

**PROCEDURE FOR  
RELATED PARTY TRANSACTIONS  
OF  
AQUAFIL S.P.A.**

Text approved by the Board of Directors of Aquafil S.p.A. on December 7, 2017, as further amended on May 13, 2021. In force as of July 1, 2021.

## 1. FOREWORD

This procedure (the “*Procedure*”) was approved by the Board of Directors of Aquafil S.p.A. (“*Aquafil*” or the “*Company*”) on December 7, 2017 and was reviewed on May 13, 2021. It became effective on July 1, 2021.

In detail, this Procedure is adopted in implementation of the Regulations adopted by Consob (the National Commission for Companies and the Stock Exchange) by Resolution No. 17221 of March 12, 2010, as further amended and extended by Resolution No. 21624 of December 10, 2020 (the “*Related Party Regulation*”), also considering the instructions and clarifications provided by Consob in its notice No. DEM/10078683 dated September 24, 2010.

The Procedure lays down the rules governing the approval and execution of related party transactions undertaken by Aquafil, directly or through Subsidiary Companies (as defined hereunder), in order to ensure the transparency and the substantive and procedural propriety of such transactions.

## 2. DEFINITIONS

- 2.1 In addition to the definitions set forth in other articles, the following terms and expressions that appear herein commencing with an upper-case letter, shall have the meaning attributed thereto in the definitions set forth below, it being further understood that the same meaning shall apply to the said terms and expressions in both the singular and the plural:

***Directors Involved in the Transaction:*** the Directors who have an interest in a transaction, be it their own or that of third parties, in conflict with that of the Company.

***Chief Executive Officer:*** the Chief Executive Officer of Aquafil.

***Independent Directors:*** the directors recognized as independent by the Company pursuant to Article 148, paragraph 3, of the Consolidation Law on Finance and the Corporate Governance Code.

***Unrelated Directors:*** Company directors other than the counterparty in a specific transaction and any and all such counterparty’s Related Parties.

***Aquafil*** or the ***Company:*** Aquafil S.p.A.

***CFO:*** the head of Aquafil’s administration, finance and control function.

***Corporate Governance Code:*** the Corporate Governance Code adopted by the Corporate Governance Committee formed by business associations (ABI, ANIA, Assonime and Confindustria), professional investors associations (Assogestioni) and Borsa Italiana S.p.A., which the Company adhered to on February 17, 2021.

***Related Parties Committee*** or ***Committee:*** the committee set out in Article 5 below.

***Audit and Risk Committee:*** the audit and risk committee appointed by the Company's Board of Directors pursuant to Article 6 of the Corporate Governance Code.

***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 Aquafil and/or the Subsidiary Companies are obligated by law to contract at a certain price.

***Board of Directors:*** the Board of Directors of Aquafil.

***Manager in charge of preparing the Company's financial reports:*** the Manager in charge of the Company's financial reports pursuant to Article 154-*bis* of the Consolidation Law on Finance.

***Aquafil Group:*** Aquafil and its Subsidiaries.

***Significant Interest:*** for the purposes of the Procedure, the evaluation in respect of the existence of any Significant Interest shall be carried out, from time to time, with respect to each single Transaction. By way of example, in respect of a company, a Significant Interest may be deemed as existing in case of possession of a direct or indirect equity interest of more than 5% of capital, or existence of one or more key management personnel common to the company and the subsidiary or associate with which the transaction is undertaken who benefit from incentive plans based on financial instruments (or variable remuneration) that depends directly, and to a significant extent, on the results achieved by that subsidiary or associate.

***Related Party Transaction or Transaction:*** a transfer of resources, services or obligations between a company and a Related Party, whether for consideration or free of charge.

***Exempt Transactions:*** Related Party Transactions to which this Procedure does not apply in accordance with Article 12 hereunder.

***Low Value Transactions:*** Related Party Transactions in which the foreseeable maximum amount of consideration or the foreseeable maximum amount of the services rendered by the company does not exceed the following thresholds for each transaction:

- €100,000, if the Related Party is a natural person;
- €250,000, if the Related Party is a legal person.

When calculating the above amounts, reference shall be made to the cumulative annual amounts of transactions concluded with a single Related Party that are uniform with one another or are carried out as part of a unitary plan.

***Transactions of Greater Importance:*** transactions in which at least one of the importance indicators identified in Appendix 3 to the Related Party Regulation, as applicable depending on the specific Transaction, exceeds 5%. If Aquafil is controlled by a listed company, the above 5% threshold is reduced to 2.5% for transactions undertaken with the listed parent company or with related parties of the latter who are in

turn also related to Aquafil.

**Transactions of Lesser Importance:** Related Party Transactions that are neither Transactions of Greater Importance or Low Value Transactions.

**Regular Transactions:** Related Party Transactions that: (a) fall within the normal course of day-to-day business of the Company and/or its Subsidiary Companies and all related financial activities; and (b) are effected at terms and conditions that (i) are to be deemed the conditions usually applied in the general course of business to unrelated parties in respect of transactions of a similar nature, size and risk, (ii) are based on regulated rates or fixed prices, or (iii) are based on the rates applicable to parties to which the Company is obliged under law to apply specific prices.

**Related Party:** this term has the meaning defined by the International Accounting Standards, and namely by IAS 24 in force from time to time and that, in the event of any amendments, should be construed as amending this definition accordingly.

For a better understanding, an excerpt of the definition of “related party” set forth by IAS 24 in force at the time of this Procedure is given here below.

The related terms “control”, “joint control”, “significant influence”, “close members of the family of an individual”, “key management personnel”, “subsidiary”, “associate” and “joint venture” must be construed in accordance with the International Accounting Standards in force from time to time.

A related party is a person or entity that is related to the entity that prepares 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 ventures of the same third party;

- (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- (v) the entity is a post-employment defined benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity;
- (vi) the entity is controlled or jointly controlled by a person identified in (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).

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.

***Equivalent Safeguards:*** the equivalent safeguards set out in Article 13 below.

***International Accounting Standards:*** the international accounting standards adopted in accordance with the procedure defined by Article 6 of Regulation (EC) No. 1606/2002.

***Procedure:*** this procedure governing Related Party Transactions.

***Register of Related Parties:*** the register set out in Article 3 below.

***Rules for Issuers:*** the Rules adopted by Consob under Resolution No. 11971 of May 14, 1999, as amended and extended.

***Related Party Regulation:*** the regulation setting forth provisions on related party transactions adopted by Consob by Resolution No. 17221 of March 12, 2010, as amended.

***General Counsel:*** the head of the Legal function of Aquafil.

***Unrelated Shareholders:*** parties with the right to vote other than the counterparty of a given Transaction and Related Parties of a counterparty to a given Transaction and of the Company.

***Subsidiary Companies:*** the Italian or foreign companies controlled by the Company by virtue of the concept of control provided for by Article 93 of the Consolidation Law on Finance and Article 2359 of the Italian Civil Code.

***Competent Party:*** the Chief Executive Officer or the competent department, function or person authorized to approve a transaction on the basis of the assignment of delegated powers and the Aquafil Group's organizational structure.

***Responsible Party:*** the party responsible for identifying Related Parties, entering them into the Register of Related Parties and keeping the Register of Related Parties.

***Consolidation Law on Finance or TUF:*** Legislative Decree No. 58 of February 24,

1998 as further amended and extended.

### **3. REGISTER OF RELATED PARTIES**

- 3.1 The Company shall establish a specific register in which Related Parties are recorded (the “*Register of Related Parties*”).
- 3.2 The Responsible Party charged with identifying Related Parties, entering them into the Register of Related Parties and keeping the Register is the General Counsel of the Company, which in this role may avail of the support of the competent company functions.
- 3.3 The Responsible Party shall update the Register of Related Parties whenever it is necessary to do so, and at least every six months. In any event, the Register shall always be timely updated whenever the company bodies are replaced or renewed.
- 3.4 For the purposes of the proper keeping and updating of the Register, parties that qualify as Related Parties of Aquafil are required to provide information about their own related parties by completing the specific declaration forwarded to them by the Responsible Party and to inform the Responsible Party in a timely manner of circumstances of which they have become aware and that might in any event affect or influence their classification as Related Party.
- 3.5 The Register of Related Parties shall be made available to all company departments of Aquafil and the Subsidiary Companies in electronic form.
- 3.6 Before undertaking any transactions, the function responsible for the transaction shall consult the Register and verify whether the counterparty to the transaction is a Related Party. In the case of a Related Party Transaction, this Procedure shall apply and the Responsible Party shall be informed in a timely manner to permit proper compliance with the provisions of the Procedure.

### **4. LIST OF RELATED PARTY TRANSACTIONS**

- 4.1 The Company shall also establish a specific list in which the Related Party Transactions undertaken by the Company, directly or through Subsidiary Companies, including Exempt Transactions, are recorded, according to the specific operating instructions, with an indication of the counterparty, the amount of the individual Transaction, the date of the Committee’s opinion and approval by the competent body and any grounds for derogating from the Procedure pursuant to Article 12 below (the “*List of Related Party Transactions*”).
- 4.2 The List of Related Party Transactions shall be kept and updated by the Responsible Party, on an electronic support. To this end, the Responsible Party may avail itself of the support of the competent company departments.
- 4.3 The List of Related Party Transactions shall be made available to the following company bodies and functions, including for the purposes of ensuring coordination with the administrative and accounting procedures set out in Article 154-*bis* of the

Consolidation Law on Finance: (i) the Board of Directors; (ii) the Chief Executive Officer; (iii) the General Manager (where appointed and different from the Chief Executive Officer); (iv) the CFO; (v) the Manager in charge of preparing the Company's financial reports; (vi) the heads of control functions (*Internal Audit, Risk Management and Compliance*); (vii) the General Counsel (where different from the Responsible Party); (viii) the Supervisory Body pursuant to Legislative Decree No. 231/2001; and (ix) the Board of Statutory Auditors.

## **5. RELATED PARTIES COMMITTEE**

- 5.1 The functions of the Related Parties Committee provided for in this Procedure are attributed to the Audit, Risk and Sustainability Committee.
- 5.2 Without prejudice to the foregoing, in the event of Transactions of Greater Importance, the Committee shall be composed solely of Independent Directors. If Non-Independent Directors also sit on the Committee, the Equivalent Safeguards set out in Article 13 below shall apply.
- 5.3 The Related Parties Committee shall perform the functions provided for in applicable legislation and this Procedure, in a manner suited to ensuring the adequate traceability of the relevant activities.
- 5.4 With regard to the investigative activities for which the Committee is responsible in accordance with this Procedure, and in particular with respect to Transactions of Greater Importance, the Committee shall act through its Chairman and/or another member designated by the Committee itself, without prejudice for the possibility of the latter to involve the other members of the Committee or to comply with the request to involve them.
- 5.5 In discharging its duties, the Committee may avail itself of the consulting services of one or more independent experts of its choosing, at Aquafil's expense. Such experts shall be chosen from among persons of acknowledged professionalism and competency in the matters of interest, whose independence and lack of conflicts of interest shall be priorly assessed by the Committee, also taking into account the reports identified by Annex 4, paragraph 2.4, of the Related Party Regulation.

## **6. TRANSACTIONS OF GREATER IMPORTANCE**

- 6.1 Except in cases of Transactions of Greater Importance that fall within the purview of the General Shareholders' Meeting, as set out in Article 7 below, the Board of Directors shall be solely responsible for approving Transactions of Greater Importance.
- 6.2 The Committee must be promptly involved in the negotiation phase and the investigation phase of the Transaction, receiving a complete, updated flow of information concerning, in particular, (i) the nature of the relationship, (ii) the main terms and conditions of the Transaction, (iii) the timeframe for its execution, (iv) the evaluation procedure adopted, (v) the reasons underlying the Transaction, and (vi) the risks to which the Company and its subsidiary companies may be exposed. The Committee may also, directly or by delegating one or more of its members to do so,

request information from and submit observations to the Board of Directors, the delegated bodies and the parties charged with conducting the negotiations and investigation.

- 6.3 For the purposes of the foregoing, the Chief Executive Officer, supported by the CFO and the Responsible Party, shall provide the Committee with timely, complete and adequate information about each Transaction of Greater Importance, ensuring that updates are provided whenever it is advisable and/or necessary to do so.
- 6.4 If there are not at least three Unrelated Independent Directors on the Audit and Risk Committee, the Equivalent Safeguards set out under Article 13 below shall apply. To this end, the members of the Committee shall notify the Responsible Party in a timely manner of the existence of any related party situations concerning a specific Transaction.
- 6.5 The Board of Directors shall authorize the Transaction on the basis of the Related Parties Committee's prior favorable opinion on the Company's interest in undertaking the Transaction and on the attractiveness and substantive fairness of its conditions. The Directors Involved in the Transaction must abstain from voting on the said Transaction.
- 6.6 For the purposes of the foregoing, once the investigative phase has been completed and the final data and information concerning the Transaction have been received, the Committee shall issue — in time to allow the Board of Directors to view the opinion in order to make its decisions — a reasoned opinion on the Company's interest in undertaking the Transaction of Greater Importance and on the attractiveness and substantive fairness of its conditions. The said opinion is appended to the Committee's minutes.
- 6.7 The Committee's opinion shall be considered:
  - (i) favorable if it does not contain remarks and expresses the Committee's full approval of the Transaction;
  - (ii) favorable, but conditional, if the approval of the Transaction is contingent on the acceptance of certain remarks expressly formulated within the Committee's opinion;
  - (iii) negative, if it contains remarks about the Transaction, even concerning a single aspect. The foregoing is without prejudice to the Committee's ability to express an opinion favorable to the undertaking of the Transaction despite the presence of remarks. In this case, however, this favorable orientation to the contrary must be expressly indicated in writing. In this latter case, the opinion must specify the reasons why it is believed that the above remarks do not undermine the overall opinion that it is in the Company's interest to undertake the Transaction and of the attractiveness and substantive fairness of the related conditions.
- 6.8 If the Committee has expressed a negative opinion as defined under paragraph 6.7 (iii) above, the Board of Directors cannot proceed with the execution of the Transaction, unless, where the Company's Bylaws so provide, it decides to submit the Transaction of



Greater Importance for the authorization of the Ordinary Shareholders' Meeting, which — without prejudice to observance of the majorities required by law, the Bylaws and applicable provisions governing conflicts of interest — shall pass the resolution with the vote in favor of at least one-half of the voting Unrelated Shareholders. In any event, the execution of the Transaction of Greater Importance shall only be blocked if the Unrelated Shareholders present at the General Shareholders' Meeting represent at least 10% of share capital with voting rights.

- 6.9 If the Committee has expressed a conditional opinion as defined under Article 6.7 (ii) above, the Company's Board of Directors — without prejudice, in any event, to the abstention obligation defined in Article 6.5 above — may: (a) approve the Transaction, without the need for a new opinion from the Committee, provided that the Committee's remarks are adopted when concluding or executing the Transaction; (b) approve the Transaction of Greater Importance without considering the Committee's remarks, provided that execution of the Transaction is authorized by the General Shareholders' Meeting pursuant to paragraph 6.7 above; or (c) not approve, and thus not execute, the Transaction of Greater Importance.
- 6.10 The minutes of resolutions approving the Transaction of Greater Importance must include adequate explanation of the Company's interest in undertaking the Transaction and the attractiveness and substantive fairness of its conditions.

## **7. TRANSACTIONS OF GREATER IMPORTANCE RESERVED FOR THE BOARD OF DIRECTORS**

- 7.1 The provisions of Article 6 above shall apply to Transactions of Greater Importance that fall within the purview of the General Shareholders' Meeting by law or the Bylaws, with regard to the phases of negotiation, investigation and approval of the draft resolution to be submitted to the General Shareholders' Meeting.
- 7.2 If the Committee has expressed a negative opinion concerning the Transaction, the Board of Directors may nonetheless approve the draft resolution to be submitted to the General Shareholders' Meeting. In such cases, where the Bylaws so provide and without prejudice to the majorities required by the law, the Bylaws and applicable provisions governing conflicts of interest, the General Shareholders' Meeting shall pass resolutions with the vote in favor of at least one-half of the voting Unrelated Shareholders. In any event, the execution of the Transaction of Greater Importance shall only be blocked if the Unrelated Shareholders present at the General Shareholders' Meeting represent at least 10% of share capital with voting rights.

## **8. TRANSACTIONS OF LESSER IMPORTANCE**

- 8.1 The Board of Directors or the Competent Party shall approve Transactions of Lesser Importance on the basis of a non-binding reasoned opinion from the Committee on the Company's interest in undertaking the Transaction and on the attractiveness and substantive fairness of its conditions. In the event of Transactions of Lesser Importance that fall within the remit of the Board of Directors (or that are reverted to the Board pursuant to Article 8.5 below), the Directors Involved in the Transaction must abstain from voting on the transaction.

- 8.2 If one or more members of the Committee are related parties in respect of a specific Transaction of Lesser Importance, the equivalent safeguards set out in Article 13 hereunder shall apply. To this end, the members of the Committee shall notify the Responsible Party in a timely manner of the existence of any related party situations pertaining to a specific Transaction.
- 8.3 The Company's Chief Executive Officer — where the Transaction falls within the Board of Directors' purview — or the Competent Party shall provide the Committee, through the Responsible Party, suitably in advance, with complete, adequate information about each Transaction of Lesser Importance, ensuring that updates are given whenever it is necessary and/or advisable to do so. Information flows shall concern, in particular, (i) the nature of the relationship, (ii) the main terms and conditions of the Transaction, (iii) the timeframe for its execution, (iv) the evaluation procedure adopted, (v) the reasons underlying the Transaction, and (vi) the risks to which the Company and its subsidiary companies may be exposed.
- 8.4 The Committee shall express its opinion in time to permit the Transaction to be approved as planned. This opinion is appended to the Committee's minutes.
- 8.5 If the Committee's opinion is negative, approval of the Transaction shall revert to the Board of Directors.
- 8.6 The minutes of resolutions approving Transaction of Lesser Importance, where within the purview of the Board of Directors, must adequately state the reasons for the Company's interest in undertaking the Transaction and the attractiveness and substantive fairness of its conditions. Where the decision falls within the purview of the Chief Executive Officer or of another Competent Party, a written record shall in any event be kept of the reasons for the Transaction, with particular regard to the Company's interest in undertaking the Transaction and the attractiveness and substantive fairness of its conditions.
- 8.7 Without prejudice to the disclosure obligations set forth in Article 114, paragraph 1, of TUF, and within fifteen days following the end of each quarter of the financial year, public disclosure must be made — at the Company's registered offices and pursuant to the procedural formalities specified in Part III, Title II, Section I of the Rules for Issuers — of a document specifying the counterparty, the subject-matter and the consideration of the Transactions of Lesser Importance approved during the quarter of reference and of which the Related Party Committee expressed a negative opinion, as well as the reasons for which the opinion in question was disregarded. By the same deadline, the opinion in question must be subject to public disclosure together with the information document or made available on Aquafil's corporate website.

## **9. TRANSACTIONS OF LESSER IMPORTANCE RESERVED FOR THE GENERAL SHAREHOLDERS' MEETING**

- 9.1 The provisions of Article 8 above shall apply to Transactions of Lesser Importance that fall within the purview of General Shareholders' Meeting of Aquafil by law or the Bylaws, with regard to the phases of investigation and approval of the draft resolution to

be submitted to the General Shareholders' Meeting.

## **10. RELATED PARTY TRANSACTIONS THROUGH SUBSIDIARY COMPANIES**

- 10.1 The provisions of this procedure governing the approval of Transactions of Lesser Importance or Transactions of Greater Importance, as the case may be, shall apply to Related Party Transactions undertaken through Subsidiary Companies.
- 10.2 Transactions shall be regarded as “through” Subsidiary Companies where they are undertaken by Subsidiary Companies subject to review or approval by Aquafil. It should be clarified that: (a) the review or approval of the Transaction need not be conducted according to internal regulations or by express resolution, it being sufficient for a body or representative of Aquafil to review in advance or approve the transaction by virtue of the delegated powers/authority vested in the body or representative; (b) “review” does not mean merely receiving information about the Transaction undertaken by the Subsidiary Company (for example, for control purposes or for the preparation of company accounting documents), but an assessment of the Transaction that may lead to action (for example, in the form of a binding or non-binding opinion) with an effect on the approval of the Transaction by the Subsidiary Company.

## **11. FRAMEWORK RESOLUTIONS**

- 11.1 Pursuant to Article 12 of the Related Party Regulation, the Board of Directors may pass framework resolutions (“*Framework Resolutions*”) governing the undertaking by the Company, directly or through Subsidiary Companies, of a series of uniform Transactions with certain categories of Related Parties identified by the Board of Directors from time to time.
- 11.2 Framework Resolutions may not be in effect for a period of more than one year and must specify, with sufficient precision, the Transactions to which they apply, the estimated maximum amount of the Transactions to be undertaken during the period concerned and the reasons for the conditions applicable to the Transactions.
- 11.3 The provisions of the foregoing Articles 6 and 8 shall apply to the approval of Framework Resolutions, *mutatis mutandis*, depending on the estimated maximum amount of the uniform Transactions governed by the specific Framework Resolution, collectively considered.
- 11.4 If the estimated maximum amount of the Transactions to be undertaken during the period concerned laid down in the Framework Resolution exceeds any of the thresholds established for Transactions of Greater Importance, the Company shall publish an information document pursuant to Article 5 of the Related Party Regulation when approving the relevant Framework Resolution.

## **12. TRANSACTIONS EXCLUDED FROM THE SCOPE OF APPLICATION OF THE PROCEDURE**

- 12.1 The provisions of this Procedure shall not apply to:
- (i) the resolutions of the General Shareholders' Meeting set out in Article 2389,

paragraph 1, of the Italian Civil Code, concerning the compensation due to members of the Board of Directors, nor to any resolutions regarding the remuneration of Directors with particular responsibilities included in the total amount established in advance by General Shareholders' Meeting of Aquafil pursuant to Article 2389, paragraph 3, of the Italian Civil Code;

- (ii) the resolutions of the Shareholders' Meeting set out in Article 2402 of the Italian Civil Code concerning the compensation due to members of the Company's Board of Statutory Auditors;
- (iii) transactions 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 of the 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 of the Italian Civil Code, and purchases of own shares in accordance with Article 132 of the Consolidation Law on Finance;
- (iv) Low Value Transactions.

12.2 Without prejudice to the periodic financial reporting obligations laid down in Article 5, paragraph 8, of the Related Parties Regulation, this Procedure also shall not apply to:

- (i) remuneration plans based on financial instruments approved by the General Shareholders' Meeting within the meaning of Article 114-*bis* of TUF, and related implementing transactions;
- (ii) resolutions, other than those set out in paragraph 12.1 above, regarding the remuneration of directors with special responsibilities and other key management personnel, provided that the requirements set out under Article 13 of the Related Parties Regulation have been met, on condition that:
  - (a) the Company has adopted a remuneration policy approved by the General Shareholders' Meeting;
  - (b) the remuneration policy was informed by input and contributions from a committee made up exclusively of non-executive directors, the majority of whom are also independent directors;
  - (c) the remuneration awarded is consistent with this policy and quantified on the basis of criteria that do not imply discretionary evaluations;
- (iii) Ordinary Transactions concluded under Market or Standard Equivalent Terms.

Where this exclusion applies, and without prejudice to the disclosure obligations imposed by Article 114, paragraph 1, of TUF, the Company is nonetheless required:

- (a) to notify Consob and the Related Parties Committee of the counterparty, object and consideration of the Transactions of Greater Importance that benefited from exclusion, within the seven-day period set out in Article 5, paragraph 3, of the Related Party Regulation, as well as the reasons why it is believed that the Transaction is a regular one and is concluded at Market or Standard Equivalent Terms, providing objective facts. In a dedicated meeting to be held within 5 days from the Transaction's approval, the Committee shall assess the proper application of the exclusion conditions. After the meeting, on that same date, the Committee shall report to the Chief Executive Officer and the Responsible Party the outcome of its assessment;
  - (b) to disclose which of the Transactions subject to the disclosure obligations indicated in this latter provision were concluded in application of the exclusion set out in this point (iii) in the interim and annual financial reports, within the framework of the information required by Article 5, paragraph 8, of the Related Parties Transaction;
  - (iv) Transactions with or between Companies Controlled, separately or jointly, by the Company and Transactions with the Company's associated companies, where there are no Significant Interests of other Related Parties of the Company in the Subsidiary or Associate Companies that are the counterparties to the Transaction
- 12.3 In urgent circumstances, and where so provided for in the Company's Bylaws, Related Party Transactions that are not placed within the purview of General Shareholders' Meeting of Aquafil by the law or its Bylaws may be concluded by the Board of Directors (except for Transactions of Greater Importance, which always fall within the remit of the Board of Directors) or the Chief Executive Officer and/or the Competent Party, with the support of the Responsible Party, in derogation from the preceding Articles 6 and 8 — and without prejudice to the disclosure obligations laid down in Article 5 of the Related Party Regulation — provided that the conditions set forth in Article 13, paragraph 6, of the Related Party Regulation have been satisfied.
- 12.4 The cases of exclusion provided for in this Article shall also apply, *mutatis mutandis*, to Transactions undertaken through Subsidiary Companies, as defined in Article 10 above. With specific regard to the exemption for Ordinary Transactions as set out in Article 12.2 (iii) above, the business of the Subsidiary Company shall be relevant when assessing the ordinary nature of a Transaction, unless that Subsidiary Company is a special-purpose vehicle incorporated in order to undertake the Transaction, in which case the ordinary nature of the Transaction must also be verified in respect of at least one of the businesses conducted by the Aquafil Group.
- 12.5 In derogation from this Article, the provisions of Article 4 above and of Article 14.2 below shall also apply in respect of Exempt Transactions.

12.6 Without prejudice to the disclosure obligations defined in point 12.2(iii)(a) above, the Related Parties Committee shall receive, on an annual basis, information on any possible application of the exclusion provided for in this Article. The Responsible Party shall provide such information in time for the Board of Directors' annual meeting called to approve the annual accounting documentation by sending a report drawn from the List of Related Party Transactions.

### **13. EQUIVALENT SAFEGUARDS**

13.1 If one or more members of the Committee are Related Parties with respect to a certain Transaction of Lesser Importance, the Company shall adopt the following equivalent safeguards in the following order:

- (a) if the Committee is composed of more than three Directors and there are at least three remaining Unrelated Directors on the Committee (the majority of whom must be Independent), the opinion set out in the preceding Articles 6 and 8 shall be issued by the Committee by the majority;
- (b) if there are at least two remaining Unrelated Independent Directors on the Committee, the Committee shall unanimously issue the opinion set out in the preceding Articles 6 and 8;
- (c) if there is a single remaining Unrelated Independent Director on the Committee, the opinion set out in the preceding Articles 6 and 8 shall be issued unanimously by the remaining unrelated member of the Committee and the eldest Unrelated Independent Director on the Board of Directors;
- (d) if there are no remaining Unrelated Independent Directors on the Related Parties Committee, the opinion set out in the preceding Articles 6 and 8 shall be issued unanimously by the two eldest Unrelated Independent Directors on the Board of Directors;
- (e) if the safeguards set out in points (a), (b), (c) and (d) above cannot be applied, the opinion set out in the preceding Articles 6 and 8 shall be issued by the Board of Statutory Auditors, provided that the Statutory Auditors, where they have an interest in the Transaction, directly or through parties, inform the other Statutory Auditors thereof, specifying the nature, terms, origin and extent of the interest;
- (f) if the safeguards set out in points (a), (b), (c), (d) and (e) above cannot be applied, the opinion set out in the preceding Articles 6 and 8 shall be issued by an independent expert selected from among persons of acknowledged professionalism and competency in the matters of interest, whose independence and lack of conflicts of interest shall be assessed, as appointed by the Board of Directors.

13.2 If one or more members of the Committee are Related Parties with respect to a certain Transaction of Greater Importance, the Company shall adopt the equivalent safeguards set out in paragraph 13.1 above, in order listed, it being understood that, in any event,

the Committee must be composed solely of Independent Directors. For this purpose, if there are Non-Independent Directors on the Related Parties Committee, they shall be replaced by other Independent Directors from the Board of Directors, in order of seniority. If this solution is not possible, the members of the Committee who are not Independent shall not participate in the pertinent meetings or the investigation and negotiation phases, and the equivalent safeguards set out in paragraph 13.1 shall apply.

- 13.3 The provisions of the Procedure concerning the Related Parties Committee, to the extent applicable, shall also apply in respect of Equivalent Safeguards.

#### **14. DISCLOSURE**

- 14.1 The Company shall discharge the public disclosure obligations established by applicable legislation, and in particular by Articles 5 and 6 of the Related Party Regulation.
- 14.2 With the support of the CFO, the Responsible Party and the competent company bodies, the Chief Executive Officer shall provide the Board of Directors and the Board of Statutory Auditors, on at least a quarterly basis, with a specific notice concerning the Related Party Transactions undertaken by the Company, including through Subsidiary Companies, during the period concerned, and regarding the status of implementation of Framework Resolutions. In cases of Transactions of Lesser Importance and Exempt Transactions that are not material to the Company by size or nature, the notice may be provided on an aggregate basis, without prejudice to the Board of Directors' ability to request additional information.

#### **15. GENERAL PROVISIONS**

- 15.1 Application of the Regulation and Procedure shall be without prejudice to:
- (a) Article 2497-ter of the Italian Civil Code. Accordingly, if the Company is subject to management and coordination activities, detailed reasons must be provided for resolutions influenced by such activities, with a thorough account of the considerations and interests assessed in reaching the decision. A full account of all such corporate decisions must be provided in the report contemplated in Article 2428 of the Italian Civil Code; and
  - (b) Article 2391 of the Italian Civil Code. Accordingly, directors who have an interest, including a potential or indirect interest, in a Related Party Transaction are required to inform the Board of Directors thereof in a timely manner, specifying the nature, terms, origin and extent of the interest. If the Related Party Transaction falls within the purview of a director with delegated powers and this director has an interest in the Transaction, he or she shall refrain from undertaking the Transaction and assign it to the Board of Directors.
- 15.2 The Board of Directors assesses regularly, or at least once every three years, the need to review this Procedure, taking due account, *inter alia*, of any and all changes in the corporate ownership structure, as well as the effectiveness of the Procedure as gauged on the basis of practical experience.

- 15.3 The Related Party Committee shall express its opinion in advance on proposals to revise the Procedure or on the Board of Directors' decision not to adopt any updates.
- 15.4 The Company's Board of Statutory Auditors is the body charged with supervising the conformity of this Procedure to the general principles laid down in the Related Party Regulation and compliance with the provisions set out in the Regulation. The Board of Statutory Auditors shall report to the General Shareholders' Meeting on its supervisory activity pursuant to Article 153 of TUF.
- 15.5 The provisions of applicable laws and regulations shall apply to all matters not otherwise provided for in this Procedure.