

Ferretti S.p.A.

RELATED PARTY TRANSACTIONS PROCEDURE

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1. Introduction

This procedure (the “**Procedure**”) defines rules and procedures to be followed and the principles to be observed to ensure transparency and correctness, both from a substantial and procedural standpoint, of the related party transactions (“**Transaction**” or “**Transactions**”) carried out by Ferretti S.p.A. (“**Ferretti**” or the “**Issuer**” or the “**Company**”), directly or through its subsidiaries, whether directly or indirectly owned.

Ferretti established the Procedure pursuant to article 2391-*bis* of the Civil Code and in accordance with Consob regulation adopted through resolution No. 17221 of 12 March 2010, as subsequently amended and supplemented (the “**Related Party Regulation**”) as well as considering the indications and guidelines referred to in Consob Communication No. DEM/10078683 of 24 September 2010 (the “**Communication**”), as well as any other communication, resolution or supplemented or amending provision subsequently adopted by Consob or other competent authority.

This Procedure has been approved, on a preliminary basis, by the Company's Board of Directors on May 18, 2023, and remains subject to the prior favourable opinion of the Independent Directors and to the subsequent final approval by the Board of Directors following the start of trading of the Company's shares on the Euronext Milan, regulated market organised and managed by Borsa Italiana S.p.A..

For matters not expressly covered by this Procedure, reference is made to applicable laws and regulations and, unless otherwise specified, the definitions set forth in the Related Parties Regulation and the Corporate Governance Code for Listed Companies drawn up by the Corporate Governance Committee apply.

This Procedure, in the version in force from time to time, is published on the Company's website www.ferrettigroup.com in sections (“*Investor Relations Milan/Corporate Governance*” and “*Investor Relations Hong Kong/Corporate Governance*”) and, also by reference to the same website, in the annual management report, pursuant to article 2391-*bis* of the Civil Code, where information is also provided on Transactions carried out with related parties.

2. Definitions

Within this Procedure, capitalised terms and expressions as listed below (singular or plural) shall have the meaning indicated below:

"**Associated Company**" means any Entity in which a shareholder exercises Significant Influence but not Control or Joint Control.

"**Board of Directors**" or "**Board**" means Ferretti's board of directors in office at any given time.

"**Board of Statutory Auditors**" means the board of statutory auditors of Ferretti in office at any given time.

"**Close Family Member**" means those family members of a person who are expected to influence, or be influenced by, that person in their dealings with the company, including: (a) that person's children, spouse or cohabitant; (b) children of that person's spouse or cohabitant; (c) and dependents of that person or that person's spouse or cohabitant¹.

"**Committee**" means the committee responsible for Related Party Transactions of the Company pursuant to article 7 of this Procedure.

"**Conditions equivalent to arm's length condition or Standard Conditions**" means conditions similar to those usually applied to non-related parties for Transactions of a similar scope, size and risk, or based on regulated tariffs or imposed prices or applied to persons with whom the Issuer is required by law to enter into a contract for a specific consideration.

"**Connected Transaction**" means Transactions defined as such in article 14 of this Procedure.

"**Control**" means the controlling relationship defined as such by the international accounting standards adopted according to the procedure referred in article 6 of Regulation (EC) No. 1606/2002 as referred to in the Related Parties Regulation.

"**Corporate Governance Code**" means the Code of Corporate Governance for Listed Companies as approved by the Corporate Governance Committee promoted by Borsa Italiana S.p.A. in January 2020, which the Company has declared its adherence to.

"**Directors involved in the Transaction**" means directors who have an interest in the Transaction, whether on their own behalf or on behalf of third parties, that conflicts with that of the Company.

"**Entity**" means a foundation, trust, company, partnership, association or any other entity, with or without legal personality.

"**HK Listing Rules**" means the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time.

"**Independent Directors**" means those directors recognised by the Issuer who meet the independence requirements set out by the TUF (as defined below) (articles 147-ter paragraph 4 and 148 paragraph 3), and of the Corporate Governance Code (as defined below) and, as long as the Company's ordinary shares are listed on the Stock Exchange of Hong Kong Limited, also by the regulations applicable to companies with shares listed on the Stock Exchange of Hong Kong Limited.

"**Joint Control**" means the joint control relationship defined as such by the international accounting standards adopted in accordance with the procedure referred to in article 6 of Regulation (EC) No. 1606/2002 as referred to in the Related Parties Regulation.

"**Major Transactions**" means Transactions with Related Parties in which at least one of the indicators of significance identified in Annex 3 of Related Party Regulation, applicable depending on the specific Transaction, is higher than the threshold of 5% (five percent) respectively provided therein.

¹ Cfr IAS 24, paragraph 9.

"Managers with Strategic Responsibilities" means a "manager with strategic responsibilities" of the Company, as defined by the international accounting standards adopted in accordance with the procedure referred to in article 6 of Regulation (EC) No. 1606/2002 as referred to in the Related Parties Regulation.

"Managing Function" means the function or body of the Company or one of its Subsidiaries that manages the single Transaction with Related Parties (as subsequently defined) according to internal procedures of the Issuer or the Subsidiary.

"Minor Transactions" means Transactions with Related Parties different from the Major Transactions and from Smaller Transactions (as defined below).

"Newly Listed Company" means a company whose shares are listed in the period between the date of the start of trading and the date of approval of the financial statements for the second year following the date of listing. Companies resulting from the merger or demerger of one or more companies with listed shares that are not themselves newly listed cannot be defined as newly listed companies.

"Non-Related Directors" means directors other than the counterparty to a particular Transaction and the counterparty's Related Parties.

"Ordinary Transactions" means Transactions that fall within the ordinary business operations and related financial activity. For the purposes of the application of this Procedure, the following shall be considered in any case as Ordinary Transactions: manufacturing and marketing, whether on its own account or for third parties, modification, repair, rebuild and assembly of new and used civil and military carryover and vessels, and their parts, pieces, components or accessories thereof; all management activities that are not classifiable as "investment" or "financial".

"Shareholders' Meeting" means the meeting of the Company.

"Significant Influence" means significant influence defined as such by the international accounting standards adopted in accordance with the procedure referred to in article 6 of Regulation (EC) No. 1606/2002 as referred to in the Regulation.

"Significant Interest" means any interest that is likely to create an incentive for the Company to enter into a Related Party Transaction that is unfavourable to itself but favourable to a Subsidiary or an Associate. By way of example and subject to appropriate verification to be carried out in the specific case, a Significant Interest may be deemed to exist if: (a) the Subsidiary or Associate Company that is a party to the Related Party Transaction is owned (including indirectly, through parties other than the Company) by the party that controls the Company or exercises Significant Influence and the actual weight of such ownership exceeds the actual weight of the ownership interest held by the same party in the Company; or (b) in the event that the Company and the Subsidiary or Associate Company counterparty to the Related Party Transaction share one or more directors or Managers with Strategic Responsibilities who benefit from incentive plans based on financial instruments (or otherwise variable remuneration) dependent on the results achieved by the Subsidiary or Associate Company counterparty to the Related Party Transaction. It is understood that interests arising from the mere sharing of one or more directors or other Managers with Strategic Responsibilities between the Company and the Subsidiary or Associate Company counterparty to the Related Party Transaction are not considered significant.

"Subsidiary Company" means any Entity that is subject to the Control of another Entity.

"Related Parties" and **"Related Party Transactions"** means parties and Transactions defined as such by the international accounting standards pursuant to article 6 of Regulation (EC) No. 1606/2002, as referred in the Related Party Regulation.

"TUF": Legislative Decree 24 February 1998 No. 58, as subsequently amended and supplemented.

"Unrelated Shareholders" means an Entity or an individual (as the case may be) entitled to vote in the Shareholders' Meeting other than the counterparty of a specific Transaction and the parties related both to the counterparty of a given Transaction and to the Company.

3. Scope of the Procedure

This Procedure establishes rules to identify, approve, perform and disclose Related Party Transactions carried out by Ferretti, directly or through its Subsidiaries, to ensure the transparency and substantial and procedural correctness of the Transactions, as well as cases in which these rules do not apply.

4. Identification and Collection of Information from Related Parties

4.1. Identifying Related Parties

For the purposes of this Procedure, the Company identifies Related Parties based on the criteria defined as such by the international accounting standards pursuant to article 6 of Regulation (EC) No. 1606/2002, as referred in the Related Party Regulation.

4.2. Information

4.2.1 For the purposes of this Procedure, with the Legal Function support, the Chief Financial Officer (“CFO”) shall draw up a computerised list of the Issuer’s Related Parties (the “Register”) established, managed and updated in accordance with Legislative Decree No. 196/2003 as amended and supplemented, identified pursuant to article 4.1 above and update it whenever necessary:

- (i) based on the information and documentation on the Company’s records; and
- (ii) based on written statements submitted by the Company's Related Parties having control or joint control of the Company, directors, effective member of the board of statutory auditors, and other Managers with Strategic Responsibilities of the Company or its parent company or having significant influence over the Company.

4.2.2 The CFO, with the support of the Legal Function, notifies the Related Parties in writing of their registration in the Register, while simultaneously requesting from each interested party the initial transmission of data about the Close Family Members, the Entities in which they or their Close Family Members exercise control, including joint control, or significant influence, as identified in accordance with the above paragraph 4.2.1.

4.2.3 The Register and connected communications to Related Parties may be handled directly or also through an external party.

4.2.4 The list of Related Parties is updated by the Issuer whenever deemed necessary. To this end, the CFO – through the Legal Function – shall send a periodic communication to the Related Parties as well as to the parties referred to in the above Article 4.2.1, asking to provide information about:

- (i) situations that may involve amendments to the Register; and
- (ii) any relevant Transactions already concluded or still under negotiation.

4.2.5 Each Related Party shall, and undertakes to also in relation to the relevant Related Parties – by signing this Procedure – promptly inform the Issuer about:

- (i) situations that may involve amendments to the Register; and
- (ii) any commencement of negotiations with the Issuer or its Subsidiaries, for the conclusion of a Transaction, both with the same Related Party, and with one of the latter’s Related Parties, as anyway any deed or fact that may lead to the application of the rules applicable from time to time concerning Related Parties.

4.2.6 All the functions of the Company and its Subsidiaries are required to communicate to the Legal Function those circumstances they are aware of that may lead to amendments in the Register.

5. Procedure Approval, Amendment, Effectiveness and Disclosure

5.1. This Procedure has been approved, on a preliminary basis, by the Company's Board of Directors on May 18, 2023, and remains subject to the prior favourable opinion of the Independent Directors and to the subsequent final approval by the Board of Directors following the start of trading of the Company's shares on the Euronext Milan, regulated market organised and managed by Borsa Italiana S.p.A.. Any subsequent amendment shall also be approved by the Board of Directors following to the favourable opinion of a

committee composed exclusively of Independent Directors, or in the absence thereof, following to the favourable opinion of the Independent Directors in the Board.

- 5.2. The Issuer's Board of Directors shall evaluate whether its members' independence requirements are complied with at least once a year and, as a general rule, on the occasion of – or prior to – the meeting of the Board of Directors that approves the draft financial statements.
- 5.3. Without prejudice to the provisions of article 4 paragraph 3 of the Related Party Regulation on the adoption and amendments to the Procedure, the role and powers assigned by the Related Party Regulation to the established committees – entirely or for the most part comprising of Independent Directors – are attributed to the Issuer's Audit Committee consisting of non-executive Directors, the majority of whom are Independent, in compliance with the resolution approved by the Board of Directors on May, 18, 2023. Said Committee is appointed and operates in accordance with the principles of the Corporate Governance Code, as well as – with reference to Related Party Transactions – in compliance with the principles set forth in article 7 of this Procedure.
- 5.4. The Issuer's Board of Statutory Auditors monitors the compliance of the procedures adopted with the principles of the rules – including regulatory ones – in force with regard to Related Party Transactions, as well as whether they are complied with, and reports to the Shareholders' Meeting.
- 5.5. Without prejudice to the compliance with the rules in force from time to time on transparency and disclosure of Related Party Transactions, this Procedure's provisions aimed at regulating the approval procedure for Related Party Transactions come into effect from the date of the start of trading of the Company's shares on Euronext Milan, a market organised and managed by Borsa Italiana S.p.A. Any subsequent amendments and/or supplements shall enter into force on the day of publication of the Procedure on the Company's website, or on the day otherwise provided for by law or regulation or by a resolution of the Board of Directors, or, in case of urgency, by the Chairman of the Board of Directors or a Executive Director.
- 5.6. The Procedure and the subsequent amendments are published without delay on the Issuer's website, in Sections ("*Investor Relations Milan/Corporate Governance*" and "*Investor Relations Hong Kong/Corporate Governance*") without prejudice to the disclosure obligation – also by reference to the website itself – in the annual report on the Company management.
- 5.7. For all matters not covered by this Procedure, reference is made to the provisions of the Related Party Regulations in force from time to time.

6. Instruction and approval of Related Party Transactions General Procedure

- 6.1. The Company qualifies as a Newly Listed Company pursuant to the Related Party Regulation. Therefore, Major Transactions are subject to the Procedure identified for the Minor Transactions as regulated in the following paragraphs, except as provided for in article 11 below for Transactions excluded from the application of the rules.

Should the Board of Directors learn that the Company is not a Newly Listed Company anymore, the Board will promptly modify this Procedure and will implement a specific procedure for Major Transactions pursuant to the Related Party Regulations and within the timeframe provided therein.

- 6.2. If not reserved for Board of Directors, resolution on and performance of Minor Transactions (also by virtue of the management powers already conferred) fall within the competence of one or more members of the Company's Board of Directors. If a correlation exists with the competent delegated body, or with a Related Party through it, the latter shall abstain from carrying out the Transaction in favour of the Board of Directors. In compliance with the provisions of article 7 paragraph 1 lett. *d-bis* of the Related Parties Regulation, if the Transaction falls within the competence of the Board of Directors, the Directors involved in the Transaction shall abstain from voting on the Transaction. Major Transactions are exclusive competence of the Company's Board of Directors, except for matters reserved by law and/or the bylaws for the Shareholders' Meeting.
- 6.3. Before starting a specific Transaction, the following provisions shall be observed.

- (a) As soon as possible based on the characteristics of the Transaction and the available information, the Managing Function shall check whether the counterparty is a Related Party. In such case, if the Transaction does not qualify as an excluded Transaction pursuant to the following article 11 – it sends all the essential information relating to the Transaction – such as, by way of example, the name of the counterparty, the description of the Transaction and the relevant conditions – to the Legal Function. With the CFO and Legal Function support, the Chief Executive Officer shall verify whether the transaction is a Related Party Transaction and whether it is a Major or Minor Transaction. The Legal Function shall notify the Managing Function of this assessment.
- (b) Without prejudice to the provisions of articles 10 and 11 below, if the Related Party Transaction is a Major or Minor Transaction, without delay, the Managing Function shall provide the Committee and the body in charge of resolving on the Transaction with complete and adequate information on the Related Party Transaction, together with appropriate documentation.
- (c) The information provided must allow both the Committee and the body in charge of resolving on the Transaction, during the preliminary phase and in the decision-making phase, to carry out an in-depth and documented examination of the reasons for the Transaction, as well as its terms' convenience and substantial correctness; the documentation prepared shall contain objective supporting elements if the conditions of the Related Party Transaction are defined as equivalent to standard or arms' length conditions.
- (d) The Related Party Transaction is resolved by the relevant body, which shall resolve upon it only after the Committee has issued a reasoned, non-binding opinion concerning the Company's interest in completing the Transaction, as well as its terms' convenience and substantial correctness. The Committee's opinion shall be issued in time for the approval of the Related Party Transaction by the relevant function or body. This opinion is attached to the minute of the Committee meeting.
- (e) The Committee has the right to be assisted, with the relevant expenses to be borne by the Company, by one or more independent experts of its own choice who do not have, even indirectly, an interest in the Transaction. The Committee checks the experts' independence in advance, taking into account the reports indicated in paragraph 2.4 of Schedule 4 to the Related Parties Regulation. The Committee shall also submit to the body competent to decide the Transaction any opinions issued concerning the Transaction.
- (f) The executive bodies shall provide complete information to the Board of Directors and to the Board of Statutory Auditors on the execution of Related Party Transactions, at least on a quarterly basis. The Chairman of the Board of Directors will inform the Independent Directors at the first subsequent useful board meeting about the Major Transactions carried out by the Company and falling within the cases of exemption as they are defined as Conditions equivalent to arm's length condition or Standard Conditions, including by sending a report summarizing the essential information related to the Transaction - including but not limited to the name of the counterparty, description of the Transaction and its conditions - and the reasons for the exclusion.
- (g) In the case of Minor Transactions, if the Committee's opinion referred to in the above letter (d) is negative, the Board of Directors may still approve the Transaction. In this case, without prejudice to all other legal obligations and, in particular, those pursuant to article 17 of the Regulation (EU) no. 596/2014, within 15 days from the end of each quarter of the financial year, the Company shall publish a document containing the following information relating to Related Party Transactions approved in the quarter of reference despite the negative opinion of the Committee, in the manner prescribed by the applicable laws and regulations in force: identity of the counterparty and nature of the relationship, scope of the Transaction, consideration, reasons for which the opinion of the Committee was not considered. Within the same date, the opinion shall be made available to the public as an attachment to the information document or on the Company's website.
- (h) The approval resolutions minutes shall contain adequate reasoning of the Company's interest in carrying out the Transaction, as well as its terms' convenience and substantial correctness. It is up to the CFO, with the support of the Legal Function, to ensure compliance with the disclosure

obligations to the public and Consob under the Related Party Regulation as well as the obligations pursuant to the following articles 16 and 17 of the Procedure.

7. Committee

- 7.1.** The functions and duties of the Committee shall be assigned to the Audit Committee. Without prejudice to the provisions of article 5.1 above, whenever the regulations in force from time to time provide that, with reference to certain circumstances, the Committee shall express its opinion with a composition consisting only of Independent Directors, the Committee shall be constituted by the Audit Committee with the attendance at such meeting of Independent Directors only.
- 7.2.** The Committee performs the functions and exercises the prerogatives on Related Party Transactions set forth in the Related Party Regulations, this Procedure and any other relevant legal and regulatory provisions in force from time to time and applicable to the Company. In addition, the Committee may make proposals to the Company's Board of Directors for amendments to this Procedure.
- 7.3.** All the Committee members shall be Unrelated in relation to the specific Transaction under examination. Otherwise, the following principles shall apply:
- (a) In the event that a non-executive and non-Independent Director of the Committee is to be considered as Related, the remaining Independent Directors shall replace them with a non-executive and Unrelated director.
 - (b) In the event that one or both of the Independent Directors of the Committee are to be considered as Related, the remaining Directors shall replace them with one or more Unrelated Independent Directors in the Board.
 - (c) If the Board of Directors comprises a number of Unrelated Independent Directors that is not enough to supplement the Committee, the functions shall be performed by the only remaining Unrelated Independent Director.
 - (d) If there are no Unrelated Independent Directors within the Board, the functions shall be performed by an independent expert appointed by the Board of Statutory Auditors.
 - (e) In the event that two Unrelated Independent Directors remain and there is a difference of opinion, the opinion shall be issued by an independent expert appointed by the Board of Statutory Auditors.

8. Information Transparency for Major Transactions

- 8.1.** For Major Transactions with Related Parties, including if carried out by Italian or foreign subsidiaries, the Issuer shall prepare and publish an information document in compliance with the regulations in force.
- 8.2.** With the Legal Function support, the CFO shall prepare the aforementioned information document even where, during the financial year, Transactions are concluded with the same Related Party – or with subjects related both to the latter and to the same companies – which are of a similar nature or carried out in performing a single design and that – albeit they do not qualify Major Transactions alone – exceed, where jointly considered, the thresholds of relevance envisaged by the regulations in force at the date of the last Transaction considered. To this end, the transactions carried out by Italian or foreign Subsidiaries shall also be considered, while transactions provided in the framework resolutions subject to prior disclosure pursuant to article 10.4 or those excluded pursuant to the following article 11 shall not be considered.
- 8.3.** The Subsidiaries shall promptly send to the Legal Function all the information needed for the preparation of the information document so that it can prepare and publish the information document in the manner and within the terms provided by applicable laws and regulations. The Issuer's executive bodies shall ensure that the Subsidiaries are provided with adequate and timely instructions and shall circulate this Procedure so that timely compliance is ensured also at group level.

- 8.4. The information document, together with the other relevant documentation, is made available to the public within the times and in the manner set out by the legislation in force at the time.
- 8.5. The Company shall make public, either as an annex to the information document or on its website, any opinions of the Independent Directors and/or, if applicable, of the independent experts chosen pursuant to article 7 paragraph 1 lett. b of the Related Parties Regulation, and the opinions issued by experts qualified as independent that the Board may have used. In the case of the opinions of independent experts, the Company may publish only the essential elements of the opinions, if any, in compliance with the laws and regulations in force, giving reasons for this choice.
- 8.6. If the Major Transaction also constitutes a relevant extraordinary Transaction for which the regulation in force requires an information document, the Company may prepare and publish a single information document containing all the information required by the applicable legislation. In this case, the document is made available to the public, at the registered office and in the manner indicated by the legislation in force from time to time, in compliance with the shorter deadline set by each applicable law. If the Company publishes the information referred to in this paragraph in separate documents, it may include by reference the information already published.
- 8.7. In accordance with applicable legislation, the Issuer shall provide information in the interim management report and in the annual management report on: - the single Major Transactions concluded during the reference period; - further Related Party Transactions – as defined pursuant to article 2427, paragraph 2 of the Italian Civil Code – concluded in the reference period, which had a significant impact on the financial position or results of the Company; - any change or development of Related Party Transactions described in the last annual report which had a material effect on the financial position or results of the Company during the reference period. Information on single Major Transactions can be provided by simply referring to the information documents already published, reporting any significant updates.

9. Obligations to Provide the Public with Information Promptly

- 9.1. If a Related Party Transaction is disclosed by means of a press release pursuant to Article 17 of Regulation (EU) No. 596/2014, the latter shall contain, in addition to the other information to be published pursuant to the aforementioned provision, 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 a description of the nature of the existing relationship;
 - c) the designation or name of the Related Party;
 - d) an indication of whether the indicators of significance envisaged for Major Transactions have been exceeded and an indication of whether the information document will be published at a later date;
 - e) an indication of the procedure followed for the approval of the Related Party Transaction and whether the same falls within excluded Transactions;
 - f) the possible approval of the transaction despite the Committee's contrary opinion.

10. Framework Resolutions

- 10.1. In compliance with the principles and the procedure referred to in the above article 6, “framework resolutions” may be adopted for a series of Transactions of a similar nature with the same Related Parties or specific categories of Related Parties.
- 10.2. Framework Resolutions shall be effective for a maximum of one year from their adoption and shall include the foreseeable maximum amount of the Transactions that are expected to be carried out, as well as all the relevant information depending on the case.
- 10.3. The executive bodies shall provide complete information to the Board of Directors and to the Board of

Statutory Auditors on the implementation of Framework Resolutions, at least quarterly.

- 10.4. If the Framework Resolutions provide for a maximum amount of the Transactions expected to be carried out which is higher than the indicators of significance provided for Major Transactions, the Company shall publish the information document referred to in article 8.1 and, in this case, the Transactions shall not be considered for cumulative purposes pursuant to article 8.2.
- 10.5. Article 12, paragraph 3 of the Related Party Regulation applies to single Transactions carried out in implementation of a Framework Resolution.
- 10.6. The Managing Function shall be responsible for ascertaining whether the Transaction qualifies as a Related Party Transaction in implementation of a Framework Resolution and for giving notice of the Transaction, providing the Legal Function with all the related essential information – including but not limited to the name of the counterparty, the description of the Transaction, its conditions and the fact that it is a Transaction in the implementation of a Framework Resolution. The Chief Executive Officer, with the support of the CFO and the Legal Function, shall be responsible for ensuring compliance with disclosure obligations to the public and Consob, as referred to in the Related Party Regulation as well as the obligations pursuant to the following articles 16 and 17 of this Procedure.

11. Exclusions

- 11.1. Without prejudice to the mandatory provisions of the Related Party Regulation, the following Transactions are excluded from the application of the procedural and transparency rules established by the Related Party Regulation and by this Procedure relating to Major and Minor Transactions, even when they qualify as Related Party Transactions carried out through Subsidiaries:
 - a) smaller amount transactions, as identified by the following article 11.3;
 - b) Shareholders' Meeting resolutions relating to fees payable to the members of the Board of Directors and of the Executive Committee (where established) pursuant to Article 2389, paragraph 1 of the Civil Code, to the members of the Board of Statutory Auditors pursuant to article 2402 of the Civil Code, as well as resolutions concerning the remuneration of Directors holding special offices falling within the total amount previously determined by the Shareholders' Meeting pursuant to Article 2389, paragraph 3 of the Civil Code;
 - c) resolutions – other than those indicated in the previous letter b) – regarding the remuneration of Directors, also holding special offices and other Managers with Strategic Responsibilities, provided that the conditions set forth in article 13, paragraph 3 of the Related Party Regulation are complied with, and without prejudice to the periodic disclosure obligations set forth in the previous article 8.7;
 - d) remuneration schemes based on financial instruments approved by the Shareholders' Meeting pursuant to article 114-*bis* of the TUF and the related executive transactions, without prejudice to the periodic disclosure obligations set forth in the previous article 8.7;
 - e) Transactions with or between Subsidiaries, even jointly, as well as Transactions with Associated Companies, provided that other Related Parties of the Company have no relevant interest in the Subsidiary or Associated Companies which are counterparties to the Transaction, subject to compliance with the disclosure obligations referred to in the previous article 8.7.
 - f) Ordinary Transactions executed at Conditions equivalent to arms' length conditions or Standard Conditions, without prejudice to compliance with the disclosure obligations referred to in the previous article 8.7. In such cases, in the event of Major Transactions, without prejudice to the disclosure obligations pursuant to Article 17 of EU Regulation No. 596/2014 and the previous article 8.7, the Company (i) shall notify Consob and the Independent Directors of the counterparty, subject and consideration of the Transactions that benefited from the exclusion, as well as the reasons why the Transaction is deemed to be an Ordinary Transaction and concluded at Conditions equivalent to arms' length conditions or Standard Conditions, providing objective

evidence in support thereof, and specify, in the reports referred to in Article 8.7, which transactions were concluded under this exclusion, in the time and manners indicated by the legislation in force from time to time., and (ii) shall indicate in the interim management report and the annual management report, as part of the disclosures required for periodic transparency, which of the Transactions subject to these disclosure requirements have been concluded by taking advantage of the exclusion set forth in this letter (f);

- g) urgent Transactions referred to in Article 13, paragraph 6 of the Related Parties Regulation within the limits and in the manner provided for therein;
- h) Transactions resolved by the Company and addressed to all shareholders on equal terms, including:
 - i. option capital increases, including for convertible bonds, and free capital increases pursuant to article 2442 of the Civil Code
 - ii. demergers in the strict sense, either total or partial, with proportional allocation of shares;
 - iii. reductions in share capital through reimbursement to shareholders pursuant to article 2445 of the Civil Code and purchases of treasury shares pursuant to article 132 of the TUF.

11.2. The Managing Function's shall be responsible for ascertaining whether a Transaction qualifies as a Related Party Transaction pursuant to this Article 11 and for giving notice of the Transaction, providing all the relating essential information – including, but not limited to, the name of the counterparty, the description of the Transaction and the relevant conditions – and the reasons for the exclusion, to the Legal Function. The Chief Executive Officer, with the CFO's and the Legal Function support, is responsible for ensuring compliance with the disclosure obligations to the public and Consob referred to in the Related Party Regulation as well as the obligations pursuant to the following articles 16 and 17 of the Procedure.

11.3. Transactions of a smaller amount ("**Smaller Transactions with Related Parties**") are defined as Transactions of an amount not exceeding Euro 100,000.00 per Transaction, if the Transaction has as counterparty, directly or indirectly, a natural person, or of an amount not exceeding Euro 300,000.00 if the Related Party is a person other than a natural person.

12. Transactions to be Concluded in Urgent Cases

12.1. When a Major or Minor Related Party Transaction is not reserved for the Shareholders' Meeting or needs not be authorised by it, subject to and within the limits of specific provisions of the law, regulations and/ or the bylaws, and without prejudice to the competence of the Board for Major Transactions, in urgent cases it may be concluded notwithstanding article 6 of this Procedure, provided that all the following conditions are met:

- a) the Chairman of the Board of Directors as well as the Committee and the Chairman of the Board of Statutory Auditors of the Issuer, shall be informed of the reasons for the urgency, promptly and in any case before the Transaction is completed;
- b) the Transaction – without prejudice to its effectiveness – shall subsequently be the subject of a non-binding resolution by the first ordinary Shareholders' Meeting;
- c) the Board of Directors shall provide the Shareholders' Meeting under lett. b) with a report concerning the urgency reasons, and – if necessary also through a specific report – the Board of Statutory Auditors shall report its assessments regarding the existence of the urgency reasons; these reports and assessments shall be made available to the public in the manner and within the time limits provided for the regulations in force from time to time;
- d) within the day following the Shareholders' Meeting, the Company shall made available to the public the information on the outcome of the vote in the manner provided for the regulations in force.

13. Transaction reserved for the Shareholders' Meeting's

13.1. When, pursuant to law or the bylaws, a Major or Minor Related Party Transaction is reserved to the Shareholders' Meeting or must be authorised by the Shareholders' Meeting in the preliminary phase and in

the decision-making phase -- the general procedure provided for in article 6 shall apply *mutatis mutandis*, and therefore the Committee shall express its non-binding opinion on the proposal that the Board intends to submit to the Shareholders' Meeting.

13.2. If the proposed resolution concerning a Major Transaction to be submitted to the Shareholders' Meeting is approved notwithstanding a dissenting opinion by the Committee, the Board may still submit the proposed resolution to the Shareholders' Meeting, but the effectiveness of such proposal shall be subject to such approval as well as to the majority required by law and the bylaws, including the majority of Unrelated Shareholders with voting rights. This last condition will only be applicable in the event that the Unrelated Shareholders with voting rights attending the Meeting are at least equal to 10% of the share capital.

13.3. In accordance with, and within the limits of, specific provisions in the bylaws, in the event of an urgency related to a situation of corporate crisis, Related Party transactions may be concluded notwithstanding the provisions of the previous Articles 13.1 and 13.2, provided that they comply with the provisions of article 11, paragraph 5 of the Related Party Regulation or with the laws and regulations applicable from time to time.

14. **RPT regulation applicable due to the listing of the Company's shares on the Stock Exchange of Hong Kong Limited**

14.1. As long as the ordinary shares of the Company are listed on the Stock Exchange of Hong Kong Limited, the provisions of this Article 14 shall also apply.

14.2. Transactions (including both capital and revenue nature transactions, whether or not conducted in the Company's ordinary and usual course of the Company's business) with connected person(s) (as defined in the HK Listing Rules) of the Company must be approved by the independent shareholders (i.e. after excluding the voting rights held by shareholders who have a material interest in the transaction) by way of an ordinary resolution passed at shareholders meeting of the Company (Rule No. 14A.24, Rule No. 14A.36 and Rule No. 14A.76(2) of the HK Listing Rules), unless otherwise exempted.

14.3. Connected Transactions may be one-off or continuous. For continuing Connected Transactions, which are carried out on a continuing or recurring basis and are expected to extend over a period of time, the Company shall set a cap on the annual transaction amount, which is also subject to the requirement of independent shareholders' approval (i.e. shareholders who have a material interest in the transaction must abstain from voting). The annual cap is determined by reference to previous transactions and figures in the published information of a listed issuer's group. If there were no previous transactions, the cap must be set based on reasonable assumptions. (Rule No. 14A.53 of the HK Listing Rules).

14.4. If each of the applicable percentage ratios (i.e ratios calculated on the basis of Rule No. 14.07 of the HK Listing Rules, namely, the assets ratio, the revenue ratio, the consideration ratio and the equity capital ratio) of the Connected Transaction, when calculated based on the formula set out under Rule No.14.07 of the HK Listing Rules are (i) less than 5%; or (ii) less than 25% but the consideration is less than HK \$10 million, such Connected Transaction will be exempt from the independent shareholders' approval requirement (Rule No. 14A.76 of the HK Listing Rules).

15. **Related Party Transactions carried out through Subsidiaries**

15.1. For purposes of application of this Procedure, Related Party Transactions carried out through Subsidiaries are to be intended those Related Party Transactions carried out by a Subsidiary which are subject to examination and/or approval of Issuer's corporate bodies or representatives, pursuant to the by-laws of the Issuer or by virtue of resolutions of the Board of Directors of the Company or of powers conferred by the Company based on internal regulations ("**Related Party Transactions carried out through Subsidiaries**").

15.2. Related Party Transactions carried out through Subsidiaries are subject to the preliminary and approval procedures referred to in the following paragraphs of this article 15.

15.3. Before carrying out a Transaction carried out through a Subsidiary, the Managing Function of the Subsidiary verifies whether the counterparty is a Related Party, as soon as possible, based on the

characteristics of the Transaction and available information. In this case, the Subsidiary's Managing Function communicates without delay, in writing, to the Issuer's Chief Executive Officer all the information relating to the Transaction – such as, by way of example, the name of the counterparty, the description of the Transaction and the conditions of the same -; the Issuer's Chief Executive Officer ascertains whether the Related Party Transaction falls within one of the cases of exclusion provided for by the Related Parties' Regulation or by the previous article 11 or is in implementation of a Framework Resolution. If it is not a Transaction excluded or in implementation of a Framework Resolution, the Issuer's Chief Executive Officer, with the support of the Issuer's Legal Function, sends the Committee all the information received.

- 15.4. The Committee issues its non-binding opinion on the Transaction and forwards it to the Legal Function of the Issuer in due time in order to allow the competent body of the Issuer to approve and/or examine the Transaction. The Legal Function promptly transmits this opinion to the Issuer's body responsible for approving and/or examining the Transaction.
- 15.5. The Legal Function promptly reports on the resolution or examination of the Transaction by the competent body of the Company to the Subsidiary's Managing Function. The Subsidiary's Managing Function prepares specific information on the procedures for carrying out the Related Party Transaction carried out through a Subsidiary and transmits it to the Legal Function for the first possible Board of Directors of the Issuer.
- 15.6. Related Party Transactions carried out through Subsidiaries are included among those subject to the disclosure obligations pursuant to article 5 of the Related Party Regulation and in article 8 of this Procedure.
- 15.7. The provisions of articles 10 and 11 of this Procedure also apply to Related Party Transactions carried out through Subsidiaries.
- 15.8. Without prejudice to the obligations pursuant to article 6 paragraph 3 of this Procedure, in cases of urgency, Related Party Transactions carried out through Subsidiaries may also be concluded notwithstanding this article, provided that:
 - (i) the Chairman of the Board of Directors and/or the executive bodies of the Issuer, as well as the Chairman of the Committee and the Chairman of the Issuer's Board of Statutory Auditors, are promptly informed of the reasons for urgency before the Transaction is completed;
 - (ii) the reasons for urgency are explained to the Issuer's Board of Directors at the first Meeting following the completion of the Transaction.

16. Related Party Transaction Registry

- 16.1. The CFO, with the support of the Legal Function, keeps a special Registry, kept on electronic means, in which all the Related Party Transactions are recorded, including the excluded Transactions and those in implementation of a Framework Resolution, carried out by the Company or by Subsidiaries.
- 16.2. In order to ensure coordination with the procedures referred to in article 154-*bis* of the TUF, the Manager in charge of checking the accounting documents has access to the Registry referred to in the previous paragraph.
- 16.3. The other bodies and control functions of the Company and its Subsidiaries and the Committee also have access to this Register.

17. Disclosure

- 17.1. In order to ensure coordination with the procedures referred to in Article 154-*bis* of the TUF, the Legal Function provides periodical information to the Manager in charge of preparing the Issuer's corporate accounting documents, as well as any other information requested by the Manager in charge.

18. Duration

This Procedure applies starting from the start of trading of the Company's shares on the Euronext Milan, regulated market organised and managed by Borsa Italiana S.p.A..