



## **RELATED PARTY TRANSACTIONS PROCEDURE**

Approved by the Board of Directors of LU-VE S.p.A. on 3 May 2017, subordinate to and effective from the first day of trading of the Company's ordinary shares and warrants on the *Mercato Telematico Azionario* ("MTA") market organised and managed by Borsa Italiana S.p.A.

## Article 1

### PURPOSE AND DEFINITIONS

**1.1** This procedure identifies the related party transactions carried out by LU-VE S.p.A. and/or its subsidiaries, and regulates their implementation in order to ensure substantive and procedural fairness, in compliance with current laws and regulations and with the principles established in the Corporate Governance Code.

**1.2** For the purpose of this procedure, in addition to any terms defined in the articles herein, the capitalised terms and expressions herein (whether in the singular or the plural) have the meanings indicated below:

“**CEO**”: refers to the Company director whose powers are assigned by the Board of Directors or, if there is more than one executive officer, the director with responsibility for the Company’s administration, finance and control department.

“**Independent Directors**”: refer to directors that meet the independence criteria established in Article 3 of the Corporate Governance Code.

“**Unrelated Directors**”: refer to directors other than the counterparty in a given transaction and its Related Parties.

“**Corporate Governance Code**”: refers to the Corporate Governance Code adopted by the Corporate Governance Committee of Borsa Italiana S.p.A., also adopted by the Company.

“**Market-equivalent or Standard terms**”: refer to terms similar to those normally practised with unrelated parties for transactions of a similar nature, entity and risk, i.e. based on regulated tariffs or fixed prices or those charged to persons with which the issuer is obligated by law to contract at a certain price.

“**Board of Directors**” or “**Board**”: refers to the administrative body of LU-VE. “**Control**”: refers to the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. It is assumed that control exists when a person owns, directly or indirectly through subsidiaries, more than half of the voting rights of an entity unless, in exceptional cases, it can be clearly demonstrated that such ownership does not constitute control. Control also exists when a person owns half or less of the voting rights exercisable at shareholders' meeting if they have: (a) control of more than half of the voting rights by virtue of an agreement with other investors; (b) the power to determine the financial and operating policies of the entity under articles of association or an agreement; (c) the power to appoint or remove the majority of members of the board of directors or equivalent corporate governance body, and control of the entity is held by that board or body; (d) the power to exercise the majority of voting rights at meetings of the board of directors or equivalent corporate governance body, and control of the entity is held by that board or body.

“**Joint Control**”: refers to the contractually agreed sharing of control over a business activity.

“**Key managers**”: refer to persons who have the power and responsibility, directly or indirectly, for planning, managing and controlling activities of the company, including directors (executive or non-executive) of the Company.

“**Issuer**” or “**Company**” or “**LU-VE**”: refers to LU-VE S.p.A., with registered office at Via Vittorio Veneto 11, Varese, tax code, VAT number and Varese Register of Companies number 01570130128.

“**Significant influence**”: refers to the power to participate in the determination of financial and operating policies of an entity without having control. Significant influence may be gained through share ownership, statutory provisions or agreements. If a person owns, directly or indirectly (e.g.

through subsidiaries), 20% or more of the voting rights that can be exercised at shareholders' meetings of the investee, it is presumed to have significant influence, unless it can be clearly demonstrated otherwise. Conversely, if the person owns, directly or indirectly (e.g. through subsidiaries), less than 20% of the voting rights that can be exercised at shareholders' meetings of the investee, it is presumed that the investor does not have significant influence, unless such influence can be clearly demonstrated. The presence of a person in possession of absolute or relative majority of voting rights does not necessarily preclude another person from having significant influence. The existence of significant influence is usually evident in one or more of the following circumstances: (a) representation on the board of directors or equivalent governing body of the investee; (b) participation in the decision-making process, including participation in decisions about dividends or other distribution of profits; (c) the presence of significant transactions between the investor and the investee; (d) exchange of managerial personnel; (e) the provision of essential technical information.

**“Ordinary Transactions”**: refer to transactions carried out as part of core business activities and related funding activities.

**“Transactions of Greater Importance”**: refer to related party transactions which exceed the relevance thresholds envisaged in applicable regulations and which, at the time of preparation of this Procedure, correspond to the “transactions of greater importance” identified on the basis of criteria pursuant to Annex 3 to Consob Regulation no. 17221 of 12 March 2010 (attached to this Procedure as Annex B). Where a transaction or several transactions, accumulated in accordance with paragraph 6.2 below, are identified as “significant” according to the relevance ratios established in current regulations and this result is manifestly unreasonable in view of special circumstances, the Issuer may ask Consob to indicate alternative methods for calculating the aforementioned ratios. To this end, Consob will be informed of the essential characteristics of the transaction and the special circumstances upon which the request prior to the conclusion of the negotiations was based.

**“Transactions of Lesser Importance”**: refer to related party transactions which do not exceed the relevance thresholds envisaged in applicable regulations and which, at the time of preparation of this Procedure, correspond to the thresholds identified in Annex 3 to Consob Regulation no. 17221 of 12 March 2010 (attached to this Procedure as Annex B).

**“Related Parties”** and **“Related Party Transactions”**: refers to the parties and transactions defined as such in application of regulations in force at the time each transaction is decided and, at the time of preparation of this Procedure, the parties and transactions defined as such in Annex 1 to Consob Regulation no. 17221 of 12 March 2010 (attached to this Procedure as Annex A).

**“Procedure”**: refers to this Procedure, which regulates the preliminary investigation and implementation of Related Party Transactions carried out by the Issuer and/or its Italian or foreign subsidiaries.

**“Regulation on Related Party Transactions”**: refers to the *“Regulations containing provisions relating to transactions with related parties”*, adopted by Consob with Resolution no. 17221 of 12 March 2010, as amended.

**“Unrelated Shareholders”**: refer to persons and entities defined as such in application of regulations in force at the time each transaction is decided and, at the time of preparation of this Procedure, those with voting rights at Shareholders' Meetings other than the counterparty in a given transaction and the related parties of either the counterparty to a given transaction or the Company.

**“Smaller Companies”**: refer to companies for which, in compliance with the Regulation on Related Party Transactions, neither the balance sheet assets or revenue, as recorded in the latest approved consolidated financial statements, exceed EUR 500 million. Smaller Companies can no longer qualify as such if they fail to meet the aforementioned requirements for two consecutive years.

**“Consolidated Law on Finance”** refers to Italian Legislative Decree no. 58 of 24 February 1998, as amended.

## Article 2

### IDENTIFICATION AND ACQUISITION OF INFORMATION FROM RELATED PARTIES

**2.1** For the purpose of application of this Procedure, the identification of Related Parties is performed by the Company on the basis of criteria indicated in Annex 1 to the Regulation on Related Party Transactions. The following are therefore Related Parties:

(a) - all members of the Board of Directors (executive and non-executive) of the Issuer;

- - standing members of the Board of Statutory Auditors of the Issuer;
- - other Key Managers of the Issuer;

(hereinafter individually, or jointly with other parties, referred to as “**Directly Related Parties**”);

(a<sub>1</sub>) “close relatives” of persons indicated in point (a), these being the not legally separated spouse or domestic partner, and the children and dependants of the person, not legally separated spouse or domestic partner;

(a<sub>2</sub>) the “entities” in which a person referred to in points (a) or (a<sub>1</sub>) exercises sole Control, Joint Control or Significant Influence or directly or indirectly holds a significant percentage, but not less than 20%, of the voting rights;

(hereinafter individually, or jointly with other parties, referred to as “**Indirectly Related Parties**”);

(b) the majority shareholders, with sole or joint control, or which in any event hold an interest sufficient to exercise Significant Influence over the Issuer and the entities under its direct or indirect control;

(hereinafter individually, or jointly with other parties, referred to as “**Directly Related Parties**”);

(b<sub>1</sub>) if the persons in point (b) are natural persons, their “close relatives” are the not legally separated spouse or domestic partner, and the children and dependants of the person, not legally separated spouse or domestic partner;

(b<sub>2</sub>) the “entities” in which a person referred to in point (b<sub>1</sub>) exercises sole control, joint control or significant influence or in any event directly or indirectly holds a significant percentage, but not less than 20%, of the voting rights;

(b<sub>3</sub>) the companies under common control with the Issuer;

(b<sub>4</sub>) - all members of the Board of Directors (executive and non-executive) of the parent companies of the Issuer;

- standing members of the Board of Statutory Auditors of the Issuer’s parent companies;
- the Key Managers of the Issuer’s parent companies;

(b<sub>5</sub>) “close relatives” of persons indicated in point (b<sub>4</sub>), these being the not legally separated spouse or domestic partner, and the children and dependants of the person, not legally separated spouse or domestic partner;

(b<sub>6</sub>) the “entities” in which a person referred to in points (b<sub>4</sub>) or (b<sub>5</sub>) exercises sole Control, Joint Control or Significant Influence or directly or indirectly holds a significant percentage, but not less than 20%, of the voting rights;

(hereinafter individually, or jointly with other parties, referred to as “**Indirectly Related Parties**”);

(c) direct or indirect subsidiaries of the Issuer, also those under joint control;

- (d) associates of the Issuer, referring to every entity, even without legal status, as in the case of a partnership, in which a shareholder exercises Significant Influence but not Control or Joint Control;
- (e) joint ventures in which the Issuer is a participant;
- (f) any supplementary pension fund, collective or individual, Italian or foreign, established for employees of the Company or any of its associates.

**2.2** Each Directly Related Party indicated in paragraph 2.1, points (a) and (b) has the obligation, undertaken also in relation to Indirectly Related Parties referring to him - by signing this Procedure - to promptly inform the Issuer of every opening of negotiations with the Issuer or its subsidiaries for the conclusion of a transaction, either with that Directly Related Party or one of Indirectly Related Parties referring to him, and likewise of any action or event that could require application of the current regulations on Related Parties.

**2.3** In any event, also with a view to facilitating appropriate monitoring and control activities by the company's internal control system, each Directly Related Party referred to in paragraph 2.1, points (a) and (b), must provide the Company with data and information to allow prompt identification of all existing Directly and Indirectly Related Parties, updated previously submitted information as quickly as possible.

**2.4** As a precaution only, and without prejudice to the obligations indicated in paragraphs 2.1 and 2.2 above, the Issuer also reserves the right to send a periodic notification to Directly Related Parties, which will ask for information on any significant transactions already completed or still in progress and, if necessary, update the information provided pursuant to paragraphs 2.2 and 2.3 above.

**2.5** The information is provided on first-time implementation of this procedure and, subsequently, whenever there are significant changes to the information submitted previously and, in any event, each time the Issuer so requests.

**2.6** Whenever necessary and in any event at least on 30 June and 31 December each year, the Legal and Corporate Affairs Department, with support from the Administration, Finance and Control Department, performs and updates the mapping of LU-VE Related Parties, also taking into account the information requested from Related Parties and received in compliance with art. 4, paragraph 8 of the Regulation on Related Party Transactions and the provisions of this Procedure.

**2.7** If the Company is not aware of the Related Party classification of a counterparty despite taking reasonable care to do so, and the disclosure obligations have been omitted, the LU-VE counterparty omitting the disclosure - and likewise the Directly Related Party to which the counterparty refers and has omitted the relevant disclosure - will be held liable for any damage - financial or other loss, also resulting from measures adopted by the competent authority - to the Issuer as a result of carrying out the transaction in violation of the aforementioned procedures.

### **Article 3**

#### **APPROVAL, EFFECTIVENESS AND PUBLISHING OF THE PROCEDURE**

**3.1** This Procedure was adopted by the Board of Directors of LU-VE at the meeting of 3 May 2017, following opinion in favour from the Independent Directors.

Every subsequent amendment must be approved by the Board of Directors, subject to opinion in favour from a committee made up solely of Independent Directors or, failing which, opinion in favour from the Independent Directors on the Board of Directors or, if none, subject to a non-binding opinion from an independent expert.

**3.2** Taking into consideration that LU-VE has adopted the principles of the Corporate Governance Code, the concept of “independence” for the purpose of this Procedure, in compliance with current regulatory provisions, is that adopted by article 3 of the Corporate Governance Code or other provisions applicable on the basis of its recommendations. This without prejudice to the fact that, after the entry into force of this Procedure, if the criteria currently envisaged in the aforementioned article 3 should be amended sufficient to render them no longer equivalent to those envisaged in current regulatory provisions on the assessment of a director’s independence, the concept of independence for the purpose of this Procedure will be that envisaged in such regulatory provisions.

**3.3** At least once a year, normally at - or prior to - the Board of Directors meeting held to approve the draft financial statements, the Board of Directors of LU-VE assesses whether the independence criteria for its members continue to be met.

**3.4** The Board of Statutory Auditors of the Issuer monitors compliance of the adopted Procedure with the current legal and regulatory principles on dealings with Related Parties, also monitoring their implementation, and reports accordingly to the Shareholders’ Meeting.

**3.5** Without prejudice to compliance with current rules on the transparency and disclosure of Related Party Transactions, the provisions of this Procedure governing the approval process for transactions with Related Parties are applicable with effect from the Procedure’s entry into force. The CEO of LU-VE sends this Procedure to the direct and indirect subsidiaries pursuant to art. 2359 of the Italian Civil Code, for their examination and - to the extent of their responsibilities - their compliance.

**3.6** This Procedure and subsequent amendments are published without delay on the Issuer’s website, without prejudice to the obligation to disclose it, also by referring to the website, in the Company’s annual Directors’ Report.

**3.7** For all matters not envisaged in this Procedure, applicable laws and regulations will apply.

## **Article 4**

### **CONTROL AND RISK COMMITTEE WITH RESPONSIBILITY FOR RELATED PARTY TRANSACTIONS**

**4.1** The Board of Directors of LU-VE has established that the Control and Risk Committee should be composed of non-executive directors, the majority of which Independent. Furthermore, taking into account that the Issuer qualifies as a Smaller Company, the same committee has also been given the role and relevant powers that the Regulation on Related Party Transactions attributes to committees whose members are all or mostly Independent Directors. This Committee is also known as the “Control and Risk Committee with responsibility for Related Party Transactions” (in short, the “**Control and Risk Committee**”).

**4.2** The Control and Risk Committee is set up and operates in compliance with, amongst others, the principles of the Corporate Governance Code, and therefore:

- the Committee meetings must be minuted and the committee chairman must report on them at the first available Board of Directors meeting;
- the Committee has right of access to information and company departments as required to carry out its duties, and the right to make use of external advisors, within the limits established by the Board of Directors, and, with regard to Related Party Transactions, within the limits established by this Procedure;

- if invited by the Committee and if in relation to items on the agenda, non-members can attend the Committee meetings;
- the Committee members appoint their own Chairman if not already designated by the Board of Directors;
- for decisions of the Committee to be valid, the majority of members in office must be present, with resolutions carried by absolute majority vote of those present. The meetings are duly constituted also when held via videoconferencing or teleconferencing, provided that all attendees can be identified by the Chairman and by other participants, that they are able to follow discussions, intervene in real time in the discussion of items on the agenda, receive and transmit documents. In such cases, the Committee meeting is deemed to be held at the venue attended by the Chairman.

## **Article 5**

### **GENERAL PROCEDURE FOR THE INVESTIGATION AND APPROVAL OF RELATED PARTY TRANSACTIONS**

**5.1** Whilst the Issuer remains classified as a Smaller Company, the general procedure applies to all Related Party Transactions, whether of Greater or Lesser Importance. These do not include transactions which, covered by the exclusion envisaged in article 8 below, are not subject to the process imposed by this Procedure. If the Board of Directors should find that the Company has lost its classification as a Smaller Company, it will arrange prompt amendment of this Procedure and implement a specific procedure for Transactions of Greater Importance pursuant to provisions of the Regulation on Related Party Transactions.

**5.2** Any LU-VE department intending to commence negotiations for the execution of a Transaction with a Related Party must give advance notice to the Legal and Corporate Affairs Department by submitting a duly signed information sheet that must contain at least:

- 1) identification details of the related party with a description of the nature of the relationship;
- 2) the characteristics of the transaction:
  - subject matter;
  - reasons;
  - expected price (if the terms of the transaction are defined as market-equivalent or standard, objective elements of proof must be provided);
  - timing;
  - others (if any).

Within two days of the date of receipt of the information sheet, the CEO, assisted by the Legal and Corporate Affairs Department and the Administration, Finance and Control Department, will arrange for the transaction to be classified.

If the transaction is assessed as one that is excluded under article 8 below, in accordance with his assigned powers the CEO will arrange for the transaction to be carried out, without prejudice to the disclosure obligation referred to in paragraph 5.3.

Whether it is a Transaction of Lesser Importance or of Greater Importance, the following procedures apply.

**5.3** The Legal and Corporate Affairs Department of the Issuer:

- within 2 days and sending the related documentation, calls a meeting of the Control and Risk Committee so that it can express a reasoned non-binding opinion on LU-VE's interest in carrying out the transaction, as well as to its economic convenience and the essential fairness of the related conditions.

Before expressing its opinion, the Control and Risk Committee must for each component assess the absence of relations with the counterparties to the transaction in question. Every member must declare any relationship with any individual transaction to be approved. If there are not at least two Independent Directors, the Board of Statutory Auditors will be called upon to issue an opinion, provided that the Standing Auditors have no personal or third-party interest in the execution of the transaction. If a Statutory Auditor does have a personal or third-party interest, the opinion will be issued by an unrelated Independent Director, if present. If none, the opinion is provided by an independent expert appointed by the Board of Directors (equivalent control body).

The Control and Risk Committee (or equivalent control body) has the right to call upon assistance, with costs borne by the Issuer, of one or more independent experts of its choice. The Control and Risk Committee (or equivalent control body) expresses its opinion at that meeting or, if further investigation is considered necessary or if transaction negotiations are not yet completed, at a later meeting to be held after the investigations or transaction negotiations have ended.

In any Related Party Transactions influenced by management and coordination over the Issuer, the opinion of the Control and Risk Committee (or equivalent control body) must indicate the reasons and economic convenience of the transaction, if necessary also in the light of the overall results of the management and coordination activities or transactions designed to fully eliminate the damage deriving from a single Related Party Transaction;

- if the transaction is under the responsibility of the Board of Directors, sends the opinion of the Control and Risk Committee (or equivalent control body) and the transaction information sheet to members of the Board of Directors and the Board of Statutory Auditors. The Board of Directors must meet within 5 days of the date of issue of the documentation to adopt its own related decisions. The reports of approval resolutions must contain suitable justification of LU-VE's interest in carrying out the transaction, as well as its economic convenience and the essential fairness of the related conditions;
- if the transaction is under the responsibility of a delegated body, sends the opinion of the Control and Risk Committee (or equivalent control body) and the transaction information sheet to that body;
- verifies that, if the competent body decides in any event to carry out the transaction despite the Control and Risk Committee (or equivalent control body) having expressed a negative opinion, without prejudice to all further legal obligations and particularly those referred to in art. 17, Regulation (EU) 596/2014, a document containing the information envisaged in art. 7, paragraph 1.g) of the Regulation on Related Party Transactions is disclosed to the public within 15 days of the end of each quarter at the registered office and adopting the methods envisaged in current regulations, including the reasons for which the competent body disagreed with the opinion of the Control and Risk Committee (or equivalent control body). By the same deadline, the opinion of the Control and Risk Committee (or equivalent control body) is made available to the public as an attachment to the disclosure document or on the LU-VE web site;
- promptly informs the proposing department of the decisions adopted by the competent body;
- verifies that the transactions in question are disclosed in accordance with article 6 of this Procedure.



## Article 6

### DISCLOSURE TRANSPARENCY

**6.1** If Transactions of Greater Importance are to be carried out with Related Parties, also by Italian or foreign subsidiaries, the Issuer prepares a disclosure document, drafted and published in compliance with current regulatory provisions.

**6.2** The Company prepares the aforementioned disclosure document also when, during the year, it concludes with a Related Party or with persons closely associated with the latter or with the Company certain transactions that are similar in nature or carried out in execution of a single plan which, though not qualifying individually as Transactions of Greater Importance with Related Parties, if considered cumulatively exceed the relevance thresholds envisaged in regulations in force as at the date of the last transaction considered. Transactions carried out by Italian or foreign subsidiaries are also valid for this purpose, without considering transactions excluded pursuant to article 8 below or those envisaged in framework agreements previously disclosed pursuant to paragraph 7.4.

**6.3** The disclosure document, together with additional relevant documents, is made available to the public by the deadlines and methods indicated in current regulations.

**6.4** As an attachment to the disclosure document or on its website, the Company publicly discloses any opinions of Independent Directors and/or (if necessary) of the Board of Statutory Auditors and/or at least the key points of any independent expert opinions, in compliance with current regulatory provisions.

**6.5** In application of current regulations, the following must be disclosed in the interim and annual Directors' Reports of the Issuer:

- individual Transactions of Greater Importance completed in the reporting period;
- additional related party transactions - as defined by art. 2427 of the Italian Civil code and the current versions of international accounting standards (IAS 24) - completed in the reporting period that have in any event had a significant impact on the Company's financial position or results;
- any change or developments in related party transactions described in the latest annual report that have had a significant effect on the financial position or results of the Company in the reporting period.

Information on the individual Transactions of Greater Importance can be provided by simple reference to the disclosure documents already published, indicating any significant updates.

**6.6** For transactions subject to the disclosure obligations referred to in art. 17, Regulation (EU) 596/2014, the information envisaged in that regulatory provision must be accompanied by the additional information required under art. 6 of the Regulation on Related Party Transactions.

**6.7** At least quarterly, the CEO of LU-VE provides a complete report to the Board of Directors

and the Board of Statutory Auditors on transactions carried out with related parties.

## Article 7

### FRAMEWORK AGREEMENTS

**7.1** In compliance with the principles and the process referred to in paragraph 5 above, "framework agreements" can be adopted for a series of similar transactions with the same Related Parties or specific categories of Related Parties.

**7.2** The framework agreements have a maximum one-year duration from the time of adoption and indicate, with sufficient certainty, the transactions covered by the agreements, recording the expected maximum total of transactions to be carried out as well as all information relevant to the case.

**7.3** The appointed bodies provide a complete report at least quarterly to the Board of Directors and Board of Statutory Auditors on the implementation of framework agreements.

**7.4** Where the framework agreements envisage a maximum total of transactions completed that are expected to exceed the thresholds for Transactions of Greater Importance, the Company publishes the disclosure document referred to in paragraph 6.1 above and, in this case, the transactions are not included in the aggregate calculation indicated in paragraph 6.2.

## **Article 8**

### **EXCLUSIONS AND EXCEPTIONS**

**8.1** The provisions of this Procedure do not apply to:

- a) transactions involving small amounts, as identified in paragraph 8.2 below;
- b) Shareholders' Meeting resolutions relating to the remuneration of members of the Board of Directors and the Executive Committee, pursuant to art. 2389, paragraph 1, of the Italian Civil Code, and to members of the Board of Statutory Auditors, as well as resolutions on the remuneration of Directors assigned special duties and covered by the total amount previously decided by the Shareholders' Meeting pursuant to art. 2389, paragraph 3, of the Italian Civil Code;
- c) resolutions, other than those indicated in point *b*) above, on the remuneration of Directors assigned special duties and other key managers, provided the conditions of art. 13, paragraph 3.b) of the Regulation on Related Party Transactions are satisfied and without prejudice to the periodic disclosure obligations envisaged in paragraph 6.5 above;
- d) payment plans based on financial instruments approved by the Shareholders' Meeting pursuant to art. 114-*bis* of the Consolidated Law on Finance and related transactions implementing such plans, without prejudice to the periodic disclosure obligations envisaged in paragraph 6.5 above;
- e) transactions with or between subsidiaries, individually or jointly, as well as transactions with associates provided that other Related Parties of the Company do not have a significant interest in the subsidiaries or associates that are counterparties to the transaction, without prejudice to the disclosure obligations envisaged in paragraph 6.5 above.

The following are not considered to be significant interests: *(i)* those deriving from the mere sharing of one or more Directors or other key managers between the Issuer and its subsidiaries or associates; and *(ii)* the adoption of a tax consolidation in which other Related Parties are participants, if such transactions are carried out on equal and reciprocal terms.

For example, significant interests are presumed to exist when:

*i)* the Related Party - other than a subsidiary or associate of LU-VE - holds an interest equal to or greater than 20% of the share capital of the subsidiary or associate; *ii)* the Related Party - other than a subsidiary or associate of LU-VE - in any event has the right to distribution of profits to an extent equal to or greater than 20% in the subsidiary or associate. If, however, the Related Party holds an equity interest or other financial instruments of the Issuer, the interest will be significant only if the "weight" of the investment or interest in the subsidiary or associate is proportionately higher than the interest in the Issuer;

- iii)* the remuneration of the Related Party is significantly linked to the operating results of the individual subsidiary or associate;
- f)* Ordinary Transactions concluded under market-equivalent or standard conditions, without prejudice to compliance with the disclosure obligations indicated in paragraph 6.5. In such cases, if referring to Transactions of Greater Importance, without prejudice to the disclosure obligations pursuant to art. 17, Regulation (EU) 596/2014 and to paragraph 6.5 above, the Company will notify Consob, by the methods and deadlines indicated in current regulations, of the counterparty, subject matter and amount of the transactions benefiting from exclusion, and in the reports referred to in paragraph 6.5 will specify the transactions concluded in adoption of that exclusion.

**8.2** To identify transactions involving small amounts, reference should be made to the relevance criteria established in Annex 3 to the Regulation on Related Party Transactions, to which the absolute thresholds indicated below are applied:

- a)* equivalent-value relevance ratio: transactions involving small amounts are those with an individual total value of less than EUR 50,000.00 (fifty thousand/00) if the Related Party is a natural person, and EUR 100,000.00 (one hundred thousand/00) if the Related Party is a legal entity;
- b)* asset relevance ratio: transactions involving small amounts are those in which the assets of the entity involved in the transaction are individually less than EUR 100,000.00 (one hundred thousand/00);
- c)* liabilities relevance ratio: transactions involving small amounts are those in which the total liabilities of the company or business unit purchased are individually less than EUR 100,000.00 (one hundred thousand/00).

When transactions involving small amounts are identified, the indications in Annex 3 to the Regulation on Related Party Transactions will be complied with to the extent they are compatible.

If more than one of the above-listed ratios applies to the transaction, the transaction is a transaction involving small amounts provided that all applicable ratios are below the thresholds established above.

## **Article 9**

### **URGENT TRANSACTIONS**

**9.1** Without prejudice to all disclosure obligations envisaged in current regulations, including the provisions of art. 17, Regulation (EU) 596/2014, when not the responsibility of the Shareholders' Meeting or need not be authorised by such a Meeting, subject to and within the limits of specific statutory provisions, in a case of urgency a Related Party Transaction can be carried out as an exception to article 5 of this Procedure, provided all the following conditions are satisfied:

- a)* if the transaction is under the responsibility of the CEO, the Chairman of the Board of Directors must be informed of the reasons for urgency before the transaction is carried out;
- b)* if the transaction is under the responsibility of the Board of Directors, the Control and Risk Committee must be informed of the reasons for urgency prior to calling the Board of Directors meeting expected to resolve upon the Related Party Transaction;
- c)* without prejudice to its effectiveness, the transaction must then be subject to a non-binding resolution of the first available Shareholders' Meeting;
- d)* for the Shareholders' Meeting referred to in point *c)*, the Board of Directors must prepare a report on the reasons for urgency, and the Board of Statutory Auditors must produce a written

report of its own assessments on the grounds for urgency. These reports and assessments are disclosed to the public by the methods and deadlines envisaged in current regulatory provisions;

- e) by the end of the day after the Shareholders' Meeting, the Company must arrange public disclosure of information regarding the outcome of the vote, using the methods envisaged in current regulatory provisions.

## Article 10

### TRANSACTIONS REQUIRING SHAREHOLDERS' MEETING APPROVAL

**10.1** Without prejudice to all disclosure obligations envisaged in current regulations, including the provisions of art. 17, Regulation (EU) 596/2014, when by law or by the Articles of Association a Related Party Transaction, of Greater or Lesser Importance, is the responsibility of the Shareholders' Meeting or needs to be authorised by such a Meeting, at the initial investigation stage and that of approval of the resolution proposal for submission to the Shareholders' Meeting, the general procedure envisaged in article 5 applies to the extent it may be compatible and, consequently, the Control and Risk Committee expresses its non-binding opinion on the proposal that the Board intends to submit to the Shareholders' Meeting.

**10.2** If the resolution proposal concerning a Transaction of Greater Importance for submission to the Shareholders' Meeting is approved despite a negative opinion from the Independent Directors, the Board of Directors can in any event submit the resolution proposal to the Shareholders' Meeting but its effectiveness and/or enforcement must be subordinated not only to majority approval of the Shareholders' Meeting as required by law and the Articles of Association, but also by the majority of Unrelated Shareholders voting at the Shareholders' Meeting. This condition will apply provided that Unrelated Shareholders with voting rights attending the Shareholders' Meeting represent at least 10% of the share capital.

**10.3** Subject to and within the limits of specific statutory provisions, in a case of urgency associated with a company crisis situation, Related Party Transactions can be carried out as an exception to the provisions of paragraphs 10.1 and 10.2 above, provided they comply with the provisions of art. 11, paragraph 5 of the Regulation on Related Party Transactions or other applicable regulations.

## Article 11

### TRANSACTIONS CARRIED OUT BY SUBSIDIARIES

**11.1** The CEO of LU-VE submits this Procedure to the CEOs of the direct and indirect subsidiaries, together with their Related Parties mapping, updated at 30 June and 31 December each year and in any event every time it is amended.

**11.2** If a subsidiary intends to carry out Related Party Transactions, its CEO must send an information sheet describing the transaction in question to the Legal and Corporate Affairs Department of LU-VE. The information sheet must contain at least the elements referred to in paragraph 5.2 of this Procedure.

**11.3** The CEO of LU-VE, assisted by the Legal and Corporate Affairs Department, will assess the type of transaction and if it is identified as one of the following:

- (i) as an **excluded transaction**, arranges for the CEO of the subsidiary to be informed that the transaction in question can be carried out;

- (ii) as a **Transaction of Lesser Importance**, arranges to inform the Chairman of LU-VE, with whom he will assess whether or not to submit it for advance examination by the Board of Directors of LU-VE, which will examine the transaction subject to the non-binding opinion of the Chairman of the Board of Directors, or whether to directly express a non-binding opinion, after hearing the opinion of the Control and Risk Committee, to the CEO of the subsidiary. To the extent they may be compatible, the rules established in paragraph 5.3 of this Procedure will apply;
- (iii) as a **Transaction of Greater Importance**, arranges via the Legal and Corporate Affairs Department of LU-VE for the CEO of the subsidiary to be informed that the transaction qualifies as such and is therefore subject to disclosure obligations pursuant to art. 5, paragraph 1 of the Regulation on Related Party Transactions.

With assistance from the reference departments, the CEO of the subsidiary will prepare and send to the CEO of LU-VE the disclosure document to be submitted for LU-VE Board of Directors approval at the same meeting at which the Board will examine in advance the Related Party Transaction, after obtaining the non-binding opinion of the Control and Risk Committee.

The parties involved in the negotiations must promptly inform the Chairman of the Board of Directors and the CEO of LU-VE of their conclusion.

The Chairman of LU-VE will arrange *(i)* to ask the Legal and Corporate Affairs Department to call a meeting of the Control and Risk Committee within two days, sending available transaction-related documentation and information in advance; and *(ii)* to call a meeting of the LU-VE Board of Directors within 5 days for examination, in advance, of the transaction and the disclosure document, sending all necessary documentation to the Directors and Statutory Auditors as far in advance of the meeting as possible. The non-binding opinion of the Issuer's Board of Directors will be sent to the CEO of the subsidiary by the Legal and Corporate Affairs Department. The rules established in paragraph 5.3 of this Procedure apply to the extent they may be compatible.

**11.4** In urgent cases, the transactions can be considered carried out also as an exception to this article provided that: *(i)* the Chairman of the Board of Directors of LU-VE is promptly informed of the reasons for urgency before the transaction is carried out; *(ii)* the reasons for urgency are illustrated to the Issuer's Board of Directors at the first available meeting after completion of the transaction.

## **ANNEXES**

A) ANNEX 1 TO CONSOB REGULATION NO. 17221 OF 12 MARCH 2010

B) ANNEX 3 TO CONSOB REGULATION NO. 17221 OF 12 MARCH 2010

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

**1. DEFINITIONS OF RELATED PARTIES AND RELATED PARTY TRANSACTIONS**

For the purposes of Article 3, subsection 1, paragraph a) of this Regulation the following definitions shall apply:

*RELATED PARTIES*

An entity is a related party to a company if:

- (a) directly or indirectly related, through subsidiaries, trustees or an intermediary:
  - (i) controls the company, is controlled by, or is under common control;
  - (ii) holds a stake in the company to exert significant influence over the entity;
  - (iii) exercises control over the company jointly with others;
- (b) is an associate of the company;
- (c) is a joint venture in which the company is a participant;
- (d) is one of the key management personnel of the company or its parent;
- (e) is a close relative of a person referred to in paragraphs (a) or (d);
- (f) is an entity in which a person referred to in paragraphs (d) or (e) exercises control, joint control or significant influence or owns, directly or indirectly, a significant portion, but not less than 20 % of voting rights;
- (g) is a supplementary pension fund, collective or individual, Italian or foreign, established for the employees of the company, or any other entity associated with it.

*TRANSACTIONS WITH RELATED PARTIES*

A *related party transaction* shall be understood as any transfer of resources, services or obligations between related parties, regardless of whether for valuable consideration.

Be deemed to be included:

- 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 management personnel with strategic responsibilities.

## **2. FUNCTIONAL DEFINITIONS TO THOSE OF “RELATED PARTIES” AND “TRANSACTIONS WITH RELATED PARTIES”**

For the purposes of the definitions above the notions of "control", "joint control", "significant influence", "close family", "management personnel", "subsidiary", "related company" and "joint venture" are following.

### *CONTROL AND JOINT CONTROL*

Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

It is assumed that control exists when a person owns, directly or indirectly through subsidiaries, more than half of the voting rights of an entity unless, in exceptional cases, it can be clearly demonstrated that such ownership does not constitute control. Control also exists when a person owns half or less of the voting rights exercisable at shareholders' meeting if they have: (a) control of more than half of the voting rights by virtue of agreement with other investors;

- (b) the power to govern the financial and operating policies of the entity under a statute or agreement;
- (c) the power to appoint or remove the majority of the members of the board of directors or equivalent body of corporate governance, and control of the entity held by that board or body;
- (d) the power to cast the majority of the voting rights at meetings of the board of directors or equivalent body for corporate governance, and control of the entity held by that board or body.

Joint control is the contractually agreed sharing of control over any economic activity.

### *SIGNIFICANT INFLUENCE*

Significant influence is the power to participate in the determination of financial and operating policies of an entity without having control. Significant influence may be gained through share ownership, statute provisions or agreements.

If a person owns, directly or indirectly (e.g. through subsidiaries), 20% or more of the voting power of the investee, it is presumed to have significant influence, unless it can be clearly demonstrated otherwise. Conversely, if the person owns, directly or indirectly (e.g. through subsidiaries), less than 20% of the voting power of the investee, it is presumed that the investor has significant influence, unless such influence can not be clearly demonstrated. The presence of a person in possession of absolute or relative majority of voting rights does not necessarily preclude another person from having significant influence.

The existence of significant influence is usually evidenced in one or more of the following circumstances:

- (a) representation on the board of directors or equivalent governing body of the investee;
- (b) participation in decision making, including participation in decisions about the dividend or other distribution of profits;
- (c) the presence of significant transactions between the investor and the investee;
- (d) exchange of managerial personnel;
- (e) the provision of essential technical information.

#### *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.

#### *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.

They may include:

- (a) the spouse not legally separated and unmarried;
- (b) the children and dependants of the subject, not legally separated spouse or partner.

#### *SUBSIDIARY COMPANY*

A subsidiary company is an entity, even without legal personality, as in the case of a partnership, controlled by another entity.

#### *ASSOCIATED COMPANY*

An associated company is an entity, even without legal personality, as in the case of a partnership, in which a shareholder exercises significant influence but not control or joint control.

#### *JOINT VENTURE*

A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity subject to joint control.

### **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.

**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.



## B) Annex 3 to Consob Regulation no. 17221 of 12 March 2010

### 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 additional 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). 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 depend, 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 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.