



PROCEDURE FOR
THE REGULATION
OF TRANSACTIONS
WITH RELATED
PARTIES

Approved by the Board of Directors of Piovan S.p.A. on June 23, 2021,
with the favorable opinion of the Committee for Transactions with Related Parties

ARTICLE 1

Scope

1.1 Piovan S.p.A. (“**Piovan**” or the “**Company**”) adopts this procedure (the “**Procedure**”) in implementation of Section 2391-*bis* of the Italian civil code and of the regulations containing provisions relating to transactions with related parties adopted by Consob with resolution no. 17221 of 12 March 2010, as lastly amended by Resolution no. 21624 of December 10, 2020 (the “**RPT Regulations**”), in light of the indications and directions for the implementation of the RPT Regulations issued by Consob with notice no. DEM/10078683 of 24 September 2010¹. The Company hereby also identifies a number of rules for the approval and performance of transactions with related parties by the Company, either directly or through its subsidiaries (the “**Subsidiaries**”), in accordance with Article 93 of Italian legislative decree no. 58 of 24 February 1998, as later amended and supplemented (the “**Consolidated Law on Finance**”), to ensure the transparency and substantive and procedural fairness of any such transaction.

ARTICLE 2

Definitions

2.1 For the purposes of this Procedure, the following definitions apply:

- a) “**Independent Directors**”: the directors of the Company who meet the independence requirements set out in Article 148(3) of the Consolidated Law on Finance and of the Corporate Governance Code adopted by the Company;
- b) “**Unrelated Directors**”: the directors of the Company other than the counterparty to any Transaction and other than its Related Parties;
- c) “**Corporate Governance Code**”: the Corporate Governance Code of listed companies promoted by the listed companies’ corporate governance committee (*Comitato per la Corporate Governance delle Società Quotate*) at Borsa Italiana S.p.A., as in force from time to time, which the Company has adopted;
- d) “**Related Parties Committee**” or “**Committee**”: the committee as referred to in Article 5 below;
- e) “**Market-Equivalent or Standard Terms**”: terms similar to those usually applied towards unrelated parties for transactions similar in nature, extent and risk, or based on regulated rates or at fixed prices, or terms applied towards persons with whom the Company (or any of the Subsidiaries) is under a legal obligation to contract at a certain price;
- f) “**Relevance Ratios**”: the relevance ratios set out in Schedule 3 of the RPT Regulations for the identification of Greater Importance Transactions;

¹ Italian version of Consob’s notice no. DEM/10078683 of 24 September 2010 may be accessed on Consob’s website (www.consob.it).

- g) **“Significant Interest”**: the interest held by a Related Party of the Company whose extent is such as to suggest to an independent entity, acting with professional diligence, that such Related Party may directly or indirectly benefit from the execution or non-execution of a Transaction with Related Parties by the Company. Interests deriving from the mere sharing of one or more directors or other key management personnel between the Company and the Subsidiaries and the associated companies are not to be considered Significant Interests.
 - h) **“Transaction(s) with Related Parties”** or **“Related Party Transaction(s)”** or **“Transaction(s)”**: those transactions defined as such by the international accounting principles (adopted according to the procedure referred to in Article 6 of Regulation (EU) no. 1606/2002) from time to time in force².
 - i) **“Small Amount Transactions”**: each Transaction whose overall amount or equivalent value is not higher than EUR 250,000 (in case the counterparty is a legal entity) or than EUR 100,000 (in case the counterparty is a physical person);
 - j) **“Greater Importance Transactions”** (*Operazioni di Maggiore Rilevanza*): the Transactions — including homogeneous transactions or transactions performed in the execution of a single plan with a same Related Party or with persons related either to such party or to the Company — for which at least one of the three Relevance Ratios reported under Schedule 3 of the RPT Regulations has been exceeded;
 - k) **“Lesser Importance Transactions”** (*Operazioni di Minore Rilevanza*): the Transactions other than the Greater Importance Transactions and the Small Amount Transactions;
 - l) **“Ordinary Transactions”**: the Transactions falling within the ordinary execution of the operational activities and of the relevant financial activities of the Company and/or the companies included in the consolidated financial statements drawn up by the Company;
 - m) **“Related Parties”**: the parties as referred to in Article 3 below;
 - n) **“Issuers’ Regulation”**: the regulation laying down provisions on issuers adopted by CONSOB with resolution no. 11971 of 14 May 1999, as later amended and supplemented;
 - o) **“Unrelated Shareholders”**: persons holding voting rights other than the counterparty to any specific Transaction and other than the parties related either to the counterparty to a particular Transaction or to the Company;
- 2.2 The terms not expressly defined herein have the meaning ascribed to them in the RPT Regulations, which should in any event be referred to for more details.

² An excerpt from the definition of “Related Party” and “Related Party Transactions” in accordance with IAS 24 and referral to other definitions related thereto envisaged by the international accounting principles is given in the Appendix. The Appendix shall be considered automatically updated in order to reflect changes in the reference accounting principles, without applying the provisions for amending this Procedure.

ARTICLE 3

Identification of Related Parties

- 3.1 For the purpose of this Procedure, those parties defined as such by the international accounting principles (adopted according to the procedure referred to in Article 6 of Regulation (EU) no. 1606/20022) from time to time in force³ are considered Related Parties.
- 3.2 The Chair of the Related Parties Committee and the manager in charge of financial reporting (Dirigente Preposto alla Redazione dei Documenti Contabili Societari) at the Company are required to provide solutions whenever the identification of a Related Party is debatable.
- 3.3 Pursuant to Article 4(2) of the RPT Regulations, the Company considered appropriate not to extend the applicability of the Procedure to persons other than the Related Parties identified under Article 3.1 above.

ARTICLE 4

List of Related Parties and Identification of Greater Importance Transactions

- 4.1 The Company keeps record in a dedicated list of all the Related Parties identified in accordance with the above Article 3 (the “**List of Related Parties**”).
- 4.2 The Company’s legal and corporate affairs department (*Segreteria degli Affari Legali e Societari*) is in charge of drawing up and updating the List of Related Parties, with the support of the other competent corporate functions, in agreement with the manager in charge of financial reporting.
- 4.3 The Company’s legal and corporate affairs department must notify in writing to each Director and Standing Auditor and to the key management personnel of the Company, or of the entity that possibly controls the Company, that they have been registered in the List of Related Parties, thus requesting to each interested individual to communicate on an initial basis all information relating to their close relatives, to the entities in which they or their close relatives exercise control (including joint control) or significant influence, all as identified under Article 3.1 above.
- 4.4 The Directors and standing Auditors, as well as the key management personnel of the Company, or of the entity that possibly controls the Company, are required to promptly communicate to the Company’s legal and corporate affairs department any relevant variation and/or update concerning any persons related with them. In any event, the Company’s legal and corporate affairs department is in charge of updating the List of Related Parties at least once every six months.
- 4.5 To identify Greater Importance Transactions, the manager in charge of financial reporting at the Company must:
 - (i) periodically identify the values of the Company’s capitalization, on the basis of the data published by Borsa Italiana S.p.A and of the group’s consolidated net assets, on the

³ Please see note 2.

basis of the most recent periodic accounting document disclosed, based on which the Relevance Ratios are calculated; and

(ii) record and update the equivalent values of the Transactions homogeneous in nature or falling within one single plan possibly implemented with one Related Party of the Company or with parties related to such Related Party or to the Company, except where the cases of exemption described under Article 13 apply.

ARTICLE 5

Related Parties Committee

- 5.1 The Board of Directors of the Company forms a Committee for Transactions with Related Parties (hereinafter, the “**Related Parties Committee**”) made up exclusively by at least three Independent Directors. The members of the Related Parties Committee are appointed and may be revoked by reasoned decision of the Board of Directors. Save if otherwise decided by the Board of Directors upon their appointment, the duration in office of the members of the Related Parties Committee is equated to that of the Board of Directors to which they are members and the early termination, for any reason whatsoever, of their office as members of the Board of Directors implies the immediate loss of their office as members of the Related Parties Committee. If, for any reason whatsoever, a member of the Related Parties Committee leaves office, the Board of Directors appoints a new member in accordance with the provisions contained in this Article.
- 5.2 The Board of Directors may also decide to assign the functions of the Related Parties Committee to one of its internal committees, provided that the composition and functioning requirements set out in this Article 5 are complied with.
- 5.3 Whenever less than three Independent Directors are in attendance, the resolutions pertaining to the adoption and modification of the Procedure are approved subject to the preliminary favorable opinion of the attending Independent Directors or, should they be absent, subject to the non-binding opinion of an independent expert.
- 5.4 Whenever less than three Independent Directors are in attendance, or — with regard to a specific Transaction — whenever one or more members of the Related Parties Committee declares to be related to that specific Transaction, the committee or the interested member must promptly inform the Chair of the Board of Directors; the opinion relating to such Transaction, for the purpose of protecting the substantive fairness of the Transaction, must be issued by the attending Unrelated Independent Directors or, should they be absent, by the Board of Statutory Auditors or by an independent expert.
- 5.5 Should the Board of Directors request the opinion of the Board of Statutory Auditors, the members of the Board of Statutory Auditors — whenever they hold an interest, on own behalf or on behalf of third parties, in the Transaction — must inform the other Statutory Auditors, by specifying the nature, terms, origin and scope of such interest.
- 5.6 The Related Parties Committee performs the functions set forth in this Procedure, in the RPT Regulations as well as in the regulations in force from time to time, and namely (i) with reference to Greater Importance Transactions, the Related Parties Committee is

immediately involved in the negotiation phase and and the initial inquiry, upon receiving exhaustive and updated information flows, with the authority to request additional information and make comments for the benefit of the delegated bodies and individuals in charge of conducting the negotiation or initial inquiry; (ii) expresses a binding reasoned opinion on Greater Importance Transactions on the interest of the Company in the completion of the transaction as well as on the convenience and the substantial correctness of the underlying terms. This opinion is attached to the minutes of the Related Parties Committee's meeting; (iii) expresses a reasoned and not binding opinion on Lesser Importance Transactions on the interest of the Company in the completion of the transaction and the convenience and substantial correctness of its underlying terms. This opinion is attached to the minutes of the Related Parties Committee's meeting.

Furthermore, the Related Parties Committee expresses a preliminary opinion on the approval and modification of the Procedure as well as on the proposals to be submitted to the Shareholders' Meeting of the Company with regard to any potential amendment to the bylaws that the Board of Directors may deem to be necessary in the framework of the definition of the RPT Regulations. The Related Parties Committee, if necessary, also provides support to the competent corporate functions in the preliminary verifications pertaining to the identification of the Related Parties and of the Related Party Transactions in accordance with the Procedure and the regulations in force from time to time.

- 5.7 Should it become relevant due to the nature, scope and features of the Transaction, the Related Parties Committee or, as the case may be, the persons acting on its behalf as alternate under this Article 5 and the RPT Regulations, may be supported, at the Company's expense, by one or more independent experts of their choice (whose professionalism and competence on the relevant matters are recognized, with regard to whom the independence and absence of conflict of interest have been ascertained), including by acquiring dedicated expertise reports and/or fairness and/or legal opinions. The expert reports and/or fairness and/or legal opinions must be sent to the Related Parties Committee (or, as the case may be, the persons acting on its behalf as alternate under this Article 5 and the RPT Regulations) in the days prior to the meeting of the Related Parties Committee, with appropriate advance notice with respect thereto.
- 5.8 The independent expert's mandate may not be assigned to parties acting as counterparties to the transaction neither to Related Parties of the Company or of the counterparty to the transaction. The selected independent expert must state to be independent when being appointed, thereby justifying the reasons why the existing, if any, economic, asset and/or financial relationships with the Company, with any entity that may control the Company, the Subsidiaries or the companies under joint control by the Company and/or the directors of the above-listed companies have no relevance whatsoever for the purpose of the opinion on the independence. The Related Parties Committee preemptively verifies the independent nature of the expert, taking into account the provisions of Annex 4 of the RPT Regulations.

ARTICLE 6

Reserved Competences and Limitations to the Granting of Proxies

- 6.1 Related Party Transactions falling outside of the competence of Shareholders' Meetings must be approved and/or carried out by the Board of Directors or the delegated bodies or by the other competent persons for the relevant approval and/or execution in accordance with the proxies and corporate governance rules adopted by the Company.
- 6.2 Should a relation exist with the delegated body or any other competent entities or with a Related Party by its intermediary, these parties should refrain from carrying out the Transaction and assign it to the Board of Directors.
- 6.3 Greater Importance Transactions and transactions carried out at conditions different than market conditions are the exclusive competence of the Board of Directors of the Company, except for matters reserved by law and/or the Bylaws to the competence of Shareholders' Meetings.
- 6.4 Where the Transaction is the purview of the Board of Directors, the directors involved in the Transaction⁴ abstain from voting thereon.

ARTICLE 7

Transaction Analysis and Reporting to the Related Parties Committee

- 7.1 The competent entities willing to carry out a transaction, before entering into the negotiations, must preliminarily ascertain whether the counterparty to such transaction is on the List of Related Parties, thereby verifying — possibly also informing the Chair of the Related Parties Committee — whether the ultimate beneficiary of the Transaction is on the List of Related Parties.
- 7.2 Except where the transaction falls within the category of exempt transactions under Article 13 below, the competent entity willing to carry out a transaction, identified as per the above paragraph, is required to promptly inform the Chair of the Related Parties Committee of the Company, by notifying (i) the willingness to initiate the negotiations for the performance of the transaction, (ii) the identification data of the counterparty and the nature of the existing relation based on the provisions set out in the List of Related Parties, (iii) the type, purpose, general economic conditions and expected timeline of the transaction, (iv) the reasons underlying the transaction and (v) any other transaction carried out with the same Related Party or with entities related to such Related Party. Should the transaction be carried out at Market-Equivalent or Standard Terms, the prepared documentation must include objective elements of comparison. Information from the competent entity willing to carry out a transaction may be provided in multiple subsequent phases whenever the status of the negotiation prevents the immediate and full disclosure of all the required information. The Related Parties Committee may request for in-depth analysis and clarifications.

⁴ Meaning the directors who have an interest in the transaction, be it their own or that of third parties, in conflict with that of the Company.

- 7.3 After receiving such notice, the Chair of the Related Parties Committee, with the support of the Company's legal and corporate affairs department, possibly also in consultation with the Related Parties Committee, makes any and all necessary verifications and assess whether (a) the proposed transaction qualifies as Related Party Transaction under the RPT Regulations and the Procedure, thereby also verifying if it falls within the Greater Importance Transactions or the Lesser Importance Transactions; or (b) the proposed transaction falls within one of the exemption cases described in Article 13 below.
- 7.4 In case — following the verifications carried out in accordance with Article 7.3 above — of a Related Party Transaction that does not fall within any of the exemption cases, the Chair of the Related Parties Committee of the Company, with the support of the Company's legal and corporate affairs department, must promptly carry out all the formalities set out in the Procedure and the regulations in force as well as provide in a timely manner to the Related Parties Committee a written report containing a summary of the Transaction and of all the elements required to assess the underlying reasons, terms and conditions of the Transaction, and namely:
- (i). the Related Party of the Company acting as a counterparty to the Transaction;
 - (ii). the nature of the relationship;
 - (iii). whether it falls within the category of Greater Importance Transactions or Lesser Importance Transactions;
 - (iv). the terms and conditions of the Transaction, including the indication of the relevant implementation processes, economic conditions and mechanics for the determination and payment terms of the price;
 - (v). the interest of the Company in carrying out the Transaction;
 - (vi). the reasons underlying the Transaction and the risks potentially deriving from its execution; and
 - (vii). all available documentation pertaining to the Transaction.

ARTICLE 8

Procedures Pertaining to Greater Importance Transactions and Lesser Importance Transactions Falling within the Competence of the Board of Directors or its Delegated Bodies

- 8.1 Greater Importance Transactions are subject to the exclusive approval by the Board of Directors, which must pass resolutions with regard thereto in accordance with the Procedure, the RPT Regulations and the regulations in force from time to time, subject to the reasoned and binding favorable opinion of the Related Parties Committee — called into play during the negotiation and examination phases of Greater Importance Transactions in accordance with Article 5.7 above — on the interest of the Company in carrying out the transaction as well as on the convenience and substantive fairness of its conditions, by specifying on a case-by-case basis, in case of Transactions with Related Parties impacted by the direction and control activities possibly exerted by the Company, the reasons and convenience of the Transaction, also in light, if necessary, of the overall results of the direction and control activities or of transactions aimed at fully eliminating the damages

deriving from that specific Related Party Transaction. The Company's executive Directors must communicate the Greater Importance Transactions on a preliminary basis, within the limits of their competence, to the Chair of the Related Parties Committee of the Company and the Company's legal and corporate affairs department, both of which must in turn inform the Related Parties Committee.

- 8.2 In case of Lesser Importance Transactions, the Related Parties Committee or the other entities listed in Article 5.4 must send — after receiving from the competent corporate functions all information in a prompt, exhaustive and adequate manner to the features of the Transaction that the Company is willing to carry out — to the Board of Directors (and/or the delegated body or other competent entity to which the powers to carry out specific Transactions were granted), ahead of the approval of the Transaction, its own non-binding reasoned opinion on the interest of the Company in carrying out the transaction as well as on the convenience and substantive fairness of its conditions, by specifying on a case-by-case basis, in case of Transactions with Related Parties impacted by the direction and control activities possibly exerted by the Company, the reasons and convenience of the Transaction, also in light, if necessary, of the overall results of the direction and control activities or of transactions aimed at fully eliminating the damages deriving from that specific Related Party Transaction.
- 8.3 Should the Committee release an unfavorable opinion on Lesser Importance Transactions, the Company (within fifteen days from the close of each quarterly accounting period) must make available to the public, at its registered office and in accordance with the procedures set out in Part III, Title II, Chapter I of the regulation adopted by CONSOB by resolution no. 11971/1999, as later amended and supplemented (the “**Issuers’ Regulation**”) an information document detailing the identity of the counterparty, the scope and price of the Lesser Importance Transactions approved in the referenced quarter irrespective of such unfavorable opinion, as well as the reasons underlying any such unfavorable opinion. Within the same period, the opinion released by the Related Parties Committee or by the Independent Experts consulted must be made available to the public in the form of an attachment to the information document or on the website of the Company.
- 8.4 The opinion contemplated under Articles 8.1 and 8.2 above must be attached to the minutes of the Related Parties Committee's meeting, and sent by the same, except for demonstrable reasons (including any request for in-depth analysis and clarification from the Related Parties Committee), within the 3 (three) days preceding the date set for the approval or performance of the Transaction. The Related Party Committee must meet in a convenient time prior to the date foreseen for the approval or performance of the Transaction. Other members of the Board of Directors and the members of the Board of Statutory Auditors, the head of the legal department, the chair of the supervisory board (*organismo di vigilanza*) formed pursuant to Italian legislative decree no. 231/2001, the executives in charge of the corporate functions within the Company and the Subsidiaries or other representatives of the corporate functions or third parties, whose presence is considered to be necessary or useful by the Related Parties Committee with respect to the Transaction may be invited to join the meeting upon request of the Chair.

- 8.5 Should the Transaction not be the competence of the Board of Directors, the directors involved in the Transaction⁵ shall abstain from voting thereon and the minutes of the resolutions approving the Transaction must contain adequate justification of the interest of the Company in performing the Transaction as well as of the convenience and substantive fairness of its conditions. Should the Transaction be the competence of the Chief Executive Officer or other directors or persons vested with delegated powers, the information on the interest of the Company in performing the Transaction as well as on the convenience and substantive fairness of its conditions is provided by the Chief Executive Officer to the Board of Directors and the Board of Statutory Auditors, in accordance with the mechanics and terms set out in Article 12 hereof.
- 8.6 Should a Related Party Transaction, including where executed by the intermediary of a Subsidiary, be subject also to the reporting requirements set out in Article 17 of regulation (EU) no. 596/2014, the disclosure to the public must contain, in addition to other pieces of information that must be published pursuant to such regulation, the following items:
- a) the description of the transaction;
 - b) an indication that the counterparty to the transaction is a Related Party and the description of the nature of the relationship;
 - c) the legal or commercial name of the counterparty to the transaction;
 - d) whether the transaction exceeds or not the Relevance Ratios and an indication as to the potential subsequent publication of an information document pursuant to Article 5 of the RPT Regulations;
 - e) the procedure which was or will be followed for the approval of the transaction and, in particular, whether the company used one of the cases of exclusion set forth in this procedure in accordance with Articles 13 and 14 of the RPT Regulations;
 - f) the approval, if applicable, of the transaction despite the unfavorable opinion of the Related Parties Committee or of the Independent Directors consulted.

ARTICLE 9

Transactions Attributed to the Competence of the Shareholders' Meeting

- 9.1 If the Transaction falls within the matters reserved to the competence of the Shareholders' Meeting or must be authorized by the Shareholders' Meeting, the procedures set out in Articles 7 and 8 above must be complied with, *mutatis mutandis*, therefore distinguishing, on a case-by-case basis, whether the Transaction at stake qualifies as a Greater Importance Transaction or a Lesser Importance Transaction. In that case, the Related Parties Committee must release its opinion pursuant to Articles 8.1 and 8.5 upon approval, by the Board of Directors of the Company, of the proposed resolution to be submitted to the Shareholders' Meeting.

⁵ Meaning the directors who have an interest in the transaction, be it their own or that of third parties, in conflict with that of the Company.

- 9.2 The opinions released by the Committee and the independent experts, if appointed, must be attached to the proposed resolution approved by the Board of Directors of the Company.
- 9.3 In the event that, in relation to a Greater Importance Transaction, the proposed resolution to be submitted to the Shareholders' Meeting is approved by the Board of Directors despite the unfavorable opinion of the Related Parties Committee, the Transaction — if provided for by the Bylaws of the Company and without prejudice to the quorum required to convene Shareholders' Meetings and to pass ordinary or extraordinary resolutions — may not be performed unless it has been approved with the favorable vote of the majority of the Unrelated Shareholders with voting rights, provided that such shareholders represented at least 10% of the corporate capital with voting rights in the Shareholders' Meetings. For the purpose thereof, before the beginning of the Shareholders' Meeting, the persons entitled with voting rights are required to communicate whether a relationship exists with respect to the Transaction under discussion.

ARTICLE 10

Transactions Performed by the Intermediary of Subsidiaries

- 10.1 The procedures set out in Articles 7 and 8 above also apply when Related Party Transactions are implemented by Subsidiaries. The Board of Directors of the Company or the Chair of the Related Parties Committee (or other entity entrusted with the powers to carry out specific transactions), on an autonomous decision, in compliance with the recommendations set out in the Corporate Governance Code or pursuant to laws or regulatory provisions, must examine or approve on a preliminary basis the prospective transaction.
- 10.2 The Chair of the Related Parties Committee (and/or the entity entrusted with the powers to carry out specific transactions), having heard the Related Parties Committee, may propose on a case-by-case basis to the Board of Directors of the Company that the procedures described in Articles 7 and 8 above are applied by the Company also for Transactions with Related Parties carried out autonomously by the Subsidiaries.
- 10.3 The Subsidiaries, to allow the Company to fulfill its disclosure obligations, are required to promptly send all pieces of information required by Articles 5 and 6 of the RPT Regulations. In particular, the Subsidiaries are required to send to the manager in charge of financial reporting at the Company:
- (i) within the 10th (tenth) day following the close of each calendar quarter, a notice on the Related Party Transactions performed in the reference period;
 - (ii) within 3 (three) days from the approval of the transaction or the execution of the contract which determines the excess of at least one of the Relevance Ratios, all pieces of information, including on an aggregate basis for transactions homogeneous in nature, pertaining to the Related Party Transactions that, as an aggregate, exceed at least one of the Relevance Ratio.

ARTICLE 11

Framework Resolutions

- 11.1 For the purpose of this Procedure, framework resolutions may be adopted whenever pertaining to a series of homogeneous Transactions to be performed by the Company, either directly or by the intermediary of one of its direct and/or indirect subsidiaries, with certain categories of Related Parties, identified by the Board of Directors of the Company. In such an instance, framework resolutions:
- a) must be effective for periods up to 1 (one) year; and
 - b) must refer to Related Party Transactions sufficiently determined, with the indication at least of the maximum foreseeable amount of the Transactions to be performed during the reference period and of the conditions set forth therein.
- 11.2 Framework resolutions must be adopted in accordance with the provisions under Article 11.1 above, depending on the maximum foreseeable amount of the Transactions contemplated in the framework resolution, considered in aggregate.
- 11.3 The Chair of the Board of Directors of the Company, in the context of the periodic information on management performance required under the laws and the Bylaws, must provide to the Board of Directors and the Board of Statutory Auditors, at least every quarter, an exhaustive information report on the implementation status of the framework resolutions.
- 11.4 Whenever a framework resolution is approved by the Board of Directors, the Company must publish an information document drawn up in accordance with Article 5 of the RPT Regulations if the maximum amount of the Transactions to be performed during the reference period identified in the framework resolution exceeds one of the Relevance Ratios.
- 11.5 Individual Related Party Transactions performed in implementation of a framework resolution are not subject to the provisions set out in Articles 7 and 8 hereof.

ARTICLE 12

Fulfilment Subsequent to the Performance of the Transactions and Information to the Public and the Consob

- 12.1 In accordance with the prescriptions contained in Article 5 of the RPT Regulations, upon performance of Greater Importance Transactions the Company is required to draw up an information document consistent with Schedule 4 of the RPT Regulations. Any opinions of the Related Parties Committee or of the Independent Directors, as well as any opinions issued by experts qualified as independent of which the Board of Directors has availed itself, shall be attached to such information document.
- 12.2 The Chair of the Related Parties Committee provides to the Board of Directors and the Board of Statutory Auditors, at least once every quarter, detailed information regarding the Transactions previously approved by the Board of Directors and/or carried out by delegated bodies (or by another entity appointed by the Company for the performance of specific

transactions), including all individual Transactions carried out in implementation of the framework resolutions previously approved by the Board of Directors in accordance with Article 11 hereof.

- 12.3 In particular, the Related Parties Committee and the Board of Directors must be notified of any variation to the Transactions possibly implemented to ensure the compliance to the conditions, if any, indicated by the Related Parties Committee in its opinion on the transaction.
- 12.4 To ensure coordination with the administrative and accounting procedures set forth in Article 154-bis of the Consolidated Law on Finance, periodic information on Greater Importance Transactions, on Lesser Importance Transactions and on Transactions implemented by the intermediary of Subsidiaries as defined in the above Articles hereof must also be provided to the manager in charge of financial reporting at the Company.
- 12.5 Upon fulfillment of the requirements set forth under the Procedure, the parties who performed Related Party Transactions must promptly notify to the Chair of the Related Parties Committee and the manager in charge of financial reporting at the Company which Transactions were carried out. The manager in charge of financial reporting at the Company is required to make such communication to the Company's legal and corporate affairs department for the update of the List of Related Parties.
- 12.6 The manager in charge of financial reporting at the Company must collect any piece of information required to comply with the disclosure obligations towards the public and the CONSOB provided for by Articles 5, 6, 12(2) and 13(3)(c) of the RPT Regulations, where applicable, according to the mechanics and in compliance with the terms provided for therein.

ARTICLE 13

Transactions Excluded from the Scope of the Procedure

- 13.1 The provisions contained in this Procedure do not apply to resolutions passed by Shareholders' Meetings pursuant to Section 2389(1) of the Italian Civil Code regarding fees payable to members of the Board of Directors of the Company, and they do not apply to resolutions regarding the remuneration of directors holding particular offices falling within the overall amount as possibly determined by the Shareholders' Meeting pursuant to Section 2389(3) of the Italian Civil Code and to the Company's Bylaws, nor to the shareholders' resolution pursuant to Section 2402 of the Italian civil code regarding the remuneration of the Company's statutory auditors.
- 13.2 The provisions contained in this Procedure do not apply to Small Amount Transactions. Such exclusion shall not apply to a number of Small Amount Transactions, that are homogeneous or carried out in implementation of a single program, executed with the same related party or related subjects to the latter or to the Company itself, which, when considered cumulatively, exceed the thresholds of significance identified.

13.3 The provisions contained in this Procedure shall not apply to the Transactions approved by the Company and intended for all the shareholders, all conditions being equal, therein including:

- a) capital increases on a rights offering, including for servicing convertible debenture loans, and the gratuitous capital increases envisaged by Article 2442, Italian Civil Code;
- b) demergers in the strictest sense, in whole or in part, with assignment of shares on a proportional basis;
- c) share capital reductions by means of reimbursement to shareholders, as provided for by Article 2445, Italian Civil Code, and purchases of own shares pursuant to Article 132 of the Consolidated Law.

13.4 Without prejudice to the disclosure obligations of periodic accounting information set out in Article 5(8) of the RPT Regulations, the provisions of this Procedure do not apply:

- a) to compensation plans based on financial instruments approved by the Shareholders' Meeting pursuant to Article 114-*bis* of the Consolidated Law on Finance and its implementing regulations;
- b) to resolutions, other than those described in Article 13.1 above, regarding the remuneration of the Company's directors holding particular offices as well as of the key management personnel, provided that:
 - i. the company has a remuneration policy in place approved by the Shareholders' Meeting;
 - ii. a committee consisting solely of non-executive directors, the majority of which are independent, was involved in the definition of the remuneration policy;
 - iii. the remuneration awarded has been identified in compliance with this policy and quantified on the basis of criteria that do not imply discretionary evaluations;
- c) to Ordinary Transactions completed at Market-Equivalent or Standard Terms. Should such case of exclusion apply, the Company is required to comply with the accounting information obligations towards Consob and the Related Parties Committee provided for by Article 5(8) and Article 13(3)(c) of the RPT Regulations, without prejudice to the disclosure obligations set out in Article 17 of regulation (EU) no. 596/2014 and, *inter alia*, the Company shall notify, within seven days after the approval of the Transaction, of (i) the counterparty, (ii) the object, (iii) the consideration for the transactions that benefited from the exclusion, as well as (iv) the reasons why it is believed that such transaction is an Ordinary Transaction and it is concluded at Market-Equivalent or Standard Terms conditions, providing objective facts, in order to enable the Related Parties Committee to verify in a timely manner the correct application of such exclusion case;
- d) to Transactions with or between Subsidiaries of the Company, including on a joint basis, as well as to Transactions with companies related to the Company, as long as other Related Parties do not hold Significant Interests in the Subsidiaries or associated companies acting as counterparties to the Transaction.

13.5 In cases where transactions are neither attributed to nor shall be authorized by the Shareholders' Meeting, in case of urgency and in accordance with the provisions of may be executed notwithstanding the provisions contained in Articles 7 and 8 above, without prejudice to the disclosure obligations set out in Article 5 of the RPT Regulations as well as to the reserved competence of the Board of Directors, provided that:

- a) for Transactions falling within the competence of directors vested with specific proxies, the Chair of the Related Parties Committee is informed of the reasons underlying the urgency in a timely manner and, in any case, before the carrying out of the Transactions;
- b) these Transactions then become part, without prejudice to their effectiveness, of a non-binding resolution passed by the first valid ordinary Shareholders' Meeting of the Company;
- c) the Board of Directors of the Company, in convening the Shareholders' Meeting as set out in letter b) above, draws up a report containing contextualized indications of the reasons underlying such urgency. In such an instance, the Board of Statutory Auditors of the Company is required to report to the Shareholders' Meeting called in accordance with letter b) above its own assessments as to the applicability or not of the reasons underlying the urgency;
- d) the report and assessments contemplated in letter c) above are made available to the public at least 21 (twenty-one) days prior to the date set for the Shareholders' Meeting at the registered office of the Company and according to the mechanics set forth in Part III, Title II, Chapter I of the Issuers' Regulation, or are made available by inclusion in the information document pertaining to the Greater Importance Transactions that must be published in accordance with Article 5(1) of the RPT Regulations;
- e) within the day following the conduct of the Shareholders' Meeting, the Company makes available to the public, in accordance with the mechanics set forth in Part III, Title II, Chapter I of the Issuers' Regulations, any information concerning the results of the vote, especially with regard to the number of total votes cast by Unrelated Shareholders.

13.6 The cases for exclusion set out in this Article also apply to Transactions implemented by the intermediary of Subsidiaries as detailed in Article 10 hereof.

13.7 The Chair of the Board of Directors - for evaluation purposes and at least on an annual basis, with the support of the relevant functions and the subjects involved in the Transactions - provides information on the application of exemptions envisaged in accordance with this Article 13 at least with reference to Greater Importance Transactions to the Related Parties Committee or to the Independent Directors consulted.

ARTICLE 14

Final Provisions

- 14.1 The Procedure and any amendment thereto must be approved by the Board of Directors of the Company, subject to the favorable opinion of the Related Parties Committee pursuant to Article 5 of the Procedure and Article 4 of the RPT Regulations.
- 14.2 The Board of Directors of the Company must periodically and, in any event, at least once every three years, assess whether to review this Procedure in consideration, among other things, of any change in the law and regulation requirements, of the proven effectiveness of the Provision in practice and of any change that may have occurred in the ownership structure of the Company.
- 14.3 The legal and corporate affairs department is in charge of transmitting the Procedure, jointly with the list of persons included on the List of Related Parties, to the manager in charge of financial reporting at the Company, to the administration, finance and control direction (*Direzione Amministrazione, Finanza e Controllo*) and to the main corporate functions of the Company as well as to the Functions in charge of supervising the compliance to the Procedure (e.g., Internal Audit function and Board of Statutory Auditors).
- 14.4 The legal and corporate affairs department must also transmit this procedure to the directors and to the main corporate functions of the Subsidiaries, so that they may read it and, as far as they are concerned and within the limits of their respective competence, comply with it. For this purpose, the Chair of the Board of Directors of the Company must send a notice, with the Procedure attached, to the management body of the Subsidiaries providing instructions on the main obligations of the Subsidiaries, to ensure the effectiveness of the processes governed by the Procedure. The management bodies of the Subsidiaries are required to subscribe and send, for acceptance, to the Chair of the Board of Directors of the Company a notice of acceptance of all instructions received, thereby undertaking to comply, within the limits of their respective competences, all obligations provided for in the Procedure and to disseminate the Procedure within their companies and any companies on which such Subsidiaries may exert control under the applicable laws and regulations.
- 14.5 The Board of Statutory Auditors of the Company is in charge of supervising the adherence of this Procedure to the prescriptions of the RPT Regulations and to the regulations in force from time to time, as well as the compliance thereto, and must report to the Shareholders' Meeting of the Company in accordance with Article 153 of the Consolidated Law on Finance.
- 14.6 This Procedure is made available to the public on the Company's website, under the "Investor Relations" section, and is referred to, by means of references on that same website, in the annual management report, which contains information on the Related Party Transactions carried out during the relevant accounting period as well as on any amendment or development occurring with respect to the Related Party Transactions described in the latest annual report that had a significant impact on the assets or revenues of the Company during the reference accounting period.
- 14.7 As to all aspects not expressly addressed herein, the applicable provisions of law and regulations in force from time to time apply.

APPENDIX

Definitions of related parties and transactions with related parties and functional definitions according to international accounting principles

For the purposes of Article 3 of this Procedure, the following definitions contained in the international accounting principles shall apply.

“Transaction(s) with related party (parties)”: any transfer of resources, services or obligations between the Company (or the Subsidiaries) and one or more Related Parties, regardless of whether a price is charged^{6,7}.

“Related party”: a person or entity that is related to the entity that is preparing its financial statements (i.e. the Company).

A person or entity is a related party to the Company:

- a) in case of a person or close member⁸ of that person’s family, if that person:
 1. has control⁹ or joint control over the reporting entity;
 2. has significant influence over the reporting entity;
 3. is a member of the key management personnel¹⁰ of the reporting entity or of a parent of the reporting entity.

- b) in case of other entities, if any of the following conditions applies:
 1. 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);
 2. 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);
 3. both entities are joint venture of the same third party;
 4. one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

⁶ IAS 24, paragraph 9: these transactions include (i) mergers, demergers by incorporation or non-proportional demergers in the strictest sense, if carried out with related parties; (ii) decisions regarding the assignment of remunerations and financial benefits, in any form whatsoever, to the members of management and control bodies and of key management personnel.

⁷ In considering each possible related party relationship, attention is directed to the substance of the relationship and not merely its legal form (IAS 24, paragraph 10). The interpretation of the definitions included in the Appendix of this Procedure 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.

⁸ “Close relatives” of an individual are those family members who may be expected to influence or be influenced by, that individual in their dealings with the company, and include: (a) the individual’s children and spouse or domestic partner; (b) children of the individual’s spouse or domestic partner; (c) dependants of the individual or the individual’s domestic partner (IAS 24, paragraph 9).

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

¹⁰ Key management personnel are those persons who have the power and responsibility, directly or indirectly, for planning, directing and controlling activities of the Company, including directors (whether executive or otherwise) of the Company (IAS 24, paragraph 9).

5. 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;
6. the entity is controlled or jointly controlled by a person identified in (a);
7. a person identified in (a)(1) 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);
8. The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity¹¹.

In the definition of related party, an associate includes the subsidiaries of the associate and a joint venture includes the subsidiaries of the joint venture¹².

¹¹ IAS 24, paragraph 9.

¹² Therefore, for example, a subsidiary of an associate and the investor that has significant influence over the associate are related to each other (IAS 24, paragraph 12).



Procedure for the regulation of
transactions with related parties
of Piovan S.p.A.

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