article 2359 of the Civil Code, may result in a dominant influence on the company; reference is also made to cases in which a company is subject to management and coordination activities by virtue of a contract or clauses in its articles of association;

- industry regulations that may be applicable to related parties. If, for the purposes of a similar or contiguous sector discipline (e.g. in banking), a company is required to identify a "perimeter of correlation" that is broader than that resulting from the definitions contained in Annex No. 1, it may find it useful, for the purpose of simplifying procedures, to identify a single perimeter for both disciplines.

When considering whether to broaden the range of persons to whom the procedural and transparency rules set forth in the Regulation should apply, in whole or in part, companies may also have regard to the applicable accounting rules. In particular, the scope of the entities included in Annex No. 1 may be extended by referring to one or more of the additional cases of correlation envisaged by the notion of "related party" contained in the IAS 24 accounting standard adopted by Regulation (EU) No. 632/2010 of 19 July 2010. Since this is merely an extension of the scope of the Regulation, it remains that the correlation cases common to the new IAS 24 and AnnexNo. 1 would remain governed by the latter source.

9. Publication of the disclosure document for transactions of greater importance, the opinions of the committee of independent directors and any opinions of independent experts [Art. 5(1)]

As expressly stated in Article 5(1) of the Regulation, the publication of the disclosure document for transactions of major importance as well as the publication of the opinions of the committee of independent directors and the opinions of independent experts, if any, is required by Consob pursuant to Article 114(5) of the Consolidated Law. This also makes the rules on claims for serious harm provided for in paragraph 6 of Article 114 of the Consolidated Text[18]applicable.

[18] In particular, paragraph 6 of Article 114 of the Consolidated Text provides: " *If the persons referred to in paragraph 1 and the listed issuers having Italy as their home Member State object, by means of a reasoned complaint, that the public disclosure of information required pursuant to paragraph 5 may result in serious harm to them, the disclosure obligations shall be suspended. Consob may, within seven days, exclude even partially or*

The Regulation requires the publication of the disclosure document and the opinions now mentioned with regard to significant transactions only. This does not, of course, preclude the dissemination of a document containing the information required for such transactions (or even only part thereof) on the occasion of the approval of transactions of lesser importance, in accordance with the procedures laid down for regulated information: in other words, issuers may freely assess whether a transaction, even irrespective of the existence of the obligation to publish an information document pursuant to the Regulation, merits greater *disclosure* for the benefit of the market. This option may be of assistance to issuers in "borderline" hypotheses, in which, although a transaction qualifies as "of lesser importance" pursuant to Annex No. 3, it falls just below the threshold of greater importance .

10. Periodic financial reporting [Art. 5(8)]

Without prejudice to the disclosure requirements under IAS 24, Article 5(8) of the Regulation contains rules on periodic disclosure of related party transactions (additional periodic disclosure requirements are provided for in other provisions: see, e.g., Article 7(1)(*g*) of the Regulation).

In particular, it is requested that information be provided in the interim management report and the annual management report:

a) on individual transactions of greater importance concluded during the reporting period (Art. 5 (8) (*a)*);

b) other individual transactions with related parties 'which have materially affected' the financial position or results of the company (Art. 5(8)(*b*));

c) on changes or developments in related party transactions described in the last annual report that had a 'material effect' on the company's financial position or results in the reporting period (Art. 5(8)(*c*)).

The provisions of points *b)* and *c)* implement, in accordance with Article*154-ter*, paragraph 6, of the Consolidated Law, the provisions of the European directives on related party transactions to be included in the interim management report (Article 5, par. 4, Directive 2004/109/EC and Art. 4 Directive 2007/14/EC). For this reason, the subject matter of the information, including the relevant scope of the correlation, is defined by reference to the notion established by international accounting standards, as required by European directives for companies preparing accounting documents according to these standards (see also Recital 5 of Directive 2007/14/EC). Subparagraph *(a)*, on the other hand, refers to 'transactions of greater importance ' as defined under

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temporary disclosure of information, provided that this cannot mislead the public as to essential facts and circumstances. After that period, the complaint shall be deemed to have been upheld.'.

pursuant to Article 3(1)(*b)*of the Regulation with regard to both the subjective scope and the materiality criteria of the transaction.

With regard to the information to be included in the periodic documentation on individual transactions, the following constitute relevant information:

a) in the annual management report:

1) where applicable, a description of the policies within which related party transactions may be framed, also with reference to the strategy pursued with such transactions;
2) an indication for each transaction, also in tabular form, of the following information:
    - the name of the counterparty to the transaction;
    - the nature of the relationship with the related party;
    - the object of the transaction;
    - the consideration for the transaction;
    - any other information that may be necessary to understand the effects of the related party transaction on the company's financial statements;

b) in the interim management report:

1) any change in related party transactions described in the last annual report that had a 'material effect' on the company's financial position or results during the reporting period;
2) an indication for each transaction, also in tabular form, of the information indicated in point (*a)*(2).

As indicated in Article 5(9) of the Regulation, the information may also be included in the periodic financial documentation by reference to any disclosure documents published on the occasion of the approval of a major transaction.

11. Related party transactions and public disclosures pursuant to Article 114(1) of the Consolidated Law [Art. 6]

Article 6 of the Regulation, in the event that related party transactions are subject to the disclosure requirements of Article 114(1) of the Consolidated Law, requires that in the

press release to be disclosed to the public is to include certain specific information, '*in addition to the other information to be published*' pursuant to the aforementioned provision.

In this regard, it should be recalled that Article 66(2)(*a)*of Consob Regulation No. 11971 of 14 May 1999 ('Issuers' Regulation') provides that the press release with which inside information is published must contain 'such *elements as will allow a complete and correct assessment of the events and circumstances represented*': therefore, any information capable of having a significant effect, even in combination with other information, on the prices of the relevant financial instruments must be disclosed. This is also without prejudice to any disclosure requirements established by *price-sensitive* disclosure schemes defined by the management companies of the market on which the shares issued by the company are admitted to trading.

With regard to cases in which the issuer does not publish the disclosure document prepared in accordance with Annex no. 4 of the Regulation, either because the transaction does not exceed the materiality thresholds identified pursuant to Article 4(1) of the Regulation or because the cases and options for exclusion set forth in the Regulation apply, the following is a non-exhaustive list of information elements that may be relevant for the purposes of compliance with the aforementioned Article 66(2)(*a)*and which, without prejudice to the provisions of Article 6 of the Regulation, normally constitute a reference parameter for the purposes of Consob's requests for the publication of additional information on the statements relating to such transactions. These elements are:

i) the essential characteristics of the transaction (price, terms of execution, timing of payment, etc.);

ii) the economic rationale of the operation;

iii) a summary description of the economic, equity and financial effects of the transaction;

iv) the manner in which the consideration for the transaction was determined, as well as the assessments of its fairness with respect to the market values of similar transactions; in the event that the economic conditions of the transaction are defined as equivalent to market or standard conditions, in addition to the statement to that effect, an indication of the objective elements of verification;

v) the possible use of experts for the valuation of the transaction and, in such case, the indication of the valuation methods adopted in relation to the fairness of the consideration as well as the description of any criticalities pointed out by the experts in relation to the specific transaction.

12. Procedures for transactions of lesser importance [Art. 7(1) and Annex No. 2, par. 1.1]

12.1. The provisions of the Regulation on Procedures for the Approval of Related Party Transactions represent the minimum level of protections on substantive and procedural fairness dictated pursuant to Article*2391-bis* of the Civil Code. This is without prejudice to the right of companies to adopt more stringent measures, as made clear by the term "at least" (for transactions of lesser importance, see Article 7(1) of the Regulation and par. 1.1. of Annex No. 2; similar provisions concern transactions of major importance and strategic transactions, see Article 8(1) of the Regulation and para. 2.1. and 3.1 of Annex
n. 2). With regard to transactions of lesser importance in particular, Article 7(1) of the Regulation expressly reserves the possibility of adapting the procedures to the provisions on transactions of greater importance (set out in Article 8). It follows that the procedures may adopt, on a voluntary basis, the latter safeguards or even only some of them[19], without prejudice to the right to identify other measures, in addition to those applicable under Article 7, not provided for in the Regulation. Similar considerations apply, even in the absence of an express reference to the provisions on major transactions, to companies adopting the two-tier system of administration and control (Annex No. 2, par. 1.1.).

12.2. For transactions of lesser importance, the use of a non-binding prior opinion issued by a committee composed of non-executive and unrelated directors[20] , the majority of whom are independent, is provided for (Article 7(1)(*a)*). The provision allows both the use of already existing committees, such as, for instance, the internal control committee required by the Corporate Governance Code for Listed Companies[21], and the use of committees set up on the occasion of the approval of the individual related party transaction.

However, it remains desirable that companies, possibly on the occasion of the first renewal of corporate bodies following the entry into force of the rules in question, even for transactions of lesser importance, set up a committee composed exclusively of

[19] Even for some only minor transactions.

[20] Pursuant to Article 3(*i)*of the Regulation, '*unrelated directors*' means directors other than the counterparty to a given transaction and its related parties.

[21] It should be noted that the Corporate Governance Code requires an internal control committee composed exclusively of independent directors for listed companies controlled by another listed company. It should also be noted that the new Article 37 of the Market Regulation provides for the admission to listing of subsidiaries subject to management and coordination activities when fully operational (see, for guidance on transitional rules, paragraph 23 below):

a) the presence of an internal control committee composed entirely of independent directors;

b) that, where established, other committees recommended by corporate governance codes of conduct promoted by regulated market management companies or trade associations also be composed exclusively of independent directors.

independent directors, as required by international best practice. This would also make it possible to concentrate the supervision of related party transactions in a single committee[22].

In any event, it is recommended that companies avoid including in the committee responsible for the opinion on the transaction non-executive directors who, although not related to the counterparty of the transaction, have relationships with it that might impair its independence: for example, if the transaction were to be concluded with the controlling shareholder and a non-executive director had a professional or family relationship with the latter, it would be preferable not to assign that director any role in expressing the required opinion.

Particular guarantees of fairness could be ensured by giving the independent directors on the board a significant role in choosing the members of this committee.

13. Opinions prior to the approval of transactions (Art. 7(1)(*a)* and (*d*); Art. 8(1)(*c)* and (*d)*; Annex No. 2, paras. 1.1.a, 1.3, 2.1.c, 2.2, 3.1.d]

The Regulation attaches certain legal effects to unfavourable opinions issued by those required to express them. These effects may, for example, consist - depending on the importance of the transaction, the system of administration and control adopted or the choices made when drafting the procedures - in the impossibility of resolving on the transaction, the obligation to resort to the resolution of a different corporate body or, more simply, in disclosure obligations.

It is considered useful to provide some clarifications with regard to certain particular hypotheses for the formulation of the opinion. In order for the opinion to be considered 'favourable', it is necessary that it manifests full agreement with the transaction, so that the expression of a negative opinion on even a single aspect of it is capable, in the absence of any indication to the contrary in the same opinion, of producing the effects mentioned above. It is therefore desirable that, where the opinion is defined as favourable and, therefore, permits the conclusion of the transaction despite the presence of certain elements of dissent, an indication be provided of the reasons why the latter elements are deemed not to affect the overall judgement on the company's interest in the completion of the transaction as well as on the substantive fairness of the related conditions.

A positive opinion issued under the condition that the transaction is concluded or executed in compliance with one or more indications will be deemed "favourable" within the meaning of the Regulation, provided that the

[22] It is recalled, in fact, that:
- for the adoption of the procedures, pursuant to Article 4 of the Regulation, a binding prior opinion of a committee, also specially constituted, composed exclusively of independent directors, is required;
- for transactions of greater importance, pursuant to Article 8 of the Regulation, the involvement in the negotiation phase, the preliminary investigation phase and the decision-making phase (with the issuance of a binding prior opinion) of a committee, also specifically constituted, composed exclusively of independent directors, is required.

conditions laid down are effectively complied with: in that case, evidence of compliance with the indications is provided in the report on the execution of transactions to be made to the administrative or supervisory bodies (Article 7(*f)* and Annex No. 2, paras. 1.1.f and 3.1.i].

14. Independent experts [Art. 7(1)(*b*); Annex No. 2, paragraphs 1.1.b, 1.3, 2.2.b, 3.1.c]

14.1. The Regulation stipulates, in a provision referred to in several provisions, that unrelated independent directors or committees composed of them are entitled to be assisted at the company's expense by one or more independent experts of their choice. The principle does not require that the experts chosen by the independent directors must be different from those eventually appointed by the company: therefore, it is believed that this provision is respected even when the independent directors are assigned the power to indicate the experts that the company will appoint to carry out the transaction, provided that the assignment expressly provides that the expert will also and specifically assist the independent directors in carrying out their duties pursuant to the procedures on related-party transactions. The clarification applies regardless of the transaction being examined by the independent directors; if the transaction is of lesser importance, the possibility for the company to set a cost limit, referred to each individual transaction, for the services rendered by the independent experts will also apply. The assessment of the independence of the expert called upon to assist the independent directors is, of course, the responsibility of the latter.

14.2. With reference to the independence requirements of experts, Annex No. 4 ("*Disclosure Document on Related Party Transactions of greater importance*") indicates the relationships to be taken into account in qualifying the expert as independent and which must be mentioned in the document. However, it is specified in the same Annex that such reports may be considered irrelevant for the purposes of the independence assessment, subject to the need to provide express reasons for this in the document.

15. Alternative Safeguards in the Absence of Independent Directors [Art. 7(1)(a) *d)* (Art. 8(1)(*d*))

15.1. The Regulation provides that companies must resort to specific safeguards in cases where, due to the small number of independent directors, it is not possible to set up a committee in accordance with the rules set out in Article 7. The alternative measures thus adopted must in any case be equivalent to the one indicated in Article 7(*a)* .

Without prejudice to the right of the companies to find other solutions, the taking of the resolution after a reasoned, non-binding opinion on the company's interest in carrying out the transaction as well as on its appropriateness and fairness shall in any case be considered "equivalent safeguards"

substantial of the latter's terms and conditions issued by the board of auditors or an independent expert. In the event that the opinion is issued by the board of auditors, the equivalence may, however, only be deemed to exist if the members of that body, if they have an interest, on their own behalf or on behalf of third parties, in the transaction, inform the other auditors, specifying its nature, terms, origin and scope. The use, for the expression of the opinion, of the independent unrelated director, if any, is also considered to be an equivalent safeguard.

Regardless of the solution chosen by the companies pursuant to Art. 7(1)(*d)*, the assessment of equivalence also covers the substantive compliance with the transparency provisions in respect of approved transactions in the presence of contrary indications that have arisen in application of the safeguards adopted (Art. 7(1)(*g*)). It follows that if the safeguard consists in the expression of an opinion - be it issued by internal persons or independent experts - the disclosure document and the negative opinion must be published pursuant to Article 7(1)(*g)*.

15.2. Similar remedies are provided for the approval of major transactions. In this case, the equivalence with respect to the functions performed by the independent directors in the forms provided for in subparagraphs (*b)* and *(c*) of Article 8 (concerning negotiations, preliminary investigation and approval of the transaction) is deemed to be fulfilled, without prejudice to the right of the companies to find other solutions:

i) with reference to the negotiation and preliminary investigation phases, by assigning to one or more of the unrelated independent directors who may be present or to the Board of Statutory Auditors or to an independent expert the tasks indicated in the aforementioned letter *b)*;

ii) with reference to the stage of approval of the transaction, by passing the resolution subject to the favourable reasoned opinion of the independent directors indicated in point *i*) on the company's interest in carrying out the transaction and on the appropriateness and substantive fairness of its terms, or subject to the reasoned opinion, on the same subject, of the board of statutory auditors or the independent expert indicated in point *i)*.

As indicated for transactions of lesser importance, the equivalence of the opinion issued by the Board of Statutory Auditors with respect to the safeguards set forth in the Regulation may be deemed to exist only if the members of the Board of Statutory Auditors, if they have an interest, on their own behalf or on behalf of third parties, in the transaction, inform the other Statutory Auditors, specifying its nature, terms, origin and scope. Opinions issued in implementation of the alternative headmasters are also subject to publication pursuant to Article 5(5).

Similarly, the adoption of the resolution, in accordance with the articles of association, subject to the authorisation of the transaction by the shareholders' meeting pursuant to Article 2364(1)(5) of the Civil Code, is deemed to be an equivalent safeguard.

16. Procedures for transactions of greater importance (Art. 8(1)(*c*) and (2); Annex No. 2, par. 2.2]

16.1. With reference to transactions of greater importance, pursuant to Article 8 of the Regulation, the procedures must provide, inter alia, that the transaction be approved by the board of directors subject to the favourable opinion of a committee composed solely of independent directors, also specifically constituted for the individual transaction, '*or, alternatively, that other methods of approving the transaction be applied that ensure a decisive role for the majority of unrelated independent directors*'. The procedures may therefore provide for transactions to be approved, instead of by the committee of independent directors, the use of which is in any case required during the negotiation and preparatory phase, directly by the board of directors with double majorities or enhanced *quorums* giving a decisive role to the independent directors. For instance, it could be stipulated that the transaction must be approved by the administrative body not only with the majorities provided for by law or the articles of association, but also with the favourable vote of the majority of the unrelated independent directors constituting that body.

Moreover, it is believed that the opinion of a committee of independents can more effectively guarantee the procedural and substantive fairness of the transaction, as this solution not only allows for greater prominence to be given to the opinion of the independents with the publication of their opinion, but also for greater freedom of expression on the part of the independents, as they can meet alone within the committee.

As already indicated for transactions of lesser importance, particular guarantees of fairness could be ensured by the choice of assigning the independent directors on the board a significant role in the selection of the members of this committee.

16.2. The second paragraph of Article 8 provides for the possibility of allowing the board of directors to approve a transaction of greater importance, by resorting to authorisation by the shareholders' meeting, even in cases where the independent directors have expressed an 'opinion against' the completion of the transaction. The expression quoted, which is deliberately broad, refers to the different ways in which the procedures may decline the role of the independent directors in the approval phase of the transaction as set forth in Article 8(1)(*c)*. The expression therefore includes both the issuance of the opinion by the committee indicated in subparagraph (*b)* and the vote against by the majority of the independent directors and, finally, any other manner of expression by the independent directors that the companies may have decided to adopt in assigning the majority of such directors (or the persons called upon to express their opinion by virtue of the alternative safeguards, if applicable) a decisive role in the approval of the transaction.

16.3. It is recalled that the disclosure document to be published for transactions of major importance pursuant to Article 5 of the Regulation expressly requires that

continued: "*Where the transaction has been approved in the presence of a contrary opinion of the directors or independent directors,* [the disclosure document shall contain] *an analytical and adequate justification of the reasons why it is considered that such opinion is not shared"* (cf. par. 2.3 of Annex No. 4 to the Regulation).

With reference to the content of the same disclosure document, para. 2.4 of Annex No. 4 requires an indication of "the terms and subject matter of the mandate", if any, given to independent experts to assess the fairness of the transaction. For these purposes, "terms of the mandate" means the clauses ancillary to those identifying the subject matter of the mandate, including those defining the so-called "terms of the mandate". '*assumptions*'. On the other hand, companies are not required to indicate the remuneration paid to the *advisor* or the other economic conditions of the engagement.

17. *Whitewash* procedure in the shareholders' meeting [Art. 11(3)]

With regard to transactions of greater importance, for cases in which, in accordance with the procedures, a proposed resolution to be submitted to the shareholders' meeting is approved in the presence of a contrary opinion of the directors or independent directors, the Regulation provides that the procedures must contain rules aimed at preventing the transaction from being carried out if the majority of the 'non-related voting shareholders' vote against the transaction.

The definition of unrelated 'shareholders' in Article 3(*l)*includes all persons, including those other than shareholders, who are entitled to vote. The definition also considers "unrelated" and, therefore, included in the calculation of the special *quorum* , holders of voting rights who (i) are not counterparty to the transaction and (ii) are not simultaneously related to that counterparty and the company. Thus, only persons who are directly related to the company in addition to the counterparty of the transaction are taken into account for the purpose of excluding from the calculation of the majority required in Article 11(3). For the purpose of establishing related party relationships of the company, the company will make use of the information received pursuant to Article 4(8) of the Regulation.

The provision indicated in Article 11(3) of the Rules is without prejudice to the applicability of the provisions of the Civil Code concerning majorities in shareholders' meetings (in particular, Articles 2368 and 2369) and concerning conflicts of interest of shareholders (in particular, Articles 2368(3) and 2373). To these rules is added, but not replaced, the condition that there is no vote against by a majority of 'unrelated shareholders', to be calculated on the basis of those voting alone in order to avoid abstentions being counted for or against the resolution.

This result can certainly be achieved by means of an appropriate provision in the articles of association pursuant to Articles 2368 and 2369 of the Civil Code. However, it is believed that the same effect can be achieved even in the absence of amendments to the articles of association by means of a rule, to be included in the procedures, that requires the inclusion in the proposed shareholders' resolution of a

provision that conditions its effectiveness on the special majority indicated in Rule 11(3) of the Rules of Procedure.

18. Procedures for transactions within the competence of the shareholders' meeting in cases of urgency related to corporate crisis situations [Art. 11(5)]

For transactions that fall within the purview of the general meeting, there is the possibility, where expressly permitted by the articles of association, to deviate from the procedural provisions in cases of urgency, subject to the rules on transparency, provided that certain conditions set out in Article 11(5) are met.

Considering that the transactions falling within the purview of the shareholders' meeting are those that can most directly affect the structure of a company (e.g. a merger or a capital increase with the exclusion of pre-emptive rights), it was decided to limit the use of this option for related party transactions falling within the purview of the shareholders' meeting to '*urgent cases related to corporate crisis situations*'.

It should be noted that, for the sole purpose of these rules, the term 'corporate crisis' refers not only to situations of established crisis but also to situations of financial strain. In particular, reference is made not only to cases of significant losses pursuant to Articles 2446 and 2447 of the Civil Code, to situations in which the company is subject to bankruptcy proceedings or, again, to situations in which there are uncertainties as to the company's ability to continue as a going concern as expressed by the company or its auditor, but also to situations of financial distress that are likely to result in a rapid reduction in the capital that is significant pursuant to the aforementioned Articles 2446 and 2447 or a rapid deterioration of the regulatory capital ratios in conditions of particular tension on the financial markets.

19. Transactions of negligible value [Art. 13(2)]

The procedures may provide that the Rules do not apply to transactions involving small amounts. To this end, they identify, pursuant to Article 4(1)(*b)*, the size of the transactions to be exempted.

In identifying the 'insignificance threshold', companies take into account the fact that the exemption is dictated by the logic of excluding transactions that do not entail *prima facie* any appreciable risk for the protection of investors, even though they are concluded with a related party. While such a judgement cannot disregard the size of the company, it is appropriate for companies to use absolute values rather than percentage-type quantities whenever possible when defining size thresholds for small transactions. Attention is also drawn to the fact that the identification of a particularly high threshold in relation to the size of the

company, however defined in absolute terms, would constitute a violation of the Regulation[23]. It should also be noted that the procedures could also identify different thresholds of exiguity depending on the type of transaction or the category of related party involved.

As part of the supervisory activity carried out by the supervisory bodies of the companies required to apply the procedures, particular attention will be paid to possible circumvention of the rules due to splitting transactions in such a way that, despite the overall value of the transactions themselves, they benefit from the exemption relating to the threshold of insignificance.

20. Waiver of Procedures for Urgent Transactions [Art. 13(6)]

20.1. The Regulation allows companies whose articles of association so provide to derogate, in cases of urgency, from the procedural provisions for the approval of related party transactions. In such cases, the Regulation indicates certain obligations that companies are required to fulfil. If the transaction to be performed falls within the remit of a managing director or the executive committee, the aforementioned safeguards also include a prior disclosure to the chairman of the board of directors or management committee of the reasons for the urgency. In this way, the provision ensures that the persons in a position to convene the collegiate administrative bodies are informed of the non-application of the safeguards of propriety of the transaction and the reasons why. Since the principles of fairness contained in the Regulation and its Annexes may always be departed from in a more restrictive sense by companies (as made clear by the use of the term "at least" in Articles 7 and 8 as well as in Annex No. 2), the latter may always provide in the procedures, in the event that the chairman of the board of directors or management board does not qualify as an independent unrelated director, that the same information is also provided to an independent director, designated in advance, who is granted the power to call meetings between independent directors only. This figure can of course coincide with the *lead independent director* envisaged in the Corporate Governance Code for Listed Companies promoted by the Corporate Governance Committee.

20.2. The option to avail oneself of the exemption for urgent transactions is also applicable to transactions effected through subsidiaries. To this end, in accordance with Article 13(6) of the Regulation, listed or widespread companies must include a specific provision in their articles of association.

21. Exclusion for transactions with or between subsidiaries and associated companies [Art. 14(2)]

[23] More precisely, although the threshold should preferably be expressed in absolute terms, the assessment to be conducted in identifying it can only be relative to the size of the company concerned.

The Regulation provides for the possibility of exempting from the application of the procedural and transparency rules (except for the provisions on periodic accounting information provided for in Article 5(8) of the Regulation) transactions carried out with or between subsidiaries and associated companies[24], provided that there are no significant interests of other related parties of the company subject to the application of the Regulation (companies with listed or widely traded shares), which exercises control or significant influence in these companies. The qualification of the importance of the interests of other related parties is left to the companies, also on the basis of the criteria identified in the procedures. However, the Regulation makes it clear that the mere sharing of one or more directors or other executives with strategic responsibilities between the company and its subsidiaries (and, a fortiori, affiliated companies) does not, in itself, give rise to the emergence of significant interests such as to exclude the possibility of exemption.

The importance of interests of other related parties in the subsidiary or affiliate is left to the discretion of the companies required to apply the Regulation according to the general criteria set out in the procedures. In this context, companies may draw indications from any capital relationships existing between subsidiaries or associates, on the one hand, and other related parties of the company, on the other. Consider, for example, the existence of a significant claim against a subsidiary in the hands of the parent company's managing director: it is clear that such a legal relationship may provide an incentive to conclude transactions that strengthen the subsidiary's assets, which might not, however, be advantageous to the parent company.

Significant interests may, for example, exist if, in addition to the mere sharing of one or more directors or other executives with strategic responsibilities, such persons benefit from incentive plans based on financial instruments (or, in any case, variable remuneration) dependent on the results achieved by the subsidiaries or affiliated companies with which the transaction is carried out. The assessment of materiality is to be conducted in light of the weight that the remuneration dependent on the subsidiary's performance (including the aforementioned incentive plans) assumes in relation to the overall remuneration of the director or manager with strategic responsibilities.

The assessment of materiality is also left to the companies in the event that the subsidiary or associate is participated in (even indirectly, through parties other than the listed or widely held company required to apply the Regulation) by the party controlling the company. In such a case, the interest held in the related party by the person exercising control or significant influence over the company gives rise to a significant interest if the effective weight of that interest exceeds the effective weight of the interest held by the same person in the issuer. For the purpose of evaluating this effective weight, direct participations are weighted according to their entirety, while indirect participations are weighted according to the percentage of capital

[24] For the purposes of the exemption, the definitions of relevant subsidiaries and affiliated companies are those contained in the Annex

n. 1. This makes it possible to exempt, for example, transactions carried out with *joint ventures* in which the company required to apply the Regulation has an interest.

held in the subsidiaries through which the shareholding in the related party is held[25]. Where the participation in the related party is accompanied by other economic interests, these interests are considered together with those arising from the participation calculated according to its actual weight.

On the other hand, the mere holding of a shareholding in the subsidiary or associated company by other companies controlled by the listed company or related to it does not in itself constitute a significant interest[26].

22. Transitional Provisions of the Regulation on Related Party Transactions [Consob Resolution No. 17221 of 12 March 2010, par. IV.1, as amended by Resolution No. 17389 of 23 June 2010]

22.1. In Resolution No. 17221 of 12 March 2010, amended by Resolution No. 17389 of 23 June 2010, with reference to the transitional regime of the provisions on related party transactions, the following is provided for

a) companies must adopt the procedures provided for in Article 4 of the Regulation by 1 December 2010;

b) the transparency provisions for transactions of major importance provided for in Article 5 of the Regulation (publication of an information document and disclosure in accounting documents pursuant to Article *154-ter* of the Consolidated Law) shall apply as of 1 December 2010[27]. Exceptions to this are the provisions on the disclosure document concerning the accumulation of transactions with the same related party or with persons who are simultaneously

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[25] For illustrative purposes only, consider the following examples of evaluating the significance criterion:
(i) Company A controls company B (listed) with 50% of the capital represented by voting shares, which in turn controls company C (unlisted) with the same percentage. In addition, A directly holds the remaining 50% of C. In the transaction between company B and company C, company A has a significant interest in C since the actual weight of the shareholding in the latter company is 50%+(50*50%)=75%, whereas the weight of the shareholding in B is 50%: there is therefore an incentive for a net transfer of resources from B to C.
(ii) Company A controls with 30% of the capital represented by voting shares company B (listed), which in turn controls with 50% of the capital represented by voting shares company C, unlisted. In addition, A directly holds 10% of C. In the transaction between company B and company C, company A does not have a significant interest in C since the actual weight of the shareholding in the latter company is 10%+(30*50%)=25%, whereas the weight of the shareholding in B is 30%: there is therefore, in the absence of other significant interests, no incentive for a net transfer of resources from B to C.

[26] Consider, for example, the following circumstance: company A (listed) controls company B (unlisted) by holding 51% of the capital represented by voting shares. Company C (unlisted), over which A exercises control or significant influence, holds the remaining 49% of B's capital. In the transaction between A and B, the interest held by C in B does not constitute a significant interest for the purposes of Art. 14(2) of the Regulation.

[27] Until that date, Articles *71-bis* (publication of the disclosure document for related party transactions), *91-bis* (submission to Consob of the disclosure document for related party transactions) and 81, paragraph 1 (disclosure of related party transactions in the half-yearly financial report) of the Issuers' Regulation remain in force.

related parties of the latter and the company: this cumulation of transactions, provided for in paragraph 2 of Article 5, applies with reference to transactions concluded as from 1 January 2011. Companies whose financial year does not begin on 1 January will take into account, for the purposes of cumulation, transactions concluded from that date until the natural end of the financial year: the computation of transactions for the purposes of cumulation will be restarted with the beginning of the following financial year;

c) companies, pursuant to Article 5(5) of the Regulation, must transmit to Consob, at the same time as public dissemination, the documents and opinions published pursuant to the same Article 5 by way of connection with the storage mechanism authorised pursuant to Article*65-septies*(3) of the Regulation on Issuers. Until the date of commencement of operations of the storage mechanisms, established by the Consob's authorisation measure provided for in Article*113-ter*(4)(*b)*of the Consolidated Law, the transitional rules contained in point IV of Resolution No. 16850 of 1 April 2009 shall apply;

d) companies apply the procedural provisions of the Regulation by 1 January 2011.

The provisions whose entry into force or applicability is deferred pursuant to the transitional rules contained in the aforementioned Resolution No. 17221 do not include Article 6 of the Regulation ("*Related Party Transactions and Public Disclosures Pursuant to Article 114(1) of the Consolidated Law*"). It follows that already from the entry into force of the Regulation[28] the notices published pursuant to Article 114(1) of the Consolidated Law must contain, in addition to the other information to be published pursuant to that provision, the particulars provided for in Article 6[29], to the extent that these are applicable under the transitional rules.

In particular:

1) the provisions of Article 6(1)(*a)* and (*b*) shall apply as of the entry into force of the Regulation with reference to transactions with related parties identified by companies for the purposes of the application of Article*71-bis* (disclosure document) and Article 81(1) (half-yearly financial report) of the Issuers' Regulation, which, as mentioned, are repealed (together with Article*91-bis* of the same Regulation) as of 1 December 2010;

[28] On 9 April 2010.

[29] Article 6 ("*Related party transactions and public disclosures pursuant to Article 114(1) of the Consolidated Law*") provides: "*If a related party transaction is also subject to the disclosure requirements laid down in Article 114(1) of the Consolidated Law, the press release to be disclosed to the public shall contain, in addition to the other information to be published pursuant to the aforementioned provision, the following information*:
a) an indication that the counterparty to the transaction is a related party and a description of the nature of the relationship;
b) the name or call sign of the counterparty to the transaction;
c) whether or not the transaction exceeds the materiality thresholds identified pursuant to Art. 4(1)(a), and an indication as to whether or not a disclosure document will be published pursuant to Art. 5;
d) the procedure that has been or will be followed for the approval of the transaction and, in particular, whether the company has availed itself of a case of exclusion provided for in Articles 13 and 14;
e) the possible approval of the transaction notwithstanding the contrary opinion of the independent directors or advisors.'.

2) article 6(1)(*c*) shall apply from 1 December 2010. As of the same date, the companies apply (*a)* and (*b*) with regard to related parties as defined in the Regulation;

3) points *(d*) and *(e)* of Article 6 shall apply from 1 January 2011.

22.2. With regard to transactions of greater importance that were approved prior to the entry into force of Article 5, paragraph 1, of the Transparency Regulation (1 December 2010) and that have not been the subject of disclosure pursuant to Article*71-bis*, insofar as they have not yet been concluded, it is recommended that the disclosure document required by the aforementioned Article 5, paragraph 1, be published in any event, within the terms provided for therein, starting from the execution of the transaction, it being understood that Consob may request such publication pursuant to Article 114, paragraph 5, of the Consolidated Law, with reference to the specific transaction.

23. Transitional provision of Article 37 of the Market Regulation [Consob Resolution No. 17221 of 12 March 2010, paragraphs II and IV.2]

Consob Resolution No. 17221 of 12 March 2010 amended Article 37 of the Market Regulations, which, in implementation of Article 62(*3-bis*) of the Consolidated Law, identifies the conditions under which subsidiaries subject to management and coordination activities may not be listed.

For the entry into force of the new discipline it is foreseen that:

a) companies with shares already listed and already subject to management and coordination activities at the effective date of the resolution, or which become subject to such activities by 1 October 2010, shall comply with the new provisions of Article 37 within 30 days of the first shareholders' meeting called after 1 October 2010 for the renewal of the board of directors or supervisory board;

b) companies subject to management and coordination activities that apply for listing before 1 October 2010 are subject to the conditions set out in Article 37 pre-amendment[30]. These companies will have to comply with the new requirements of the amended Article 37 as from the first shareholders' meeting renewing the board of directors or the

[30] In particular, Article 37(1)(d), *pre-amendment* requires '*the presence of independent directors in such a number as to ensure that their judgement carries significant weight in the taking of board decisions*. For the *purposes of assessing the independence and adequacy of the number of the aforementioned directors, reference shall be made to the general criteria established by the management companies of regulated markets, taking into account the best practices governed by the codes of conduct drawn up by the same companies or by trade associations*'. The Italian Stock Exchange, in turn, refers to the provisions of Article IA.2.13.6, paragraph 1 of the Instructions to the Stock Exchange Regulations for the STAR segment on the subject of the number of independent directors (at least 2 independent directors for boards of directors composed of up to 8 members; at least 3 independent directors for boards composed of 9 to 14 members; at least 4 independent directors for boards composed of more than 14 members) and to Article 3 of the Corporate Governance Code on the subject of the independence requirements of directors.

supervisory board convened after 1 October 2010. Also in this case, the adjustment deadline of 30 days following the shareholders' meeting mentioned in subsection (*a)*, inserted by Resolution No. 17389 of 23 June 2010 (deadline set in order to allow the committees to be formed in accordance with the new Article 37), applies;

c) companies applying for listing after 1 October 2010 will be subject to the new conditions set out in the amended Article 37.

THE DEPUTY PRESIDENT
Vittorio Conti

Annex 02-bis

Definitions of "Related Parties" and "Related Party Transactions" and definitions functional thereto in accordance with the International Accounting Standards in force on 14 June 2021

Update of 01/07/2021

1. RELATED PARTIES

A related party is a person or entity related to the entity that draws up the financial statements (*i.e.* Italgas).

The following are related parties of Italgas, in accordance with IAS 24, paragraph 9 ("*Related Party Disclosures*"):

(a) a person or a "close relative" of that person if that person:
  - (i) has "control" or "joint control" of Italgas; or
  - (ii) exercises "significant influence" over Italgas; or
  - (iii) is an "executive with strategic responsibilities" of Italgas or of the shareholders who, even jointly, control Italgas;

(b) an entity if one of the following conditions applies:
  - (i) the entity and Italgas are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
  - (ii) the entity is an "associate" of Italgas;
  - (iii) the entity is a "joint venture" in which Italgas is a participant;
  - (iv) the entity is an "associate" or "joint venture" of a group of which the other entity is a member;
  - (v) both entities are "joint ventures" of the same third party;
  - (vi) one entity is a "joint venture" of a third entity and the Italgas is an "associate" of the third entity;
  - (vii) the entity is a post-employment benefit plan for the benefit of employees of Italgas or an entity related to the latter;
  - (viii) the entity is controlled or jointly controlled by a person identified in point (a) above;
  - (ix) a person identified in point (a)(i) above has significant influence over the entity or is one of the "executives with strategic responsibilities" of the entity (or of a parent company of the entity);
  - (x) the entity, or any member of a group to which it belongs, provides key management services to Italgas or to the subjects that, even jointly, control it.

2. TRANSACTIONS WITH RELATED PARTIES

In accordance with IAS 24, paragraph 9 ("*Related Party Disclosures*"), 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.*"

These transactions include:

- 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 executives with strategic responsibilities.

3. DEFINITIONS FUNCTIONAL TO THOSE OF "RELATED PARTIES" AND "RELATED-PARTY TRANSACTIONS" ACCORDING TO THE INTERNATIONAL FINANCIAL REPORTING STANDARDS

3.1 In accordance with IAS 24, paragraph 9 ("*Related Party Disclosures*"), the terms "***control***", "***joint control***" and "***significant influence***" are defined in IFRS 10 ("*Consolidated Financial Statements*"), in IFRS 11 ("*Joint Arrangements*") and IAS 28 ("*Investments in Associates and Joint Ventures*") and are used in IAS 24 with the meanings specified in these IFRS.

3.1.1 - "Control"

In accordance with IFRS 10 ("*Consolidated Financial Statements*") "*an investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.*

Therefore, an investor controls an investee if and only if it has simultaneously:

(a) power over the investee (an investor has power over an investee when the investor has existing rights that give it the current ability to direct the relevant activities, i.e. the activities that significantly affect the investee's returns);

(b) exposure, or rights, to variable returns from involvement with the investee; and

(c) the ability to use power over the investee to affect the amount of the investor's returns

An investor shall consider all facts and circumstances when assessing

whether it controls an investee. The investor shall reassess whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed in paragraph 7 (see paragraphs B80–B85).

*Two or more investors collectively control an investee when they must act together to direct the relevant activities. In such cases, because no investor can direct the activities without the co-operation of the others, no investor individually controls the investee. Each investor would account for its interest in the affiliate company in accordance with the relevant IFRSs, such as IFRS 11 Joint Arrangements, IAS 28 Investments in associates and joint ventures or IFRS 9 Financial instruments***."**

3.1.2 - "Joint Control"

In accordance with IFRS 11 ("*Joint Arrangements*") *"joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control"*.

3.1.3 - "Significant influence"

In accordance with IAS 28 ("*Investments in associates and joint ventures*") "*significant influence is the power to participate in the financial and operating policy decisions of the affiliate but is not control or joint control of those policies.*

Where an entity holds 20% or more of the voting power (directly or through subsidiaries) on an affiliate, it will be presumed the investor has significant influence unless it can be clearly demonstrated that this is not the case. If the entity holds 20% or less of the voting power (directly or through subsidiaries) on an affiliate, it will be presumed

the investor does not have significant influence unless it can be clearly demonstrated. A substantial or majority ownership by another investor does not necessarily preclude an entity from having significant influence.

The existence of significant influence by an entity is usually evidenced in one or more of the following ways: (a) representation on the board of directors, or equivalent governing body, of the investee; (b) participation in the policy-making process, including participation in decisions about dividends or other distributions; (c) material transactions between the entity and the investee; (d) interchange of managerial personnel; or (e) provision of essential technical information."

3.2 – "Executives with strategic responsibilities [Key management personnel]"

In accordance with IAS 24, paragraph 9 ("*Related Party Disclosures*") *"key management personnel are those persons having authority and responsibility for planning, directing, and controlling the activities of the entity, directly or indirectly* [i.e. Italgas], *including any directors (whether executive or otherwise) of the entity*". The executives with strategic responsibilities of Italgas are identified by the Board of Directors. The Consob Communication also specifies that «*the category of "executives with strategic responsibilities" also includes the actual members of the control bodies*».

3.3 – "Close relatives [Close member of the family]"

In accordance with IAS 24, paragraph 9 ("*Related Party Disclosures*") "

Close members of the family 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; (c) dependants of that person or of that person's spouse or domestic partner."

The definition of "close relatives" relevant for the purpose of application of the Standard also includes other persons recognised as such in the statements issued by the Related Party periodically.

3.4 – "Associate"

In accordance with IAS 28, paragraph 3 ("*Investments in associates and joint ventures*") "*an associate is an entity over which the investor has significant influence*".

In accordance with IAS 24, paragraph 12 ("*Related Party Disclosures*"), "*in the definition of related party, an associate includes subsidiaries of the same associate (…). Therefore, for example, an associate' s subsidiary and the investor that has significant influence over the associate are related to each other".*

A list of "associates" of Italgas is given in the consolidated financial statements, together with those included in the Database defined in paragraph 3.1 of the Standard.

3.5 – "Joint Venture"

In accordance with IAS 28, paragraph 3 ("*Investments in associates and joint ventures*") "*a joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement;* the same paragraph 3 of IAS 28 also states that *"a joint arrangement is an arrangement of which two or more parties have joint control"* and that "*joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.*"

In accordance with IAS 24, paragraph 12 ("*Related Party Disclosures*"), *"in the definition of related party (…) a joint venture includes the subsidiaries of the joint venture*".

4. STANDARDS INTERPRETING THE DEFINITIONS

In accordance with IAS 24, paragraph 10 ("*Related Party Disclosures*"), "*In considering each possible related party relationship, attention is directed to the substance of the relationship and not merely the legal form*".

Annex 3
Related Party Mapping Request Template
Update of 14 June 2021

DECLARATION ON RELATED PARTIES AND SUBJECTS OF INTEREST AND TRANSACTIONS CARRIED OUT WITH ITALGAS AND ITS SUBSIDIARIES

I, the undersigned __________, born at __________, on __________, tax code __________ (hereinafter, the "Declarant"), in my capacity as __________, having acknowledged the provisions of Consob Regulation on related party transactions of 12 March 2010 no. 17221, in the version in force as from 1 July 2021 and any subsequent amendments, as well as the provisions of the Standard "*Transactions with interests of Directors and Statutory Auditors and transactions with related parties*" (hereinafter, the "Standard") adopted by the Board of Directors of Italgas S.p.A. (hereinafter, "Italgas"), including the provisions of Annex*2-bis* to the Standard, to which reference is made for the correct preparation of this statement (hereinafter, the "Statement"),

A) Related Parties

DECLARE

under its own responsibility and on the basis of the information known to it, that the following parties are Related Parties related to it as of the date of completion of this Declaration[1], pursuant to and for the purposes of the aforesaid Standard, and in particular pursuant to the International Accounting Standards adopted in accordance with the procedure set forth in Article 6 of Regulation (EC) No. 1606/2002 currently in force. In particular:

A1 . pursuant to point 3.3 of Annex*2-bis* of the Standard[2], are "close relatives" of the Declarant:

- First and last name ....,

  born at .... on......................., C.F. ....;

- First and last name ....,

  born at .... on......................., C.F. ....;

- First and last name ....,

  born at .... on......................., C.F. ....;

- First and last name ....,

  born at .... on......................., C.F. ....;

A2 a). within the meaning of paragraph 1(b)(viii) of Annex *2-bis* of the Standard, are entities[3] directly or indirectly controlled, including jointly, by the Declarant:

---

[1] Please note that, as specified in note no. 10 of the Standard, '*It is the responsibility of the persons identified as Related Parties pursuant to point 1, letter a) (i) and (ii) of Annex 2-bis to this Standard, as well as of the directors, statutory auditors and other executives with strategic responsibilities of Italgas, to promptly inform the Corporate Affairs function of the Italgas Group of any updates relating to the statements made*'.

[2] "Pursuant to *IAS 24, paragraph 9 ('Related Party Disclosures') 'Close family members of a person are those family members who are expected to influence, or be influenced by, that person in their dealings with the entity including, (a) that person's children and spouse or domestic partner; (b) children of that person's spouse or domestic partner; (c) dependants of that person or of that person's spouse or domestic partner*'."

[3] Entities' means entities other than natural persons, i.e. legal persons and other collective entities, whether in the form of companies or associations.

- Name .... Registered office ....

  Tax code/VAT no. ....

  Relationship between entity and Declarant[4] ....

- Name .... Registered office ....

  Tax code/VAT no. ....

  Relationship between entity and Declarant[5] ....

- Name .... Registered office ....

  Tax code/VAT no. ....

  Relationship between entity and Declarant[6] ....

- **A2 b)[7].** pursuant to paragraph I(b)(ix) of Schedule*2-bis* of the Standard, are entities[8] subject to significant influence[9] of the Declarant, i.e., entities of which the Declarant is a "key manager"[10] directly or of one of its parents:

- Name .... Registered office ....

  Tax code/VAT no. ....

  Relationship between entity and Declarant[11] ....

- Name .... Registered office ....

  Tax code/VAT no. ....

---

[4] Indicate one of the following types of correlation, as appropriate: i) *control relationship* (specifying whether direct or indirect) or ii)*joint control relationship* .

[5] See footnote 4.

[6] See footnote 4.

[7] To be completed only if the Declarant exercises control or joint control over Italgas.

[8] See footnote 3.

[9] As stated in paragraph 3.1.3 of Annex*2-bis* of the Standard, under IAS 28 ("*Investments in Associates and Joint Ventures*") "*significant influence is the power to participate in determining the financial and operating policies of the investee without having control or joint control over it. If an entity owns, directly or indirectly (e.g. through subsidiaries), 20 % or more of the voting power of the investee, the entity is presumed to have significant influence, unless the contrary can be clearly demonstrated. Conversely, if the entity owns, directly or indirectly (e.g. through subsidiaries), less than 20 % of the voting power of the investee, it is presumed that the entity does not have significant influence, unless such influence can be clearly demonstrated. Even if another entity has an absolute or relative majority, this does not necessarily preclude an entity from having significant influence. The existence of significant influence by an entity is usually signalled by the occurrence of one or more of the following circumstances: (a) representation on the board of directors, or equivalent body, of the investee; (b) participation in the decision-making process, including participation in decisions about dividends or other distributions of profits; (c) material transactions between the entity and the investee; (d) the exchange of management personnel; or (e) the provision of essential technical information*'.

[10] According to the current IAS 24, paragraph 9 ('*Related Party Disclosures*'), '*key management personnel are those individuals who have the power and responsibility, directly and indirectly, for planning, directing and controlling the activities of the entity, including the directors (executive or otherwise) of the entity*'. Consob Communication No. DEM/10078683, published on 24 September 2010, also specifies that '*the category of "executives with strategic responsibilities" also includes effective members of the control bodies*'.

[11]Indicate one of the following types of relationship, as applicable: (i) *significant influence relationship*, or (ii) *key management personnel relationship* (specifying whether of the entity or its parent; in the latter case, indicate the name of the entity's parent and the Tax/VAT Code).

Relationship between entity and Declarant[12] ....

- Name .... Registered office ....

  Tax code/VAT no. ....

  Relationship between entity and Declarant[13] ....

A3(a). within the meaning of paragraph I(b)(viii) of Annex *2-bis* of the Standard, are entities[14] directly or indirectly controlled, including jointly, by a "close family member" of the Declarant:

- Name ....

  Registered office ....

  Fiscal code/VAT no. ....

  Reporting to[15] ....

  Relationship between the entity and the Declarant's 'close family member'[16] …..

- Name ....

  Registered office ....

  Fiscal code/VAT no. ....

  Reporting to[17] ....

  Relationship between the entity and the Declarant‘s 'close family member'[18] ....

A3 (b) [19]**.** in accordance with paragraph I(b)(ix) of Annex *2-bis* of the Standard, are entities[20] subject to significant influence[21] of a "close family member" of the Declarant, or entities of which the "close family member" of the Declarant is a "key manager"[22] directly or of one of its parents:

- Name ....

  Registered office ....

  Fiscal code/VAT no. ....

[12] See footnote 11.

[13] See footnote 11.

[14] See footnote 3.

[15] Indicate the "close family member", from among those listed under A1 of this Declaration, to whom the indicated entity belongs.

[16] See footnote 4.

[17] See footnote 15.

[18] See footnote 4.

[19] To be completed only if the Declarant exercises control or joint control over Italgas.

[20] See footnote 3.

[21] See footnote 11.

[22] See footnote 12.

Reporting to[23] ....
Relationship between the entity and the Declarant's 'close family member'[24] ....

- Name ....
  Registered office ....
  Fiscal code/VAT no. ....
  Reporting to[25] ....
  Relationship between the entity and the Declarant's 'close family member'[26] ....

B) Stakeholders[27]

DECLARE

under its own responsibility and on the basis of its own prudent assessment, that the potential interests[28] of which it is bearer on its own behalf or on behalf of third parties, directly or indirectly, and which may arise in relation to the activities carried out by Italgas and its subsidiaries, pursuant to Article 5 of the Standard[29], are as follows:

- Name...

  Registered office .... Tax code/VAT no..................................

- Name....................................... ....

  Registered office .... Tax code/VAT no..................................

- Name...

  Registered office .... Tax code/VAT no................................

- First and last name ....,

  born at .... on........................, C.F. ....;

- First and last name ....,

[23]Indicate the "close family member", from among those listed under A1 of this Declaration, to whom the indicated entity belongs.

[24]Indicate one of the following types of relationship, as applicable: (i) *significant influence relationship*, or (ii) *key management personnel relationship* (specifying whether of the entity or its parent; in the latter case, indicate the name of the entity's parent and the Tax/VAT Code).

[25] Indicate the "close family member", from among those listed under A1 of this Declaration, to whom the indicated entity belongs.

[26] See footnote 24.

[27] To be completed exclusively by directors and statutory auditors of Italgas.

[28] Situations additional to those already identified under subparagraph (A) above are relevant for the purposes of this Declaration.

[29] Pursuant to paragraph 5.1 of the Standard, "*the evaluation of directors and statutory auditors is subjective; the interest may be relevant even if indirect (e.g.* through a close family member).*through a close family member); the declarations shall indicate the entities, with the exclusion of Subsidiaries and Associates of Italgas, in which the Declarant* [i.e. the director or statutory auditor of Italgas] holds the *position of director, statutory auditor or other manager with strategic responsibilities or with which the Declarant in any case has a significant commercial, financial or professional relationship, with particular attention to entities that perform, even indirectly, activities in the same sector of operations as the Italgas Group*".

born at .... on........................, C.F. ....;

C) Transactions carried out with Italgas and its subsidiaries or assimilated entities pursuant to the Standard

DECLARE

(please tick the box of interest and complete if necessary)

- not to have carried out, either directly or through third parties, transactions with Italgas and/or with the companies directly or indirectly controlled by it or with entities assimilated pursuant to the Standard.
- that it has carried out, directly or through intermediaries, transactions with Italgas and/or with the companies directly or indirectly controlled by it or with entities assimilated under the Standard, a description of which is provided below[30]:

- person who carried out the transaction[31]:

....

....

....

....

- characteristics of the transaction[32]:

....

....

....

....

As well as

DECLARE

(please tick the box of interest and complete if necessary)

- that I am not aware of any transactions with Italgas and/or with its directly or indirectly controlled companies or with entities assimilated pursuant to the Standard, carried out by the parties related to me, indicated in point A of this Declaration.
- that I am aware of the fact that the parties attributable to me, referred to in point A of this Declaration, have carried out transactions with Italgas and/or with the companies directly or indirectly controlled by it or with parties assimilated pursuant to the Standard, a description of which is provided below[33]:

- person who carried out the transaction[34]:

....

[30] To be repeated for each transaction.

[31] Where the transaction is effected through an intermediary, depending on whether the intermediary is a natural person or a legal person, state the first name, surname and tax code or company name and VAT number respectively.

[32] Nature, duration, consideration (or criteria for its determination).

[33] To be repeated for each transaction.

[34] Where the Transaction is effected through an intermediary, depending on whether the intermediary is a natural person or a legal entity, indicate, respectively, the name, surname and tax code or the company name and VAT number.

……………………………………………………………………………………………………

……………………………………………………………………………………………………

……………………………………………………………………………………………………

- characteristics of the transaction[35]:

……………………………………………………………………………………………………

……………………………………………………………………………………………………

……………………………………………………………………………………………………

……………………………………………………………………………………………………

It also declares that it has been informed, pursuant to Article 13[36] of Regulation (EU) No. 2016/679 about the processing of the personal data collected, and that it has informed the persons whose personal data are provided in this declaration, about the processing of the personal data collected, and in particular that such data will be processed, including by computer, exclusively within the scope of the proceedings for which this declaration is made, in the manner and for the purposes indicated in the Procedure and for periodic accounting information purposes. Furthermore, it guarantees that any personal data that may have been provided concerning third parties has been made available in compliance with the applicable data protection legislation.

The undersigned undertakes to promptly notify any changes in the above data by means of an appropriate declaration to the email address: segreteriasocietaria@italgas.it.

Date	**Signature**
……………………	………………………………………………………

[35] Nature, duration, consideration (or criteria for its determination).

[36] Pursuant to Article 13 of Regulation (EU) No 2016/679 on the protection of personal data, "*1. Where personal data relating to a data subject are collected from that data subject, the controller shall provide the data subject with the following information at the time when the personal data are obtained: a) the identity and contact details of the controller and, where applicable, of its representative; b) the contact details of the Data Protection Officer, where applicable; c) the purposes of the processing for which the personal data are intended and the legal basis of the processing d) where the processing is based on Article 6(1)(f), the legitimate interests pursued by the controller or by a third party; e) the recipients or categories of recipients of the personal data, if any (f) where applicable, the intention of the controller to transfer personal data to a third country or an international organisation and the existence or absence of an adequacy decision by the Commission or, in case of transfers pursuant to Article 46 or 47 or to the second subparagraph of Article 49(1), the reference to appropriate or adequate safeguards and the means for obtaining a copy of those safeguards or the place where they have been made available. 2. In addition to the information referred to in paragraph 1, at the time personal data are obtained, the controller shall provide the data subject with the following further information necessary to ensure fair and transparent processing a) the period of storage of the personal data or, if this is not possible, the criteria used to determine that period; (b) the existence of the right of the data subject to request from the controller access to and rectification or erasure of the personal data or restriction of the processing of personal data concerning him or her or to object to the processing of those data, in addition to the right to data portability (c) where the processing is based on Article 6(1)(a) or on Article 9(2)(a), the existence of the right to withdraw consent at any time without prejudice to the lawfulness of the processing based on consent given prior to the revocation (d) the right to lodge a complaint to a supervisory authority; (e) whether the provision of personal data is a legal or contractual obligation or a necessary requirement for the conclusion of a contract, and whether the data subject has an obligation to provide the personal data and the possible consequences of failure to do so; (f) the existence of automated decision making, including profiling as referred to in Article 22(1) and (4), and, at least in such cases, meaningful information on the logic used, as well as the importance and the envisaged consequences of such processing for the data subject. 3. Where the controller intends to further process personal data for a purpose other than that for which they were collected, it shall provide the data subject with information on that other purpose and any further relevant information referred to in paragraph 2 prior to such further processing. 4. Paragraphs 1, 2 and 3 do not apply if and to the extent that the information is already available to the person concerned*".

Annex 4
Identification of the transactions of greater importance with related parties and indices of importance of the interests of other Italgas related parties in transactions with or between subsidiaries or associates
Update of 14 June 2021

Section I - IDENTIFICATION OF TRANSACTIONS OF GREATER IMPORTANCE WITH RELATED PARTIES

1. Calculation Criteria for the Identification of Transactions of Greater Importance

The regime set forth by the Consob Regulations provides for two different materiality thresholds, 5% for all related party transactions and 2.5% for transactions with the listed parent company or with related parties that are themselves related to the companies, respectively, in relation to the following materiality indexes:

a) Countervalue Importance Index: is the ratio between the countervalue of the transaction and the shareholders' equity taken from the most recent consolidated balance sheet published by the Group or, if greater, the capitalisation of the Company recorded at the close of the last trading day included in the reference period of the most recent periodic accounting document published (annual or half-yearly financial report or additional periodic financial information, if prepared).

If the economic conditions of the transaction are determined, the countervalue of the transaction is:

(i) for cash components, the amount paid to/by the contractual counterparty;

(ii) for components consisting of financial instruments, the *fair value* determined at the date of the transaction[1];

(iii) for financing operations or the granting of guarantees, the maximum amount payable.

If the economic terms of the transaction depend in whole or in part on quantities not yet known, the countervalue of the transaction is the maximum value receivable or payable under the agreement.

(b) Asset materiality ratio: this is the ratio of the total assets of the entity subject to the transaction to the total assets of the Group. The data to be used should be taken from the Group's most recently published consolidated balance sheet; where possible, similar data should be used to determine the total assets of the target entity.

If the object of the transaction is the acquisition/disposal of participations in companies that affect the scope of consolidation, the value of the numerator is the total assets of the investee from the perspective of the consolidated financial statements, regardless of the percentage of capital being disposed of.

If the object of the transaction is the acquisition/disposal of interests in companies that do not affect the scope of consolidation, the value of the numerator is:

(i) in the case of acquisitions, the countervalue of the transaction plus any liabilities of the acquired company assumed by the acquirer;

(ii) in the case of disposals, the consideration for the asset disposed of.

For transactions involving the acquisition and disposal of other assets (i.e. other than equity investments), the value of the numerator is:

1) in the case of acquisitions, the higher of the consideration and the book value that will be attributed to the asset;

2) in the case of disposals, the book value of the asset.

c) Liabilities materiality ratio: this is the ratio of the total liabilities of the acquired entity to the total assets of the Group. The data to be used must be taken from the most recent consolidated balance sheet published

1 *Fair value* is determined in accordance with the International Accounting Standards adopted according to the procedure set forth in Article 6 of Regulation (EC) No. 1606/2002 *(see* Regulation (EC) No. 1126/2008 and subsequent amendments and additions).

by the Group; where possible, similar data must be used to determine the total liabilities of the acquired company or business unit.

The same parameters are used to assess the materiality of transactions between subsidiaries; therefore, the denominators of the transactions refer to the parent company.

2. Cumulation of Related Party Transactions

For the purposes of identifying Transactions of Greater Importance, transactions that are homogeneous with each other or carried out in execution of a unitary design which, while not qualifying individually as Significant Transactions, exceed, when considered cumulatively, the thresholds of significance indicated above are also considered.

For the purposes of determining cumulation, transactions excluded under the provisions of Section 4.6 (Cases of Exclusion) of the Standard referred to in this Annex shall not be taken into account.

In the case of an accumulation of several transactions, the materiality of each transaction is first determined on the basis of the index or indices indicated above that are applicable to it; the results for each index are then added together to check whether the threshold is exceeded.

3. Alternative calculation criteria for identifying Transactions of Greater Importance

Where a transaction or several transactions combined are identified as "of greater importance " according to the indices indicated above and this result appears manifestly unjustified in view of specific circumstances, Consob may indicate, at the company's request, alternative methods to be followed in calculating the above indices.

To this end, the company shall notify Consob of the essential features of the transaction and the specific circumstances on which the request is based prior to the conclusion of negotiations.

Section II - IMPORTANCE OF INTERESTS OF OTHER RELATED PARTIES OF ITALGAS IN TRANSACTIONS WITH OR BETWEEN SUBSIDIARIES OR ASSOCIATED COMPANIES

The exemption provided for in paragraph 9 of Section 4.6 (Exclusion Cases) of the Standard referred to in this Annex, concerning transactions with or between subsidiaries or associated companies, does not apply if

- the companies party to the transaction share one or more directors or executives with strategic responsibilities, and such persons benefit from incentive plans based on financial instruments (or in any case, variable remuneration) dependent exclusively on the results achieved by the subsidiaries or affiliated companies with which the transaction is carried out. The assessment of materiality is to be conducted in the light of the weight of the remuneration dependent on the performance of the subsidiary or associate in relation to the overall remuneration of the director or key manager;
- the subsidiary or associated company party to the transaction is participated in (even indirectly, through parties other than the Italgas Group) by the party controlling the Italgas Group and the actual weight of such participation exceeds the actual weight of the participation held by the same party in the Italgas Group. For the purpose of assessing this effective weighting, direct participations are weighted in their entirety, while indirect participations are weighted according to the percentage of share capital held in the subsidiaries through which the shareholding in the Related Party is held[2]. If the shareholding in the Related Party is accompanied by other economic interests, these interests are considered together with those arising from the shareholding calculated according to its actual weight.

On the other hand, the mere holding of a shareholding in the subsidiary or associated company by other companies controlled by Italgas or affiliated to it does not, in itself, represent a significant interest.

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2 Examples:

(i) IMPORTANT INTEREST: Company A controls with 50% of the capital represented by voting shares company B (Italgas), which in turn controls with the same percentage company C, unlisted. In addition, A directly holds the remaining 50% of C. In the transaction between company B and company C, company A has a significant interest in C since the actual weight of the shareholding in the latter company is 50%+(50*50%)=75%, whereas the weight of the shareholding in B is 50%.

(ii) NON-IMPORTANT INTEREST: Company A controls with 30% of the capital represented by shares with voting rights company B (Italgas), which in turn controls with 50% of the capital represented by shares with voting rights company C, unlisted. In addition, A directly holds 10% of C. In the transaction between Company B and Company C, Company A does not hold a significant interest in C since the actual weight of the shareholding in the latter company is 10%+(30*50%)=25%, whereas the weight of the shareholding in B is 30%: there is therefore, in the absence of other significant interests, no incentive for a net transfer of resources from B to C.

Annex 5
Identification of Transaction of Negligible Value
Update of 14 June 2021

For the purposes of the application of the exemption provided for in paragraph 4.6 (Excluded Cases) of the Standard referred to in this Annex, the following transactions are deemed to be Transactions of Negligible Value[1]:

1) Transactions entered into with the persons indicated in point 1(a)(iii) of Annex 2-bis to the Standard referred to in this Annex whose value does not exceed Euro 500,000, unless they are directors or auditors of the company, in which case the value must not exceed Euro 100,000.

2) Transactions entered into with the persons referred to in paragraph 1(b)(viii) and (ix) of Schedule 2-bis to the Standard referred to in this Annex of a value not exceeding

   - euro 500,000 if the entity is not a company;
   - euro 2,500,000 if the subject is a company with shares listed on regulated markets in Italy or other European Union countries or with shares widely distributed among the public and Euro 1,000,000 for all other companies.

3) Transactions entered into with the persons referred to in paragraph 1(a)(i) and (ii) and (b)(i), (ii), (iii), (iv), (v), (vi), (vii) and (x) of Annex 2-bis to the Standard referred to in this Annex of a value not exceeding

   - euro 1,000,000 if the entity is not a company;
   - euro 5,000,000 if the subject is a company with shares listed on regulated markets in Italy or other European Union Countries or with shares widely distributed among the public and EUR 2,000,000 for all other companies.

4) Transactions carried out on the basis of tariffs or under regulated conditions, not exceeding EUR 500,000.

[1] The Negligible Value prevails over any other cause of exemption that may be concurrent with the transaction (e.g., ordinary arm's length or standard transaction, transaction with subsidiaries). Transactions of Negligible Value are excluded from the application of both the procedures set forth in the Standard for Related Party Transactions and the transparency regime set forth in Article 5 of the Consob Regulation.

Annex 6
Public disclosure requirements on Related Party Transactions and Information document on Transactions of Greater Importance with Related Parties
Update of 14 June 2021

Section I - PUBLIC DISCLOSURE OBLIGATIONS ON TRANSACTIONS WITH RELATED PARTIES

1. Information Document for Transactions of Greater Importance

On the occasion of Transactions of Greater Importance, the Italgas Group prepares, pursuant to Article 114, paragraph 5, of the Consolidated Law on Finance, an information document drafted in compliance with Annex 4 of the Consob Regulation (see Section II - *Information Document on Transactions of Greater Importance with Related Parties* in this Annex).

The disclosure document is also prepared if, during the financial year, Italgas concludes, directly or through one of its Subsidiaries, with the same Related Party, or with parties related both to the latter and to the Italgas Group, transactions that are homogeneous or carried out in execution of a unitary plan which, while not qualifying individually as significant transactions, exceed, when considered cumulatively, the significance thresholds identified in Annex 4. Transactions carried out by subsidiaries are also taken into account for the purposes of cumulation, and any transactions excluded pursuant to paragraph 4.6 (Cases of Exclusion) of the Standard referred to in this annex are not taken into account.

1.1. Deadlines for publishing the information document

Without prejudice to Article 17, para. 1, MAR, the disclosure document is made available to the public, at the company's registered office and in the manner indicated in Part III, Title II, Chapter I, of the Issuers' Regulation, within seven days from the approval of the transaction by the Board of Directors or, if the Board of Directors resolves to submit a contractual proposal, from the time the contract, including a preliminary one, is concluded pursuant to the applicable regulations. In cases of competence or authorisation by the shareholders' meeting, the same information document shall be made available within seven days of the approval of the proposal to be submitted to the shareholders' meeting.

In the event that the crossing of the materiality thresholds is determined by the accumulation of transactions, the disclosure document is made available to the public within fifteen days of the approval of the transaction or the conclusion of the contract that determines the crossing of the materiality threshold and contains information, also on an aggregate basis for homogeneous transactions, on all transactions considered for the purposes of accumulation. If the transactions that determine whether the materiality thresholds are exceeded are carried out by Subsidiaries, the disclosure document is made available to the public within fifteen days of Italgas being informed of the approval of the transaction or the conclusion of the contract determining materiality. Pursuant to Article 114(2) of the Consolidated Law on Financial Intermediation, the Subsidiaries promptly transmit the information necessary for the preparation of the document in the manner prescribed by the Italgas Group.

When a transaction of greater significance falls within the purview of the shareholders' meeting or must be authorised by it, if there are material updates to be made to the published disclosure document, Italgas, no later than the twenty-first day before the shareholders' meeting, shall make available to the public, at the company's registered office and in the manner indicated in Title II, Chapter I, of the Issuers' Regulation, a new version of the document. Italgas may incorporate by reference information already published.

1.2. Publication of opinions of independent directors or experts

Within the deadlines set for the publication of the disclosure document, Italgas shall make available to the public, as an annex to the disclosure document or on its *website*: (i)the opinions, if any, of the committee of independent directors and/or the independent experts appointed by the committee to assist it in issuing opinions and (ii) the opinions issued by any experts qualified as independent that the Board of Directors may have used. With reference to the aforementioned opinions of the independent experts, Italgas may avail itself of the option to

publish only the elements indicated in Annex 4 of the Consob Regulation, giving reasons for such choice in such case.

1.3. Mergers, demergers, capital increases by contribution in kind, acquisitions and disposals

If, in relation to a Transaction of Greater Importance, Italgas is required to prepare an information document pursuant to Articles 70, paragraphs 4 and 5, and 71 of the Regulation on Issuers, it may publish a single document containing the information required by Annex 4 for the preparation of the information document and by Articles 70 and 71 themselves. In this case, the document shall be made available to the public, at the registered office and in the manner indicated in Part III, Title II, Chapter I, of the Regulation on Issuers, within the shortest period of time provided for by each of the applicable provisions. Where separate documents are published, the Italgas Group may include by reference information already published.

1.4. Communication to Consob

Italgas, at the same time as the public disclosure, transmits to Consob the documents and opinions indicated above through a connection with the storage mechanism authorised pursuant to Article*65-septies*, paragraph 3, of the Regulation on Issuers.

2. Periodic market disclosure requirements for Related Party Transactions

Pursuant to Article*154-ter* of the Consolidated Law on Financial Intermediation and Article 5, paragraph 8 of the Consob Regulation, Italgas provides information in the interim management report and in the annual management report:

a) on individual Transactions of Greater Importance concluded during the reporting period;

b) any other individual transactions with related parties, as defined pursuant to Article 2426, paragraph 2, of the Italian Civil Code, concluded during the reporting period, which materially affected the companies' financial position or results;

c) on any changes or developments in Related Party Transactions described in the last annual report that had a material effect on the companies' financial position or results during the reporting period[1].

With regard to the information to be included in the periodic documentation on individual transactions, the following constitute relevant information:

a) in the annual management report:

   1) where applicable, a description of the policies within which Related Party Transactions may be framed, also with reference to the strategy pursued with such transactions;

   2) an indication for each transaction, also in tabular form, of the following information:

      - the name of the counterparty to the transaction;
      - the nature of the relationship with the Related Party;
      - the object of the transaction;
      - the consideration for the transaction;
      - any other information that may be necessary to understand the effects of the Related Party Transaction on the company's financial statements;

b) in the interim management report:

   1) any change in the Related Party Transactions described in the last annual report that had a 'material effect' on the company's financial position or results during the reporting period;

   2) an indication for each transaction, also in tabular form, of the information indicated in point (a)(2) above.

Information on individual Transactions of Greater Importance may be included by reference to the published disclosure documents, reporting any significant updates. Furthermore, if a transaction classifiable as Greater

[1] Pursuant to the Consob Communication with reference to the information under letters b) and c) "the scope of the related party is defined by reference to the notion established by the international accounting standards"; therefore, the definitions of related party of the Consob Regulation only operate for the cases under letter a).

Importance is subject to exemption from the authorisation procedures described in the Standard because it is an Ordinary Transaction concluded at Conditions Equivalent to Market or Standard Conditions, Italgas is required to notify Consob and the Independent Directors who express opinions on Significant Transactions within the deadline referred to in the previous paragraph 1.1 the counterparty, the subject and the consideration of the transactions that benefited from the exclusion, as well as the reasons why the RPT was deemed to be an Ordinary Transaction and concluded at Equivalent to Market or Standard Conditions, providing objective evidence of evidence. Furthermore, in the interim management report and in the annual management report, in addition to the provisions of subparagraph 'a' of this paragraph, an indication is given that Ordinary Transactions concluded at Market Equivalent or Standard Terms, even if material, were concluded in the *reporting period* using the procedural exemption.

3. Disclosure requirements for Transactions of Lesser Importance

Without prejudice to the previous point 2above, there are no specific external disclosure requirements for Transactions of Lesser Importance, with the exception of transactions approved with a negative opinion of the Control and Risk Committee and Transactions with Related Parties, which must be disclosed to the public on a quarterly basis with evidence of the counterparty, object and consideration of the transaction, as well as the reasons why it was decided not to share this opinion. Within the same deadline, the opinion is made available to the public as an annex to the disclosure document or on Italgas' website.

4. Press releases on price-sensitive transactions

If a related party transaction is likely to have a significant effect on the stock market price of Italgas shares, the related press release issued pursuant to Article 17, par. 1, MAR contains, in addition to the information to be published pursuant to the aforementioned provision, the following information:

a) the description of the transaction;

b) an indication that the counterparty to the transaction is a Related Party and the nature of that relationship;

c) identification of the counterparty to the transaction;

d) whether or not the transaction exceeds the materiality thresholds set out in Annex 4 to this Standard and an indication as to whether or not the disclosure document for material transactions will be published subsequently;

e) the procedure that has been or will be followed for the approval of the operation and any procedural exclusions referred to in paragraph 4.6 (Cases of Exclusion) of this Standard to which this Annex refers;

f) the possible approval of the transaction despite the contrary opinion of independent directors.

Section II - INFORMATION DOCUMENT RELATING TO TRANSACTIONS OF GREATER IMPORTANCE WITH RELATED PARTIES

In cases where the Italgas Group enters into Transactions of Greater Importance, the disclosure document provided for in Section I of this Annex must contain at least the following information.

1. Warnings

Highlight, in brief, the risks associated with potential conflicts of interest arising from the Related Party Transaction described in the disclosure document.

2. Information on the operation

1. Description of the characteristics, terms and conditions of thetransaction.
2. Indication of the related parties with whom the transaction was entered into, the nature of the relationship and, if the board is informed, the nature and extent of those parties' interests in the transaction.
3. Indication of the economic rationale and convenience for the company of the transaction.
4. If the transaction has been approved in the presence of a contrary opinion of the independent directors, an analytical and adequate justification of the reasons why they do not agree with that opinion.
5. Method of determining the consideration for the transaction and assessment of its fairness in relation to the market values of similar transactions.
6. If the economic terms of the transaction are defined as equivalent to market or standard terms, adequately substantiate this statement by providing objective evidence. Indicate the existence, if any, of independent expert opinions supporting the fairness of this consideration and their conclusions, stating

   - the bodies or entities that commissioned the opinions and appointed the experts;
   - the assessments carried out to select the independent experts and the checks on their independence. In particular, indicate any economic, asset and financial relations between the independent experts and: (i) the Related Party counterparty to the RPT, the companies controlled by the latter, the entities controlling it and the companies subject to common control; (ii) Italgas, the entities controlling Italgas, the companies controlled by Italgas or subject to common control with the latter, (iii) the directors of the companies referred to in points (i) and (ii) above taken into account for the purposes of qualifying the expert as independent and the reasons why such relationships were considered irrelevant for the purposes of the independence opinion. Information on any reports can be provided by attaching a declaration by the independent experts themselves;
   - the terms and subject matter of the mandate given to the experts;
   - the names of the experts appointed to assess the fairness of the fee.

   Indicate that the opinions of the independent experts or their essential elements are attached to the disclosure document or published on the Italgas Group's website. The essential elements of the opinions that must in any case be published are as follows:

   - evidence, where appropriate, of the specific limitations encountered in the performance of the assignment (e.g. with respect to access to significant information), the assumptions used and the conditions to which the opinion is subject;
   - evidence of any critical issues reported by the experts in relation to the specific transaction;
   - an indication of the valuation methods adopted by the experts in order to express an opinion on the fairness of the consideration;
   - an indication of the relative importance attached to each of the valuation methods adopted for the purposes specified above;
   - indication of the values resulting from each valuation method adopted;
   - where a range of values is identified on the basis of the valuation methods used, an indication of the criteria by which the final value of the consideration was determined;
   - indication of the sources used to determine the relevant data being processed;

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

With regard to the elements of the expert opinions made public, please confirm that such information has been reproduced consistently with the content of the opinions referred to and that, to the best of Italgas Group's knowledge, there are no omissions that could render the reproduced information inaccurate or misleading.

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

8. If the transaction exceeds the materiality parameters determined by Consob pursuant to Articles 70 and 71 of the Issuers' Regulation, highlight that pro-forma financial information will be published in the document provided for, as the case may be, by paragraph 4 of the aforementioned Article 70 or by Article 71 and within the time limits provided for by the same provisions. This is without prejudice to the right to publish a single document pursuant to para 1.3.

9. If the amount of the remuneration of the members of the board of directors of Italgas and/or companies controlled by Italgas will vary as a result of the transaction, details of the changes. If no changes are envisaged, insert, however, a statement to that effect.

10. In the case of transactions where the related parties involved are members of the administrative and control bodies, general managers and managers of Italgas, information on Italgas' financial instruments held by the above-mentioned persons and their interests in extraordinary transactions, as provided for in paragraphs 14.2 and 17.2 of Annex I to Regulation No. 809/2004/EC.

11. Indication of the bodies or directors who conducted or participated in the negotiations and/or instructed and/or approved the transaction, specifying their respective roles, with particular regard to the independent directors, if any.

12. With reference to the resolutions approving the transaction, specify the names of those who voted for or against the transaction, or abstained, specifying in detail the reasons for any dissent or abstention. Indicate that any opinions of the independent directors are attached to the disclosure document or published on the company's website.

13. If the importance of the transaction derives from the accumulation of several transactions carried out during the financial year with the same Related Party, or with parties related both to the latter and to the Italgas Group, the information indicated in the previous points must be provided with reference to all such transactions.

Annex 7
External Regulatory References
Update of 14 June 2021

External references

Below are the main external standards to which the Standard refers:

- Legislative Decree No. 58 of 24 February 1998;
- Legislative Decree No. 93 of 1 June 2011;
- Regulation (EC) No 1126/2008;
- Regulation (EU) No 596/2014;
- Consob Regulation No. 11971/1999;
- Regulation (EC) No 1606/2002;
- Consob Resolution No. 17221 of 12/03/2010;
- Consob Resolution No. 17389 of 23/06/2010;
- Consob Resolution No. 19925 of 22/03/2017;
- Consob Resolution No. 19974 of 27/04/2017;
- Consob Resolution No. 21624 of 10/12/2020;
- Consob Communication DEM/10078683 of 24 September 2010;
- Corporate Governance Code to which Italgas adheres;
- Annex A to the Deliberation of the Regulatory Authority for Energy Networks and Environment 137/2016/R/com - Consolidated Law of Accounting Unbundling (TIUC);
- Annex A to the Deliberation of the Regulatory Authority for Energy Networks and Environment 296/2015/R/com - Consolidated Law Functional Unbundling Text (TIUF).