



Procedure for related-party transactions

**Approved by the Board of Directors
of Pirelli & C. S.p.A. on 31 August 2017**

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Procedure for related-party transactions

Article 1 (Regulatory sources)

1.1 This procedure (hereinafter, the “**Procedure**”) is adopted pursuant and consequent to art. 2391-*bis* of the Italian Civil Code and the “Regulation for related-party transactions” adopted by Consob decision 17221 dated 12 March 2010, and subsequent amendments and additions (hereinafter, the “**RPT Regulation**”), having regard for the instructions and clarification provided by Consob in communication DEM/10078683 dated 24 September 2010.

Article 2 (Scope of application)

2.1. The Procedure establishes the rules adopted by Pirelli & C. S.p.A. (hereinafter “**Pirelli**” or the “**Company**”) and its subsidiaries when carrying out transactions with parties related to the Company.

2.2. For the purposes of the Procedure, a related-party transaction (hereinafter, “**RPT**”) is any transfer of resources, services, or commitments among related parties, regardless of whether or not a consideration has been agreed.

2.3 RPTs put in place “through” subsidiaries are to be intended as transactions carried out by Pirelli’s subsidiaries subject to the Company’s examination or approval. In this respect, it should be noted that: (a) the review or approval of the RPT must not necessarily be conducted under internal regulations or necessarily take place through an explicit resolution. It is, in fact, sufficient for a body or a Pirelli representative to preventively review or approve the transaction by virtue of the delegated powers conferred upon him/her; (B) what is meant by “examination” is not merely receiving information on the RPT carried out by the subsidiary (for example, for purposes of control or for the purpose of drafting corporate accounting documents), but rather an assessment of the RPT that may lead (for instance, in the form of an opinion, even a non-binding one) capable of affecting the RPT approval process by the subsidiary.

Article 3 (Definition of related party and related-party transaction)

3.1 Pursuant to the Procedure and given the ownership structure of Pirelli, is related to the Company (hereinafter, “**Related Party**”) whoever:

- (a) directly, or indirectly via subsidiaries, trust companies, intermediaries or otherwise:
 - (i) controls Pirelli, is controlled by Pirelli, or is subject to joint control;
 - (ii) holds a sufficient investment in Pirelli to be able to exercise significant influence over the Company;
 - (iii) exercises control over Pirelli together with other parties;
- (b) is an associated company of Pirelli;
- (c) is a joint venture in which Pirelli participates;
- (d) is a director, a statutory auditor, one of the executives with strategic responsibilities of Pirelli or one of its parent companies, or the executive responsible for preparing the corporate accounting documents of the Company (the “**Chief Reporting Officer**”);
- (e) is a close family member of one of the parties referred to in letters (a) or (d);
- (f) is an entity over which one of the parties referred to in letters (d) or (e) exercises control, joint control or significant influence or holds, directly or indirectly, a significant share, being not less than 20%, of the voting rights;
- (g) is a collective or individual supplementary pension fund, whether Italian or foreign, established in favour of the employees of the Company or any other entity to which it is related.

3.2 For the above purposes, the concepts of “control”, “joint control”, significant influence”, “subsidiary”, “associate” and “joint venture” are those described in attachment 1 to the RPT Regulation.

In particular, the concepts of “executives with strategic responsibilities”, “close family members” and “related-party transaction” are defined below:

Executives with strategic responsibilities: are the directors (whether or not executive directors) of the Company, as well as those persons identified in a specific resolution adopted by the Board of Directors of the Company who have

powers over and direct or indirect responsibility for the planning, management and control of the activities of the Company and/or its subsidiaries.

Close family members: are those family members who may be expected to influence, or be influenced by, the person concerned in their relations with the Company.

They are presumed to include:

- (a) the spouse, if not legally separated, or the life partner;
- (b) the children and other persons supported by the person concerned, the spouse, if not legally separated, or the life partner.

Related-party transaction: any transfer of resources, services, or commitments among related parties, regardless of whether or not a consideration has been agreed. RPTs always include extraordinary transactions for the acquisition and/or disposal of (tangible and intangible) assets and/or business segment, mergers, spin-offs on formation or non-proportional spin-offs in the strict sense, if carried out with related parties; (ii) all decisions relating to the allocation of remuneration and economic benefits, in any form, to the members of the administrative and control bodies and to the executives with strategic responsibilities; (iii) any amendment/revision of contracts that gives rise to a transfer of wealth or the allocation of economic benefits to one of the parties.

Article 4 (Threshold of significance)

4.1 RPTs are deemed to be of greater significance (hereinafter, “**RPT of Greater Significance**”) if the transactions exceed the thresholds envisaged in attachment 1.

4.2 RPTs are deemed to be of insignificant amount (hereinafter, “**RPT of Insignificant Amount**”) if the value of the transactions does not exceed euro 150,000

4.3 RPTs are deemed to be of lesser significance (hereinafter, “**RPT of Lesser Significance**”) if the transactions are not RPTs of Greater Significance or RPTs of Insignificant Amount.

Article 5 (Exemptions)

5.1 The Procedure does not apply to RPTs of Insignificant Amount.

5.2 The Procedure does not apply, except as specified in para. 3 of this article:

- (a) to transactions carried out by Pirelli with subsidiaries, or to transactions carried out between the subsidiaries of Pirelli;
- (b) to transactions carried out by Pirelli or its subsidiaries with associates of Pirelli;
- (c) in the case of Ordinary transactions (as defined in art. 6 below) carried out on market or standard (as defined in art. 7 below) terms and conditions, without prejudice in those cases to the disclosures required by art. 12, letter c), of the RPT Regulation;

5.3 The Procedure does apply, even in the cases indicated in art. 5.2 sub (a) and (b), when the counterparties to the transactions are subsidiaries or associates of Pirelli in which other parties related to Pirelli have significant interests, including but not limited to, the exercise of significant influence by the related party involved in the transaction. A significant interest also exists if one or more directors or other executives with strategic responsibilities of Pirelli benefit from incentive plans based on financial instruments (or, in any case, forms of variable remuneration) that depend on the results obtained by the subsidiaries with which the transaction is carried out. In this case, significance is assessed with reference to the weighting of the remuneration dependent on the results of the subsidiary (including the above-mentioned incentive plans) with respect to the total remuneration of the director or the executive with strategic responsibilities.

Article 6 (Ordinary transactions)

6.1 Ordinary transactions (“**Ordinary transactions**”) are operations carried out in the ordinary course of the operating and related financial activities of Pirelli or its subsidiaries, and all other business management activities that are not classified as an Investment or a Financial Activity (hereinafter, “**Core Activity**”). For example, on condition that they comply with the specific relevant corporate procedures, Ordinary transactions comprise those operations whose purpose,

frequency, size, terms and conditions, and nature of counterparty fall within the ordinary exercise of the Core Activity, including in particular:

- the commercialisation and production of goods, works and services in the context of the Core Activity;
- the purchase of goods, works and services connected with the Core Activity and/or necessary for the functioning, maintenance and conservation of the technological adequacy of the industrial infrastructure or the property employed in the Core Activity and, in general, the functioning of the organisation of the business on its current scale and with its current characteristics, unless the transaction represents an Investment or a Financial Activity;
- the acquisition and management of financial resources, including the related hedging activities associated with carrying out the Core Activity, with the exclusion of all transactions representing an Investment or a Financial Activity;

the management of equity investments, including in particular:

- the purchase and sale of equity investments;
- subscription to capital increases, except those with the exclusion of option rights,

unless this represents an Investment or a Financial Activity.

6.2 For the purposes of the Procedure, an **Investment** is: (i) any transaction that results in the purchase or the disposal of fixed assets (e.g. the purchase or disposal of property, plant and equipment or intangible assets), except for any “non-current” assets that are held for sale; (ii) any financial investment that is not classified among the so-called “cash and cash equivalents”.

6.3. For the purposes of the Procedure, a **Financial Activity** is any activity that results in changes: (i) to the amount and composition of paid-in capital; (ii) to the loans obtained by the Company that are unrelated to the Core Activity.

Article 7 (Conditions equivalent to market or standard terms and conditions)

7.1 Conditions are equivalent to market or standard terms and conditions when they are similar to those usually applied to parties unrelated to Pirelli in transactions of a corresponding nature, size or risk, or are based on public and/or regulated tariffs or on imposed prices.

Article 8 (RPT Committee)

8.1 The Board of Directors of the Company establishes a Committee for RPTs (hereinafter, “**RPT Committee**”) comprising exclusively of at least three Independent Directors.

8.2 An RPT Committee is established even if the Board of Directors assigns the related responsibilities to a pre-existing committee, on condition that it comprises exclusively of at least three Independent Directors.

8.3 If at least three Independent Directors have not been appointed, the provisions of art. 20 below are applicable.

8.4 The members of the Board of Statutory Auditors are invited to attend the meetings of the RPT Committee.

8.5 The Board of Directors may appoint Alternate Independent Directors, indicating the order in which they may serve.

8.6 The Alternate Independent Directors, in the order indicated, stand in temporarily for the examination of RPTs in which one or more serving members of the RPT Committee (or a Related Party via them) are counterparties to the transaction. If the Board of Directors has not implemented the provisions of para. 5 above, it arranges to supplement the RPT Committee temporarily, on a case-by-case basis, should one or more members of the RPT Committee be counterparties to the transaction.

8.7 The Alternate Independent Directors, in the order indicated, stand in and remain in office until the first meeting of the Board of Directors called to resolve on supplementing the RPT Committee should a serving member of the RPT

Committee cease to serve for any reason, or should the last-mentioned cease to meet the independence requirements envisaged in the Procedure.

Article 9 (Other definitions)

For the purposes of the Procedure, the following definitions are applicable:

Independent Directors: the directors of Pirelli who meet the independence requirements envisaged in the Corporate Governance Code of Borsa Italiana, with which Pirelli has confirmed compliance. In particular, Independent Directors are those deemed to be such by the Board of Directors of the Company at the time of their appointment and, subsequently, at least at the time of the meeting of the Board of Directors held to approve the Annual Report on Corporate Governance and the Ownership Structure.

Managers: the managers of Business Units/Central Functions/Operational Activities.

First Reports: the Managers who report directly to the VP and CEO.

Unrelated Shareholders: the parties that hold voting rights, other than the counterparty of a given RPT and the Related Parties of both the counterparty to a given RPT and the Company.

Article 10 (Database of Related Parties)

10.1 The Related Parties of Pirelli are input to and sorted in a specific database (hereinafter, “**Database**”) that the Company manages based on the information in its possession and the declarations received from the direct related parties.

10.2 The parent companies, directors, statutory auditors, executives with strategic responsibilities, parties with significant influence over Pirelli and the other direct related parties pursuant to the Procedure, make a declaration in which they provide the information needed to identify the parties that are related via them.

10.3 The Database is updated at least every three months. In particular, the Secretary to the Board of Directors gathers the declarations made by the related parties during the month following the end of each quarter and sends

them to the Finance Department responsible for updating the Database, as well as to the Chief Reporting Officer.

10.4 Without prejudice to the provisions of para. 3 of this article, the direct related parties inform the Secretary to the Board of Directors on a timely basis about the existence of any new parties that are related via them.

10.5 the RPT Committee monitors the proper updating of the Database, partly by conducting specific periodic audits with support from the Internal Audit function of the Company.

Article 11 (Check on the applicability of the Procedure)

11.1 Before carrying out a transaction, the Managers of the Company and its subsidiaries check whether or not the counterparty is a related party.

11.2. If the counterparty to the transaction is found to be a related party and the transaction is not covered by the exemptions envisaged in art. 5 and 14, the Manager suspends the due diligence and/or negotiations and informs a First Report of the Company or, in the case of an Italian or foreign subsidiary, the Chief Financial Officer (or, if unavailable, the Chief Executive Officer) of that company who, in turn, informs the Chief Financial Officer of Pirelli.

11.3 On receipt of the communication, the First Report of the Company or the Chief Financial Officer of Pirelli notifies the Secretary to the Board of Directors who - in consultation with the Lead Independent Director, if necessary - gives instructions for the continuation of the transaction in compliance with the provisions of art. 13 (RPT of Greater Significance) or art. 14 (RPT of Lesser Significance) of the Procedure.

11.4 The activities described in the above paragraphs are adequately documented and rendered traceable.

Article 12 (RPT of Greater Significance)

12.1 In the case of an RPT of Greater Significance, the Secretary to the Board of Directors informs the Chief Executive Officer without delay and the Chairman of the RPT Committee.

12.2 The Secretary to the Board of Directors ensures the complete and timely flow of information between the parties authorised to conduct the negotiations and the RPT Committee.

In particular, prior to the start of the negotiations regarding the RPT of Greater Significance, the Committee must receive a report indicating the principal elements of the transaction and, subsequently, during the negotiations, a periodic report at least every three months indicating any significant changes with respect to the previous report.

The RPT Committee is notified about the definitive termination of all negotiations.

12.3 At the convocation and, in any case, reasonably in advance before the meeting, the Secretary of the Board of Directors will send to the RTP Committee the documentation with all the adequate and complete information according to the RTP. When the RTP conditions are defined as market or standard equivalents, the documentation transmitted to the RTP Committee must contain objective supporting evidence.

12.4 The RPT Committee, or the Independent Director specifically authorised by the RPT Committee, is entitled to request information from and make comments to the persons authorised to conduct the negotiations or the due diligence for the transaction.

12.5 On completion of the due diligence, the Chairman of the RPT Committee, directly or via the Secretary to the Board of Directors, calls a meeting of the RPT Committee so that it can express a reasoned opinion on the interest of the Company in carrying out the transaction, as well as on the reasonableness and propriety in substance of the related conditions.

12.6 The RPT Committee is entitled to obtain assistance, at the expense of the Company, from one or more independent experts selected by the Committee.

12.7 The opinion of the RPT Committee is sent, via the Secretary to the Board of Directors, to the Chairman of the Board of Directors who adds the RPT of Greater Significance to the agenda of the Board of Directors of Pirelli, which is entitled to make the relevant decision.

12.8 The Board of Directors, which is the sole body entitled to approve RPTs of Greater Significance, only approves the transaction if the RPT Committee has issued a favourable opinion.

In order for an opinion to be considered favourable, it must concur entirely with the transaction, unless specified otherwise in the opinion issued. If the opinion is considered favourable and, therefore, allows the transaction to be completed despite the presence of some elements of dissent, the opinion shall specify the reasons for which these elements are not deemed to affect the overall opinion on the interest of the Company in carrying out the transaction, as well as on the propriety in substance of the related conditions. A favourable opinion issued by the RPT Committee on condition that the RPT is completed or carried out in compliance with one or more instructions shall be deemed favourable pursuant to the Procedure, subject to effective compliance with the specified conditions; in that case, evidence of compliance with the conditions is provided in the report on the execution of the transactions supplied to the administrative and control bodies.

12.9 With regard to the RPTs of Greater Significance submitted for approval, the Board of Directors receives adequate information with reasonable notice about each transaction, as well as about the nature of the relationship, how the transaction will be executed, the economic and other conditions for its completion, the assessment process followed and any risks for Company, together with the opinion issued by the RPT Committee.

12.10 After the transaction has been approved by the Board of Directors, the Secretary to the Board of Directors informs the First Report in charge of the transaction, or the Chief Financial Officer in the case of transactions to be carried out by subsidiaries of Pirelli. Without prejudice to the provisions of para. _Below, in the absence of approval by the Board of Directors or in the presence of an adverse opinion from the RPT Committee, the Company and/or its subsidiaries do not commence or continue the negotiations.

12.11 Following approval of the RPT of Greater Significance, to be carried out directly or by the subsidiaries of Pirelli, the Company prepares a document for

disclosure to the public on the basis and with the timing specified in the RPT Regulation.

12.12 When, pursuant to the law or the Articles of Association, an RPT of Greater Significance must be decided upon or authorised at a Shareholders' Meeting, the provisions of this article are applicable in relation to the negotiations, the due diligence and the approval of the proposed resolution for submission to the Meeting.

Article 3 (RPT of Lesser Significance)

131 In the case of an RPT of Lesser Significance, the Secretary to the Board of Directors informs the Chairman of the RPT Committee who, directly or via the Secretary to the Board of Directors, calls a meeting of the RPT Committee so that it can express a reasoned opinion on the interest of the Company or its subsidiary in carrying out the transaction, as well as on the reasonableness and propriety in substance of the related conditions.

132 At the time of notifying the RPT of Lesser Significance to be carried out, the First Report of the Company or the Chief Financial Officer, in the case of transactions to be carried out by subsidiaries, provides a detailed report containing a description of the transaction, details of the counterparty, the principal economic and other conditions of the RPT, the reasons for the interest of the Company, or the subsidiary, in carrying out the RPT and the reasonableness of the conditions.

13.3 When calling the meeting of the RPT Committee and, in any case, in good time before the meeting, the Secretary to the Board of Directors sends documentation containing adequate and complete information about the RPT to the members. When the conditions for the RPT are deemed to be equivalent to market or standard conditions, the documents sent to the RPT Committee must contain objective supporting evidence.

13.4 The Committee is entitled to obtain assistance, at the expense of the Company, from one or more independent experts selected by the Committee, up to a maximum expenditure of 2% of the value of the RPT of Lesser

Significance and, in any case, not exceeding Euro 150 thousand, without prejudice to the ability of the RPT Committee to exceed this maximum expenditure limit with agreement from the Chief Executive Officer .

13.5 Having examined the RPT of Lesser Significance, the RPT Committee issues its opinion on the transaction. The minutes documenting approval of the transaction must contain adequate reasons for the interest in carrying out the transaction and on the reasonableness and propriety in substance of the related conditions.

In order for an opinion to be considered favourable, it must concur entirely with the transaction, unless specified otherwise in the opinion issued. If the opinion is considered favourable and, therefore, allows the transaction to be completed despite the presence of some elements of dissent, the opinion shall specify the reasons for which these elements are not deemed to affect the overall opinion on the interest of the Company in carrying out the transaction, as well as on the propriety in substance of the related conditions. A favourable opinion issued by the RPT Committee on condition that the RPT is completed or carried out in compliance with one or more instructions shall be deemed favourable pursuant to the Procedure, subject to effective compliance with the specified conditions; in that case, evidence of compliance with the instructions is provided in the report on the execution of the transactions supplied to the administrative and control bodies.

13.6 In the event of a favourable opinion, the Secretary to the Board of Directors informs the First Report in charge of the transaction, or the Chief Financial Officer, who in turn informs the Chief Financial Officer of the subsidiary of Pirelli.

13.7 Every quarter, the Chief Financial Officer submits, via the Secretary to the Board, a report to the Board of Directors and the Board of Statutory Auditors on the execution of the RPTs of Lesser Significance carried out by the Company or its subsidiaries.

13.8 In the case of an adverse opinion from the RPT Committee, the Secretary to the Board of Directors informs the First Report of the Company in charge of

the transaction, or the Chief Financial Officer, and the Company and/or its subsidiaries do not commence or continue the negotiations.

13.9 When, pursuant to the law or the Articles of Association, an RPT of Lesser Significance must be decided upon or authorised at a Shareholders' Meeting, the provisions of this article are applicable in relation to the negotiations, the due diligence and the approval of the proposed resolution for submission to the Meeting.

Article 14 (Remuneration of the Directors)

14.1 The Procedure does not apply:

- a) to the shareholders' resolutions adopted pursuant to art. 2389, para. 1, of the Italian Civil Code concerning the remuneration of the members of the Board of Directors and, if established, the Executive Committee, or to the resolutions concerning the remuneration of the directors with specific responsibilities included in the total amount established in advance at the Shareholders' Meeting pursuant to art. 2389, para. 3, of the Italian Civil Code. The Procedure also does not apply to the shareholders' resolutions adopted pursuant to art. 2402 of the Italian Civil Code concerning the remuneration of the members of the Board of Statutory Auditors;
- b) to the compensation plan based on financial instruments approved at the Shareholders' Meeting pursuant to art. 114-bis of the Consolidated Law and the related implementing transactions;
- c) in the situations envisaged in art. 15.2 below, to the resolutions - other than those indicated in letter a) - concerning the remuneration of directors with specific responsibilities and the other executives with strategic responsibilities.

14.2 In particular, the Procedure does not apply to the situation indicated sub c), on condition that:

- (i) the Company has adopted a compensation policy, including policies covering mutual agreements for termination of the working relationship;
- (ii) the compensation policy was determined with the contribution of a committee composed solely of non-executive directors, the majority of

- whom were independent;
- (iii) a report explaining the compensation policy was submitted to a consultative vote at the Shareholders' Meeting; and
 - (iv) the remuneration assigned is consistent with that policy.

Article 15 (Framework resolutions)

15.1. For certain categories of transaction, the Company may adopt framework resolutions relating to transactions of the same type with specified categories of Related Party.

15.2. The initiative with regard to the adoption of framework resolutions resides with the Chief Executive Officer, the General Managers, if appointed, the Secretary to the Board and the Chief Financial Officer who, having determined that it would be appropriate to adopt framework resolutions, prepare a proposal that expressly indicates (i) the category of transactions for which the adoption of a framework resolution is requested; (ii) the related party or type of related party that is counterparty to the transactions addressed by the framework resolution; (iii) the duration of the effectiveness of the framework resolution; (iv) the maximum expected amount of the transactions to be carried out during the reference period; (v) the reasons for the conditions specified in the framework resolution.

15.3 The proposed framework resolution is transmitted to the Secretary to the Board of Directors who, having checked the Greater or Lesser Significance of the framework resolution, sends the proposal to the Chairman of the RPT Committee for the appropriate considerations of that committee on the basis and with the timing specified in this article.

15.4. Framework resolutions cannot be effective for more than one year and must specify the types of transaction covered, the maximum expected amount of the transactions to be carried out during the reference period and the reasons for the conditions specified in them.

15.5. Framework resolutions for transactions cumulatively totalling more than Euro 50 million or, if lower, the amount established in application of the thresholds envisaged in attachment 1 for the definition of RPTs of Greater

Significance (**“Framework Resolutions of Greater Significance”**), are submitted for prior approval by the Board of Directors following the issue of a favourable opinion by the RPT Committee and the other requirements relating to RPTs of Greater Significance, including publication of the disclosure document envisaged in the RPT Regulation. In the event of an adverse opinion, the proposal is not submitted to the Board of Directors.

15.6. Framework resolutions for transactions cumulatively totalling less than the amount indicated in para. 5 (**“Framework Resolutions of Lesser Significance”**) must be approved by the RPT Committee and subjected to the rules applying to RPTs of Lesser Significance.

15.7. The Finance Department sends a quarterly report to the Board of Directors on the implementation of the framework resolutions at the time of approval by the Board of Directors of the reports required by art. 154-ter TUF.

15.8. The individual transactions carried out in implementation of the framework resolution are not subject to the provisions of arts. 13 and 14 of the Procedure. The transactions completed in implementation of a framework resolution described in a published disclosure document are not included in the cumulative total calculated to determine if the significance thresholds have been exceeded.

Article 16 (Urgent transactions)

16.1 In urgent cases, if expressly allowed in the Articles of Association of the Company and without prejudice to the obligations to disclose “information to the public about related-party transactions” specified in art. 5 of the RPT Regulation, the transaction may be completed without complying with arts. 13 and 14 of the Procedure, on condition that it does not have to be referred to and authorised at the Shareholders’ Meeting and:

- (i) the transaction to be carried out (a) is within the powers of an executive director or the Executive Committee, if appointed and (b) the Chairman of the Board of Directors and the Lead Independent Director, if appointed, are informed about the urgent reasons prior to carrying out the transaction. If carrying out the transaction falls within the powers

- delegated to the Chairman or in any case relates to him, the RPT is approved by the Board of Directors;
- (ii) while remaining effective, these transactions are subsequently subjected to a non-binding resolution at the next available ordinary Shareholders' Meeting;
 - (iii) the Board of Directors prepares a report stating adequate reasons for the urgency. Pursuant to art. 12, para. 6.c), of the RPT Regulation, the Board of Statutory Auditors reports to the Shareholders' Meeting on the validity of the urgent reasons;
 - (iv) the reports of the Board of Directors and the Board of Statutory Auditors referred to in point (iii) above are made available to the public, at the registered office, at least 21 days prior to the date fixed for the shareholders' meeting, in the manner specified in the Issuers' Regulation;
 - (v) by the day following that of the Shareholders' Meeting, the Company makes the information about the outcome of voting available to the public, in the manner specified in the Issuers' Regulation, highlighting the total number of votes cast by unrelated parties.

Article 17 (Amendment of the Procedure)

17.1 Amendments to the Procedure are approved by the Board of Directors having received the opinion of the RPT Committee; should this committee no longer be in office or there are fewer than three independent directors in office, the alternative controls envisaged in art. 20 below are applied.

17.2 Periodically and at least every three years, the Board of Directors - having received the opinion of the RPT Committee - considers the need to revise the Procedure to take account, among other factors, of any changes in the ownership structure and its effectiveness.

Article 18 (Disclosures to the public about RPTs)

18.1. The Company discloses information to the public about the RPTs on the basis and with the timing specifically envisaged in and governed by arts. 5 and 6 of the RPT Regulation, as well as by art. 17 of Regulation (EU) 596/2014.

Article 19 (Alternative controls)

19.1. If there are fewer than three independent directors in office, the resolutions relating to the amendment of the Procedure, the RPTs of Greater Significance and the RPTs of Lesser Significance are approved with the opinions in favour of any independent directors present or, in their absence, after receiving the non-binding opinion of an independent expert.

19.2 If there are fewer than three independent directors in office, the duties and the rights assigned to the RPT Committee regarding the negotiations and due diligence for the RPTs of Greater Significance are assigned to one or more unrelated directors present or to an independent expert.

Article 20 (Monitoring by the Board of Statutory Auditors)

20.1 The Board of Statutory Auditors monitors compliance by the Procedure and its subsequent amendments with the principles of the RPT Regulation and compliance with the Procedure.

20.2 Pursuant to art. 2429, para. 2, of the Italian Civil Code and art. 153 TUF, the Board of Statutory Auditors reports to the Shareholders' Meeting on its activities.

Article 21 (Coordination with the procedures of the Chief Reporting Officer)

21.1 The Chief Reporting Officer ensures the necessary coordination of the Procedure with the accounting and administrative procedures for the preparation of the separate and consolidated financial statements, as well as all other financial communications.

All RPTs approved pursuant to the Procedure are communicated on a timely basis to the Chief Reporting Officer by the Secretary to the Board of Directors, in order to comply with the disclosure requirements envisaged in art. 154-bis of the Consolidated Law.

21.2. The Chief Reporting Officer notifies the Board of Directors on a timely basis about any changes in the Procedure he deems necessary to guarantee coordination over time with the accounting and administrative procedures referred to in the previous paragraph, having regard among other matters for any changes in international accounting standards and/or Italian regulations.

Article 22 (Application date)

22.1 The Procedure is applicable from the date on which the shares of Company are admitted to trading on the MTA market organised and managed by Borsa Italiana S.p.A.

22.2 The Procedure and its subsequent amendments are published without delay on the website of the Company, without prejudice to the obligation to mention them, by reference to the above website or otherwise, in the Report on Operations.

Attachment 1 - Transactions of Greater Significance

1.1. Pursuant to the Procedure, RPTs of Greater Significance are defined as transactions in which at least one of the following parameters of significance, as applicable depending on the specific transaction, exceeds the threshold of 5%:

a) Amount parameter of significance: ratio of the amount of the transaction to the shareholders' equity reported in the latest consolidated statement of financial position published by the Company or, if greater, the capitalisation of the Company determined at the close of the last trading day in the reference period of the periodic accounting document published most recently (annual or half-yearly report or interim report on operations).

If the economic conditions of the transaction are known, the value of the transaction is:

- i) for cash components, the amount paid to/by the contractual counterparty;
- ii) for components consisting of financial instruments, their fair value determined at the date of the transaction in compliance with the international accounting standards endorsed in Regulation (EC) 1606/2002;
- iii) for loans or the giving of guarantees, the maximum amount to be paid out.

If the economic conditions of the transaction depend in whole or in part on totals not yet known, the value of the transaction is the maximum amount receivable or payable under the agreement.

b) Asset parameter of significance: ratio of the total assets of the entity involved in the transaction to the total assets of the Company. The data to be used must be taken from the latest consolidated statement of financial position published by the Company; where possible, similar data must be used to determine the total assets of the entity involved in the transaction.

With regard to the acquisition or disposal of equity investments in companies with an effect on the scope of consolidation, the value of the numerator is represented by the total assets of the company concerned, regardless of the percentage of capital involved in the transaction.

With regard to the acquisition or disposal of equity investments in companies without an effect on the scope of consolidation, the value of the numerator is represented:

- i) in the case of acquisitions, by the value of the transaction uplifted by any liabilities of the acquired company that are taken over by the purchaser;

ii) in the case of disposals, by the consideration for the activity sold.

With regard to the acquisition or disposal of other activities (excluding the purchase of an equity investment), the value of the numerator is represented:

i) in the case of acquisitions, by the greater of the consideration or the carrying amount to be attributed to the activity;

ii) in the case of disposals, by the carrying amount of the activity.

b) Liability parameter of significance: ratio of the total liabilities of the entity acquired to the total assets of the Company. The data to be used must be taken from the latest consolidated statement of financial position published by the Company; where possible, similar data must be used to determine the total liabilities of the company or line of business acquired.

1.2. Transactions with a listed parent company or with parties related to the latter that, in turn, are related to the Company, if at least one of the parameters of significance specified in para. 1.1 exceeds the threshold of 2.5%.

1.3. Pursuant to the Procedure, transactions that fall below the quantitative thresholds of significance listed above are still RPTs of Greater Significance if, given their nature, strategic importance, size or commitments, they have a significant impact on the activities of the Company or the Group, or might affect the operational autonomy of the Company ("**Transactions of Strategic Significance**").

1.4. In the case of several transactions combined together, the Company first determines the significance of each transaction with reference to the parameter or parameters indicated in para. 1.1 that apply to it. In order to check if the thresholds envisaged in paras. 1.1 and 1.2 are exceeded, the results relating to each parameter are then added together.