



Latest update as of 30 June 2021

Approved by the Board of Directors of Giglio Group S.p.A. on 31 May 2017 and effective from the date of trading of the ordinary shares on the MTA segment of Borsa Italiana S.p.A., on 20 March 2018 (replacing the Procedure Governing Transactions with Related Parties adopted by the Board of Directors on 31 May 2017, pursuant to the applicable law for companies with financial instruments admitted to trading on the MTF AIM Italia/Alternative Capital Market of Borsa Italiana S.p.A.) and subsequently updated on 14 May 2019.

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APPLICABLE REGULATORY FRAMEWORK

For the purpose of this procedure, the following regulatory framework was taken into account:

- Regulation issued by Consob with resolution no. 17221 of 12 March 2010 (as subsequently amended, up to resolution no. 21624 of 10 December 2020) (also referred to as the "**Related Parties Transaction Regulation**" or the "**Regulation**");
- EU Regulation no. 596/2014 of the European Parliament and of the European Council of 16 April 2014 concerning market abuse (Market Abuse Regulation, hereinafter also referred to as the "**MAR**");
- Legislative Decree no. 58 of 14 February 1998 (hereinafter also referred to as the "**CFA**").

1. Recitals and Scope

This procedure (the "**Procedure**") was approved by the Board of Directors of Giglio Group S.p.A. (the "**Company**" or the "**Issuer**") on 31 May 2017 and amended firstly on 14 May 2019 and then on 30 June 2021, upon favourable opinion of the independent directors pursuant to Art. 2391-bis of the Italian Civil Code and to Art. 4, par. 1 and 3 of the related party transaction regulation adopted by Consob with Resolution no. 17221 of 12 March 2010, as subsequently amended with Resolution no. 21624 of 10 December 2020 (the "**Regulation**").

The Company constantly updates the provisions set forth in this Procedure, so as to conform them to the regulations applicable from time to time and to adapt them to the structure of the Company. The Board of Statutory Auditors ensures the conformity of the Procedure to the current regulations, as well as its correct application, reporting thereon to the Board of Directors pursuant to Art. 2429, par. 2 of the Italian Civil Code, as well as to Art. 153 of Legislative Decree no. 58/1998.

The Procedure is aimed at defining the rules, the methods and the principles required to guarantee the transparency and the substantial and procedural fairness of the Related Parties Transactions implemented by the Company, directly or through one of its subsidiaries.

Any subsequent amendment and/or integration shall be effective from the day of the publication of the Procedure on the website of the Company, from a different day as set forth in any legal or regulatory provision or from the Board of Directors' resolution.

2. Definitions

Independent Directors: the directors of the Company in possession of the independence requirements provided for under Art. 148, par. 3, of the CFA or recognised as such by the Company pursuant to the Corporate Governance Code adopted by the Issuer;

Directors Involved in the Transaction: the directors of the Company who hold an interest in the transaction, directly or on behalf of thirds, that conflicts with the interest of the Company;

Non-Related Directors: the directors of the Company different than:

- a) the counterparty of the Company in a specific transaction carried out directly by the Company;
- b) the related party of said counterparty;

Non-Executive Directors: the directors of the Company recognised as such by the Company pursuant to the Corporate Governance Code.

Corporate Governance Code: the Corporate Governance Code of listed companies promoted by the Listed Companies Corporate Governance Committee and adopted by Borsa Italiana S.p.A. in January 2020, as applicable from time to time, and to which the Company adheres;

Internal Control, Risk and Related-Parties Committee or **Committee:** the Committee envisaged in par. 5 hereunder;

Financial Reporting Officer: the Financial Reporting Officer appointed by the Board of Directors of the Issuer, pursuant to Art. 154-bis of the CFA.

Significance Thresholds: the significance thresholds set out in Annex 3 of the Regulation;

Significant Interest: the interest of a Related Party of the Company, eventually generated by shareholding or economic relationships with the Subsidiaries or the Affiliated Companies of the Issuer, which could lead an independent party acting with professional diligence to assume that said Related Party may directly or indirectly obtain an advantage or disadvantage of any kind from the execution of a Transaction with Related Parties of the Company. Those interests resulting from the mere sharing of one or more directors or other key managers between the Company and the Subsidiaries and affiliated companies are not considered Significant Interests;

Related-Party/ies Transaction/s or Transaction/s: pursuant to Art. 3, par. 1, letter a) of the Regulation, which refers to the definitions of the international accounting standards adopted pursuant to Art. 6 of the Regulation (EC) no. 1606/2002, to the current version mentioned in the Annexes of the Regulation and to this Procedure, any transfer of resources, services and obligations between the Company (or its Subsidiaries) and one or more Relater Parties, regardless of the existence of a consideration agreed upon or not.

Transactions of Minor Value: the Related-Parties Transactions in which the foreseeable maximum amount of the consideration or the foreseeable maximum amount of the services provided by the Company does not exceed, for each transaction,

- (a) € 50,000, with regard to the allocation and increase of remunerations and economic benefits, in any form, including the issuing of loans, financing or guarantees to a member of an administrative or control body, or to other senior executives of the Company identified by the Board of Directors, as well as to their close family members;
- (b) € 75,000, for each Related-Parties Transaction different than the ones mentioned in letter (a), should the counterparty be a natural person;
- (c) € 100,000, for each Related-Parties Transaction different than the ones mentioned in letter (a) and (b), or for the Related-Parties Transaction different than the ones mentioned in letter (a) and (b), carried out with the same Related Party but similar between them or carried out in execution of a single strategy.

Transactions of Greater Importance: the Transactions - included homogeneous transactions or transactions executed in implementation of a single programme with the same Related Party or parties related to the latter and to the Company - where at least one of the Significance Thresholds indicated in Annex 3 of the Regulation has been exceeded;

Transactions of Lesser Importance: the Transactions that are not Transactions of Greater Importance or Transactions of Limited Value;

Ordinary and Standard Transactions or Transactions At Standard Market Conditions: the Related-Parties Transactions, including those that constitute Transactions of Greater Importance, that:

- a) fall within the ordinary exercise of the operational activities or are connected with the financial activities of the Company; and

- b) have been executed at Standard Market Conditions, that is:
1. at conditions similar to those usually employed with non-related parties for transactions of a similar nature, size and risk; or
 2. at conditions based on regulated tariffs or on fixed prices; or
 3. at conditions applicable for entities with which the Company is bound by law to contract a pre-determined level of consideration.

Related Parties: the entities defined in Art. 3, par. 1, letter a) of the Regulation, which refers to the definitions of the international accounting standards adopted pursuant to Art. 6 of the Regulation (EC) no. 1606/2002, to the current version mentioned in the Annexes of the Regulation and to this Procedure.

Non-Related Shareholders: the entities with voting rights in the Company's Meetings, different than:

1. the counterparty of the Company in a specific transaction carried out directly by the Company;
2. the related parties of said counterparty and of the Issuer's Related Parties.

The terms that are not specifically defined in this Procedure have the meaning given to them in the Regulation. Please refer to it for further details.

3. Identification of Related Parties

- 3.1 For the purpose of this Procedure, the notions of "control", "joint control", "significant influence", "close family members", "senior executives", "subsidiary", "affiliated company" and "joint-venture", used to identify each Related Party, refer to the ones contained in the international accounting standards adopted pursuant to Art. 6 of the Regulation (EC) no. 1606/2002, in the current version of the Annexes of the Regulation and in this Procedure.
- 3.2 The Chairman of the Board of Directors and the Financial Reporting Officer of the Issuer shall settle the cases where the identification of the Related Parties is disputed on the basis of the related definition provided under the paragraph above. If the Chairman of the Board of Directors is a Related Party in a specific transaction, the controls and decisions shall be adopted by the Board of Directors and the Financial Reporting Officer, or if the Financial Reporting Officer is a Related Party in the same transaction, by the Board of Directors.

4. Register of Related Parties Transactions

- 4.1 The Company shall set up a dedicated register in which the Related Parties identified pursuant to the above paragraph will be registered ("**Register of Related Parties**").

- 4.2 The Register of Related Parties shall be set up and updated by the Accounting and Finance Department of the Company, in collaboration with the competent functions of the Company and its Subsidiaries, on the basis of the information and the documents request and received by the same, or in any case already available.
- 4.3 For the purpose of identifying the Related Parties, the Accounting and Finance Department of the Company shall request each directors, auditor and key manager of the Company. to submit a statement of relation (as per Annex D of this Procedure, "**Statement of Relation**"), in which the parties affected shall communicate the data regarding their relations with other companies, as well as with close family members, as per Annex A.
The parties identified as Related Parties shall promptly notify the Company's Accounting and Finance Department of any material change concerning the persons and entities to which they are related, submitting a new Statement of Relation.
- 4.4 The Accounting and Finance Department, in collaboration with eventual subjects appointed, shall verify the reception of all Statements of Relation and to control that they are duly filled and signed before registering the indirect Related Parties mentioned therein in the section of the Register of Related Parties.

5. Internal Control, Risk and Related-Parties Committee

- 5.1 The Board of Directors of the Company shall set up an Internal Control, Risk and Related-Parties Committee (the "**Committee**") responsible for Related-Parties Transactions, composed at least by two non-executive and Independent Directors appointed with justified resolution of the Board of Directors.
Unless otherwise decided by the Board of Directors upon their appointment, the mandate of the members of the Committee shall have the same duration as that of the Board of Directors to which they belong. Should members of the Board of Directors vacate their seats on that board for any reason whatsoever, they shall immediately lose their seats in the Committee as well. If a seat in the Committee is vacated for any reason whatsoever, the Board of Directors shall appoint a new member in compliance with the provisions set forth in this Article.
- 5.2 If there are not at least two non-executive and Independent Directors, or if, in relation to a specific Transaction, one or more members of the Committee declare their relation with said Transaction, he/she or they shall promptly notify the Chairman of the Board of Directors and the functions of the Committee related to the specific Transaction, in order to safeguard the substantial fairness of the Transaction, shall be carried out by the Board of Statutory Auditors.
- 5.3 Should the Board of Directors ask for the opinion of the Board of Statutory Auditors, the members of the latter who have an interest in the Transaction, on their own behalf or on behalf of third parties, shall promptly notify the other auditors, specifying its nature, terms, origin and range, and the majority of the members of

the Board of Statutory Auditors shall be made up of non-related entities that are not involved with the same Transaction.

5.4 The Committee shall carry out the functions set forth in the Regulation in the law applicable from time to time and in this Procedure and, in particular, by way of example but not limited thereto:

- a) Shall express its prior opinion on the approval of, and amendment to, the Procedure, and on the proposals to be submitted to the Shareholders' Meeting regarding any amendments to the By-laws identified as necessary by the Board of Directors in relation to the definition of the Procedure;
- b) Shall express its justified and binding opinion on the Transactions of Greater Importance and express its justified and non-binding opinion on the Transactions of Lesser Importance. In both cases, the opinion shall focus on the interest of the Company in the completion of the Transactions, as well as on the advantages and substantial fairness of its conditions, and shall be attached to the minutes of the Committee's meeting;
- c) Shall promptly participate in the negotiation and preparatory stage of the Transactions of Greater Importance by receiving a complete and updated flow of information, with the right to request information and to make observations to the delegated bodies and persons engaged to conduct the negotiations or the preparatory stage; and
- d) Shall support the competent corporate functions and departments responsible for the preliminary investigations to determine the Related Parties and the Related Parties Transactions pursuant to this Procedure, the Regulation and the applicable law from time to time.

5.5 If the nature, size and features of the Transaction so entail, the Committee may be assisted, at the expense of the Company, by one or more independent experts of their choice. The same Committee shall assess beforehand the independence of the experts, taking into account the reports mentioned in par. 2.4 of Annex 4 to the Regulation.

5.6 In any event, no counterparties to the transaction or Related Parties of the Company or of a counterparty to the transaction may be engaged as independent experts.

6. Reservation of powers and limitations for granting proxies

6.1 The Transactions with Related Parties which are not reserved to the Shareholders' Meeting are approved and/or executed by the Board of Directors or by the delegated bodies or by the other persons authorized to approve and/or execute such transactions pursuant to the delegations of powers and corporate governance rules adopted by the Company and in respect of the provisions of this Procedure.

6.2 If the Transaction does not fall within the jurisdiction of the Board of Directors and there is any relation with the delegated body or any other authorized persons or

with a Related Party through such delegated body, the latter shall refrain from executing the Transaction and shall delegate accordingly the Board of Directors. If the Transaction falls within the jurisdiction of the Board of Directors, the Directors Involved in the Transaction shall abstain from voting on its resolution.

- 6.3 Transactions of Greater Importance and transactions not executed at arm's length shall be the exclusive competence of the Board of Directors, except where such transactions pertain to matters reserved by law and/or the By-laws for the Shareholders' Meeting.
- 6.4 The provisions set forth in Art. 8.3 of this Procedure apply to the Transactions that fall within the jurisdiction of the Shareholders' Meeting.

7. Identification of Related Parties Transactions

- 7.1 The competent parties for the approval and/or execution of a specific transaction, on behalf of the Company or of its Subsidiaries, shall ascertain as soon as possible through the information available, and in any case before beginning the negotiation, whether the transaction is to be considered a Related Parties Transaction or not, by checking the Register of Related Parties and, if necessary, by asking for the support of the Accounting and Finance Department of the Company and the Legal and Corporate Affairs Office.
- 7.2 If the counterparty to the transaction is a related party, they shall promptly notify the Accounting and Finance Department, the Financial Reporting Officer and the Chairman of the Board of Directors. The **notice** shall include the following information:
- a) The intention to begin the negotiations for the execution of the transaction;
 - b) The identification data of the counterparty and the nature of the relation verified on the basis of the provisions set forth in the Register of Related Parties;
 - c) The type, the object, the maximum economic conditions and the estimated timing of the transaction;
 - d) The reasons of the transaction;
 - e) Any other transactions concluded with the same Related Party or with other parties related to it;

Moreover, should the Transaction be qualified as Ordinary and Standard or At Standard Market Conditions, the documents shall contain objective evidence of the above.

- 7.3 The notice shall be sent by the party that wishes to begin negotiations to the Accounting and Finance Department. The information may be sent also in several stages if, due to the nature of the transaction, they are not available at the time of the notice.
- 7.4 After receiving the notice, the Accounting and Finance Department shall promptly assess:

- a) If the counterparty qualifies as a Related Parties Transaction;
- b) If the transaction qualifies for one of the exemptions envisaged in par. 11 of this Procedure;
- c) If the Transaction is carried out in execution of a framework resolution, as set forth in Art. 10 of this Procedure;
- d) If the transaction qualifies as Transaction of Lesser or of Greater Importance.

7.5 If, after the verifications performed by the Accounting and Finance Department, a transaction qualifies as a Related-Party Transaction, one of the exemption cases set forth in Art. 11 of this Procedure cannot be applied and the Transaction is not carried out in execution of a framework resolution, the Chairman of the Board of Directors of the Company, with the support of the aforementioned offices, shall promptly satisfy the obligations envisaged by the Procedure and applicable laws and regulations, and shall promptly send a written report to the Committee (and to the attention of the Chairman of the Board of Statutory Auditors) containing a summary of the Transaction and all information needed in order to assess the reasons, terms and conditions of the Transaction, while specifically indicating:

- a) The Related Party of the Company that is the counterparty to the Transaction;
- b) The nature of the relation;
- c) If it is a Transaction of Greater Importance or a Transaction of Lesser Importance;
- d) The terms and conditions of the Transaction, including the procedures for executing it, the economic conditions, the procedures for determining them, and the price and payment terms;
- e) The interest of the Company in executing the Transaction;
- f) The reasons below the Transaction and any risks that might result from it being carried out; and
- g) All documents available regarding the Transaction that may be useful to the Committee for the execution of their tasks.

8. PROCEDURE GOVERNING TRANSACTIONS WITH RELATED PARTIES

8.1 Transactions of Greater Importance

When outside of the jurisdiction of the Shareholders' Meeting, the Transactions of Greater Importance shall be submitted for approval solely to the Board of Directors, who shall resolve upon them in compliance with the Regulation and the laws applicable from time to time, upon favourable and binding opinion of the Committee on the Company's interest in the completion of said Transaction, as well as on the advantages and substantial fairness of its conditions. The opinion shall be

attached to the minutes of the Committee's meeting. In any event, the Directors Involved in the Transaction shall abstain from voting on its resolution.

The Committee shall intervene in the negotiation and investigation stage of the Transactions of Greater Importance and shall receive, well in advance of the date set for the Transaction's assessment, complete and adequate information on the Transaction of Greater Importance, as well as, in the event of Ordinary Transactions, also objective evidence for comparison.

As indicated by the Chairman, other members of the Board of Directors and the members of the Board of Statutory Auditors, the chairman of the supervisory body established pursuant to Legislative Decree no. 231/2001, the senior managers and heads of the bodies and departments of the Company and its Subsidiaries or other members of corporate bodies and departments and third parties may be invited to participate in the meeting, as deemed necessary or useful by the Committee in relation to the Transaction.

Should the Transaction be approved, the minutes of the Board's meeting shall include an adequate reason justifying the interest of the Company in the completion of said Transaction, as well as the advantages and substantial fairness of its conditions.

In the case of Related-Party Transactions influenced by any management and coordination exercised by the Company, both the opinion of the Committee and the minutes of the Board of Directors' resolution shall duly identify the reasons and advantages of the Transaction, even in light of the overall result of management and coordination or of transactions aimed at fully eliminating the damage resulting from the individual Related-Party Transaction.

The Transactions of Greater Importance also include similar transactions or transactions carried out in execution of a single strategy with the same Related Party or with more entities related both to the latter and the Company that, albeit not qualifiable as Transactions of Greater Importance, exceed, jointly, one of the Significance Index.

Notwithstanding Art. 6.3 of this Procedure, and without prejudice to the disclosure obligations set forth in Art. 5 of the Regulation, in the event of an emergency, it is possible to derogate from the provisions of this Art. 8.1, in accordance with the conditions laid down in Art. 13, par. 6 of the same Regulation.

8.2 Transactions of Lesser Importance

In the event of a Transaction of Lesser Importance, the Committee must disclose, before the completion of the transaction, its reasoned and non-binding opinion on the Company's interest in the completion of the Transaction, as well as on the advantages and substantial fairness of its conditions. The opinion shall be attached to the minutes of the Committee's meeting.

Moreover, in the case of Related-Party Transactions influenced by any management and coordination exercised by the Company, the opinion of the Committee and the decision of the Board of Directors shall duly identify the reasons and advantages of the Transaction, even in light of the overall result of management and coordination or of transactions aimed at fully eliminating the damage resulting from the individual Related-Party Transaction.

The Committee shall meet in good time before the date set for the approval or execution of the Transaction, in order to express its opinion: to this purpose, the Committee and the body called to resolve on the Transaction shall receive well in advance of the date set for its assessment, complete and adequate information on the Transaction of Lesser Importance, as well as, in the event of Ordinary and Standard Transactions or Transactions At Standard Market Conditions, also objective evidence for comparison.

As indicated by the Chairman, other members of the Board of Directors and the members of the Board of Statutory Auditors, the chairman of the supervisory body established pursuant to Legislative Decree no. 231/2001, the senior managers and heads of the bodies and departments of the Company and its Subsidiaries or other members of corporate bodies and departments and third parties may be invited to participate in the meeting, as deemed necessary or useful by the Committee in relation to the Transaction.

If the Transaction is reserved for the competence of the Board of Directors, the minutes of the resolutions approving the Transaction must contain adequate justifications of the interest of the Company in executing the Transaction and of the advantages and substantial fairness of its conditions; the Directors Involved in the Transaction shall abstain from voting on its resolution.

If the Transaction is reserved for other directors or persons who have been delegated with the relevant authority, notwithstanding the previous par. 6.2, the Chairman of the Board of Directors shall provide the information on the interest of the Company in executing the Transaction and the advantages and substantial fairness of its conditions to the Board of Directors and the Board of Statutory Auditors on the first useful meeting, pursuant to the terms and conditions provided for under Article 12.1 hereof.

In case of urgency, the provisions set forth in this Art. 8.2 and the conditions established in Art. 13, par. 6 of the Regulation can be derogated from.

8.3 Transactions falling within the remit of the Shareholders' Meeting

If the prospective Transaction falls within the competence of the Shareholders' Meeting or must be authorized by the latter, the procedures indicated in the paragraphs above shall be followed mutatis mutandis, distinguishing on a case-by-

case basis whether they involve a Transaction of Greater Importance or a Transaction of Lesser Importance. In this case, the Related Party Transaction Committee shall express its justified opinion in due time for the approval by the Board of Directors of the Company of the proposed resolution to be submitted to the Shareholders' Meeting.

If so required by the Company's By-laws and without prejudice to Art. 5 of the Regulation, if applicable, in cases of urgency related to situations of corporate crisis, the transactions can be concluded in derogation from the provisions set forth in the previous paragraph, provided that: (i) the body calling for the meeting prepares a report containing an adequate explanation for the reasons of the urgency and the supervisory body informs the meeting about its assessment regarding the existence of the reasons of the urgency; (ii) the aforementioned report and the assessment are made available to the public at least 21 days before the day set for the meeting at the registered office of the Company and in accordance with the terms and conditions indicated in Part III, Title II, Chapter I of the Regulation.

9. TRANSACTIONS CARRIED OUT THROUGH SUBSIDIARIES

- 9.1 Should the Board of Directors of the Company examine and/or approve Related Parties Transactions carried out through Subsidiaries of the Issuer pursuant to Art. 2359 of the Italian Civil Code, the Committee, the Board of Statutory Auditors and the Board of Directors of the Company shall receive well in advance adequate and complete information on the transaction and, in particular, on the nature of the transaction (with the identification of the related party), the subject-matter, the economic conditions and the timing, as well as on the interests and the reasons below the Transaction. Should the Transaction be qualified as Ordinary and Standard or At Standard Market Conditions, the documents shall contain objective evidence of the above.
- 9.2 The Transaction shall be approved and/or executed by the competent party of the Subsidiary upon justified non-binding opinion from the Committee. Said opinion shall be issued within three days before the date of approval and/or execution of the transaction, notwithstanding proven reasons or in the case of urgency. All information submitted to the Committee or, as the case may be, to the parties that replace it, together with the documents related to the transaction, shall be promptly made available to the competent party for the approval and/or execution of the transaction.
- 9.3 Should the transaction to be carried out through the Subsidiary fall under the competence of the Shareholders' Meeting, the aforementioned procedure shall be applied, along with the necessary adaptation of the resolution proposal to be submitted to the Meeting itself.
- 9.4 The Chairman of the Board of Directors, in collaboration with the competent corporate functions of the Subsidiaries, shall submit, at least once every three months, to the Board of Directors and to the Board of Statutory Auditors, a

complete and detailed disclosure document on the execution of the transactions, of the transactions carried out despite the negative opinion of the Committee and of any negative opinion expressed by the Committee, notwithstanding the provisions set forth in the paragraph 8 above concerning the competence of the administrative body in collegiate form, as well as of the transactions subject to exemptions pursuant to the Regulation and approved by the Subsidiaries in the quarter, together with their main conditions and characteristics.

10. PROCEDURE GOVERNING FRAMEWORK RESOLUTIONS

- 10.1 Pursuant to Art. 12 of the Regulation, homogeneous transactions with specific categories of related parties to be carried out also through Subsidiaries, can be approved with framework resolutions.
- 10.2 The provisions set forth in the previous par. 8.1 and 8.2 must be applied to the resolutions concerning the adoption of framework resolutions, according to the foreseeable maximum amount of the transactions related to the specific framework resolution, jointly, notwithstanding the aforementioned Art. 6.
- 10.3 Framework resolutions adopted in accordance with this paragraph shall be valid for no more than one year and shall refer to sufficiently specific Transactions, indicating at least the maximum expected value of the Transactions to be carried out during the reference period and the reason underlying the relevant conditions.
- 10.4 The Chairman of the Board of Directors, in collaboration with the competent Company Departments and Functions, shall provide a comprehensive disclosure on the status of implementation of the framework resolutions to the Board of Directors and to the Board of Statutory Auditors at least once every three months.
- 10.5 In the event of the approval of a framework resolution, the Company shall publish a disclosure document pursuant to Art. 5 of the Regulation if the maximum expected value of the Transactions to be carried out during the reference period identified in the framework resolution exceeds any of the Significance Thresholds mentioned in Annex. 3 of the Regulation.
- 10.6 The provisions of Art. 7 and 8 of the Regulation (8.1 and 8.2 in this Procedure) shall not apply to individual Related Party Transactions executed in implementation of a framework resolution. The Transactions executed in implementation of a framework resolution subject to a disclosure document published in accordance with the previous paragraph shall not be taken into account for the cumulation provided for in Art. 5, par. 2 of the Regulation.

11. TRANSACTIONS EXCLUDED PURSUANT TO ART. 13 OF THE REGULATION

- 11.1 Notwithstanding the exclusion cases set forth in Art. 13, par. 1 and 4 of the Regulation, the provisions of the Procedure shall not apply to:

- a) Transactions of Limited Value;
- b) Transactions resolved upon by the Company and aimed at all shareholders under the same conditions, including:
 - 1. Paid capital increases, also to serve convertible bonds, and free capital increases, as provided for in Art. 2442 of the Italian Civil Code;
 - 2. Total or partial demergers, with a proportional shares allocation' criterion;
 - 3. Reductions in share capital through the reimbursements to shareholders set forth in Art. 2445 of the Italian Civil Code and the purchase of own shares pursuant to Art. 132 of the CFA.
- c) Compensation plans based on financial instruments approved by the Shareholders' Meeting pursuant to Art. 114-bis of the CFA and the related transactions in execution thereof (see par. 11.2);
- d) Resolutions, other than those envisaged in Art. 13.1 of the Regulation, concerning the remuneration of the Company's Directors holding a special office and of key managers, in accordance with the conditions set forth in Art. 13, par. 3, letter b) (see par. 11.3);
- e) Ordinary and Standard Transactions or Transactions At Standard Market Conditions (see par. 11.4);
- f) Transactions entered into with or between Subsidiaries and Transactions entered into with affiliated companies, provided that there are no Significant Interests in the Subsidiaries or affiliated companies (see par. 11.5).

Moreover, it must be understood that the obligation of periodic disclosure provided under Art. 5, par. 8 of the Regulation shall apply to the resolutions mentioned in letters (c), (d) and (e).

11.2 The Chief Executive Officer shall cater for:

- Sending to the Committee, on at least a half-yearly basis, the information related to the application of the exemption cases set forth in Art. 11 of this Procedure (without prejudice to Transactions of Limited Value);
- Sending to the Committee, on at least a half-yearly basis, the information related to the application, with regard to the Transactions of Greater Importance, of the exemption related to Ordinary and Standard Transactions or Transactions At Standard Market Conditions, disclosed to the Committee pursuant to Art. 11.4.2 of this Procedure, so as to allow the latter to carry out its assessments;
- Keeping the documents related to the Transaction for the next 5 years.

11.3 Transactions of Limited Value

Transactions of Limited Value are exempt from the scope of the Regulation and of this Procedure, and shall be carried out by the competent party of the Company (in compliance with the powers appointed to it) or by executive directors and managers delegated with the relevant authority within the Subsidiaries.

This exclusion shall not apply in the case of more than one Transaction of Limited Value, homogeneous or carried out by virtue of an overall plan, executed with the same related party or with parties related both to the latter and to the Company that, considered collectively shall exceed the aforementioned amount.

11.4 Compensation plans pursuant to Art. 114-bis of the CFA

Pursuant to Art. 13, par. 3, letter a) of the Regulation, the compensation plans based on financial instruments approved by the Meeting pursuant to Art. 114-bis of the CFA and the related transactions in execution thereof are excluded from the scope of the Regulation and of this Procedure.

In accordance to Art. 114-bis of the CFA, the obligations related to the transparency and the substantial and procedural fairness set forth in the provisions applicable from time to time shall apply to the compensation plans.

11.5 Resolutions concerning the remuneration of Directors holding a special office and other key managers

Pursuant to Art. 13, par. 3, letter b) of the Regulation, the resolutions concerning the remuneration of Directors holding a special office and other key managers vested with specific offices (different from those indicate in Art. 13, par. 1 of the Regulation) are excluded from the scope of this Procedure, if:

- a) The Company has adopted a remuneration policy approved by the Shareholders' Meeting;
- b) A committee composed exclusively by non-executive directors a majority of whom are independent was involved in the definition of the remuneration policy;
- c) The remuneration assigned is determined in compliance with said policy and quantifies n the basis of non-discretionary criteria.

11.6 Ordinary and Standard Transactions or Transactions At Standard Market Conditions:

11.6.1 Identification of Ordinary and Standard Transactions or Transactions At Standard Market Conditions:

The identification of "Ordinary and Standard Transactions" and of "Transactions at Standard Market Conditions" set forth in par. 11.4 of the Procedure lies with the assessment of the Accounting and Finance Department, which reports back to the Chairman of the Board of Directors to submit the results of its assessment.

11.6.2 Applicable Regulation

Ordinary and Standard Transactions or Transactions At Standard Market Conditions are excluded from the scope of any provision of the Regulation and of this Procedure, with the exception of the provision set forth in Art. 5, par. 8 of the Regulation concerning the periodic financial disclosure and in Art. 13, par. 3, letter c) of the Regulation.

Nevertheless, the competent body for the resolution and/or execution of the transaction shall receive, at least three days before the approval of the same transaction, a complete and adequate disclosure on the transaction, including documents containing objective confirmation elements related to executive conditions of the Transaction.

In the event that the Transactions benefiting from the exemption set forth in this paragraph are Transactions of Greater Importance, notwithstanding the provisions of Art. 17 of the MAR, the Company shall:

- a) Disclose to Consob and to the Committee, within seven days from the approval of the transaction, the counterparty, the object and the consideration of said transaction, as well as the reasons for which the Transaction is Ordinary and Standard or At Standard Market Conditions, providing objective evidence to support this.
- b) Highlight in the Directors' Report on the Interim Condensed Consolidated Financial Statements and in the Annual Directors' Report which transactions have been executed under the exemption of this paragraph in the context of the disclosure set forth in Art. 5, par. 8 of the Regulation.

For every Ordinary and Standard Transactions or Transactions At Standard Market Conditions subject to exemption, the Accounting and Finance Department shall keep records, within the Register of Related Parties Transactions, of the following elements: ordinary nature of the transaction in relation to the subject-matter, the recurrence and the size of the transaction; nature of the relation; complexity of the economic agreement form; size and type of counterparty.

11.7 Transactions with and between Subsidiaries and/or affiliated companies

Notwithstanding Art. 5, par. 8 of the Regulation concerning periodic financial disclosure, the Transactions with and between Subsidiaries, also jointly, as well as with affiliated companies, are excluded from the scope of any provision set forth in the Regulation and in this Procedure, provided that in the Subsidiaries or the affiliated companies, as counterparties of the transactions, there are no Significant Interests of other parties related to the Company.

The materiality of the interests of other related parties inside the Subsidiaries or the affiliated companies shall be assessed by the Accounting and Finance Department, which shall report back to the Chairman of the Board of Director who, when deemed

appropriate, shall be able to pass the assessment on to the Board of Directors. The assessment shall be carried out in any case also taking into account the existence of any shareholding relations between the Company's Subsidiaries or affiliated companies and other related parties of the Company as well as any relations of a financial nature between the Subsidiaries or the affiliated companies, on the one hand, and other related parties of the Company, on the other.

Finally, those interests resulting from the mere sharing of one or more directors or other key managers, if present, between the Company and the Subsidiaries and affiliated companies are not considered Significant Interests, as explained also in the Regulation. Indeed, in the event of one or more shared directors or other key managers who benefit from incentive plans based on financial instruments (or on variable remuneration) and dependant on the results achieved by the Subsidiaries or the affiliated companies with which the Transaction shall be executed, those interests shall be considered as Significant.

By way of example, and without prejudice to the appropriate assessments to be carried out in the particular case, a significant interest shall be deemed as such:

- (a) When a directors or a senior executive involved in the transaction, either of the Issuer or of its Subsidiaries or Affiliated Companies with which the Transaction is carried out, benefits from incentive plans based on financial instruments (or, in any case, from variable remuneration plans) depending on the results achieved by said Subsidiary or Affiliated Company; or
- (b) When there is a shareholding relationship in a third party company similar to the following: Company A controls 50% of the capital represented by shares with voting rights of Company B, which, in turn, controls 50% of Company C, that is not listed. Moreover, Company A directly controls the remaining 50% of Company C.

In the transaction between Company B and Company C, Company A holds a significant interest in Company C, given that the actual weight of its shareholding in the latter is equal to $50\% + (50 \times 50\%) = 75\%$, while the weight of its shareholding in B is equal to 50%.

12. DISCLOSURE ON TRANSACTIONS WITH RELATED PARTIES

12.1 Internal disclosure on Related Parties Transactions of Lesser Importance

12.1.1 The Chairman of the Board of Directors, in collaboration with the competent Company Departments and Functions and/or with the support of the Subsidiaries' management or corporate functions, shall submit to the Board of

Directors and to the Board of Statutory Auditors a complete and adequate disclosure on:

- a) The execution of relevant transactions pursuant to the Regulation, as well as of transactions subject to exemptions in accordance to Art. 13, par. 2, 3, letter c) and par. 6, and Art. 14, par. 2 of the same Regulation, approved in the quarter, together with their main conditions and characteristics; the disclosure shall include also those Related Parties Transactions carried out through the Subsidiaries that were assessed or approved by the Board of Directors of the Company and for whose the Committee expressed a non-binding opinion;
- b) The execution of framework resolutions.

12.1.2 If the Committee expresses a negative opinion on a Transaction of Lesser Importance, the Company, without prejudice to the provisions set forth in Art. 17 of MAR (within fifteen days from the closure of each quarter) shall disclose to the public (at its registered office and in accordance with the terms and conditions indicated in Part III, Title II, Chapter I of the Regulation) a document containing the name of the counterparty, the subject-matter and price of the Transactions of Lesser Importance approved during such quarterly period in spite of the aforementioned negative opinion, and the reasons underlying the Company's decision not to adhere to that opinion. Within the same terms, the aforementioned opinion shall be made available to the public as annex to the disclosure document or on the Company's website.

12.2 Public disclosure on Related Parties Transactions of Greater Importance

Notwithstanding the provisions set forth in Art. 12.1 of this Procedure, in the event of Transactions of Greater Importance, carried out also through its Subsidiaries, the Company shall prepare, pursuant to Art. 114, par. 5 of the CFA, a disclosure in compliance with the terms and conditions set forth in Art. 5 of the Regulation and in accordance with the content laid out in Annex 4 of the Regulation.

The Transactions of Greater Importance carried out by the Company or its Subsidiaries, are defined by the following characteristics:

- a) The significance index of the countervalue, i.e. the ratio between the countervalue of the transaction and the Shareholders' Equity of the Company or, if greater, the capitalisation of the Company as recorded at close of trading on the last open market day in the reporting period of the most recent published financial report; or
- b) The significance index of the assets, i.e. the ratio between the total assets of the entity subject to the transaction and the total assets of the Company; or
- c) The significance index of the liabilities, i.e. the ratio between the total liabilities of

the entity subject to the transaction and the total assets of the Company is greater than the 5% threshold, as better defined and detailed in Annex 3 of the Regulation and in Consob's Interpretative Communications.

For the purpose of the disclosure obligations set forth in par. 12.2, the exceedance of at least one of the aforementioned significance thresholds by more than one transaction executed over the course of the same fiscal year with the same related party, or with other parties related to the latter and to the Company, homogeneous or carried out by virtue of an overall plan, which - albeit not qualifiable individually as Transactions of Greater Importance - exceed - when considered collectively - at least one of the aforementioned significance thresholds (the so-called "Cumulated Transactions"), shall assume significance.

12.3 Periodic Disclosure

In the Directors' Report on the Interim Condensed Consolidated Financial Statements and in the Annual Directors' Report the following information are provided:

- a) Individual Transaction identified as "of Greater Importance" pursuant to Art. 3 of the Regulation and executed within the period of reference, also through Subsidiaries;
- b) Other individual Related Parties Transactions executed within the period of reference, who had a significant effect on the financial position or on the results of the Company;
- c) Any amendment or development of the Related Parties Transactions described in the last annual report that might have had a significant effect on the financial position or on the results of the Company within the period of reference.

12.4 Related Parties Transactions and Public Disclosures

If a Related Party Transaction, made with or without the participation of the Subsidiaries, is also subject to the notification obligations under Art. 17 of the MAR, the notice disclosed to the public must contain the following information, in addition to the other information required under such regulation:

- a) The description of the Transaction;
- b) The indication that the counterparty to the transaction is a Related Party and description of the relation;
- c) The company name or name of the counterparty to the transaction;
- d) Whether or not the transaction exceeds the Significance Thresholds identified pursuant to Art. 4, par. 1, letter a) of the Regulation and the identification of any subsequent publication of a disclosure document pursuant to Art. 5 of the

Regulation;

- e) Procedure implemented for the approval of the transaction and, in particular, whether the Company exercised an exclusion as envisaged in this Procedure pursuant to Art. 13 and 14 of the Regulation;
- f) Any transaction approved notwithstanding the negative opinion of the Committee.

13. APPROVAL, DISCLOSURE AND PUBLICATION OF THE PROCEDURE

13.1 Approval of and amendments to the Procedure

The Procedure and its relevant amendments shall be approved by the Board of Directors of the Company, upon favourable opinion of the Internal Control, Risk and Related-Parties Committee.

The Board of Directors shall assess, on an annual basis, whether to review the Procedure or not, taking into account, inter alia, of any change in the laws and regulations applicable from time to time, of the eventual changes in the ownership structure and of the efficiency of the Procedure in practice. In any event, the Chairman of the Board of Directors and the CEO, separately and with the support of the competent corporate structures, always upon favourable opinion of the Committee, shall have the power to directly amend the Procedure when this is made necessary by: (i) eventual changes in the applicable regulations (including, by way of example, changes in international accounting standards) and/or arising from Consob's interpretative communications; (ii) changes in the organisational structure of the Issuer. In these events, the Board of Directors and the Board of Statutory Auditors shall be informed as soon as possible.

13.2 Disclosure, entry into force and publication of the Procedure

The Accounting and Finance Department of the Company shall disclose the Procedure, together with the Related Parties List, to the main Company Departments and Functions, including the Financial Reporting Officer under Art. 154-bis of the CFA - for the purpose of guaranteeing the coordination with the administrative and accounting procedures provided for by the aforementioned law - as well as to those functions in charge of supervising the correct application of the Procedure (by way of example, the Internal Auditor and the Board of Statutory Auditors).

Also in accordance to Art. 114, par. 5 of the CFA and to Art. 4, par. 8 of the Regulation, the Procedure shall be disclosed by the Accounting and Finance Department to the Directors and to the Company Departments and Functions of the Subsidiaries, for the purpose of taking account of it and, within the bounds of their

duties, respecting it. To this end, the administrative body of the Subsidiaries must be notified by the Chairman of the Board of Directors, who shall send an excerpt of the Procedure, including the instructions concerning the main fulfilments to be taken by the Subsidiaries for the purpose of guaranteeing the effectiveness of the processes governed by the Procedure. The administrative bodies of the Subsidiaries shall sign and send to the Company, for acceptance (for the attention of the Chairman of the Board of Directors and of the Accounting and Finance Department), a disclosure through which they shall accept the instructions thus received, undertaking to comply with all of the obligations set forth in the Procedure, where applicable, and to disclose the Procedure within the corporate structure and to any company under the Subsidiaries' control pursuant to Art. 93 of the CFA.

The provisions of this Procedure became effective starting from the beginning of the trading of the ordinary shares of the Company on the MTA-STAR segment of Borsa Italiana S.p.A. and were subsequently amended on 14 May 2019 and on 30 June 2021.

The Procedure and its amendments are promptly made public, upon their approval by the Board of Directors, on the Company's website at www.giglio.org, in the "Investor Relations" section.

14. Roles and responsibilities

- 14.1 The Accounting and Finance Department shall store suitable documental evidence regarding the executive procedures and its conditions, also economic, for the purpose of guaranteeing full transparency and verifiability, also under the profile of the comparability of each condition to the Standard Market Conditions or Standard.
- 14.2 The Board of Directors shall assess on an annual basis the adequacy of the Procedure on the occasion of the preparation of the Corporate Governance Report, on the basis of a specific explanatory report of the Committee, which shall be called upon to express its favourable opinion on any amendment proposal of the Procedure. For this purpose, the Board of Directors shall also take into account any eventual information included in the report of the Board of Statutory Auditors for the Shareholders' Meeting.
- 14.3 The Board of Statutory Auditors of the Company shall supervise on:
 - a) The conformity of the RPT Procedure with the provisions set forth in Art. 2391-bis of the Italian Civil Code and with the principles mentioned in Regulation no. 17221/2010 as amended and integrated; and
 - b) The compliance and correct application of the RPT Procedure, reporting to the Meeting in accordance with Art. 2429, par. 2 of the Italian Civil Code and with Art. 153 of the CFA.

15. Non-compliance and penalties

- 15.1 In the event of breach of the provisions set forth in this Procedure, notwithstanding the penalties provided by the Law, the Company and, eventually, its Subsidiaries and Affiliates - each within the scope of its jurisdiction - shall adopt the measures provided for by the employment agreement law (in the case of managers or employees) and by the Italian Civil Code against the parties responsible for said breach.
- 15.2 The non-compliance with this Procedure shall entail the request to the breacher to compensate all damages incurred by the Company, as well as the adoption of more appropriate measures provided and allowed by the Law.

APPENDIX TO THE REGULATION

TAKEN FROM THE APPENDIX TO CONSOB REGULATION

Definition of Related Parties, Related-Parties Transactions and of other functional elements according to the international accounting standards

Related Party:

A Related Party is a subject or an entity related to the reporting entity.

- a) A subject or a close family member of said person are related parties to a reporting entity if:
- i. They have control or joint control of the reporting entity;
 - ii. They have a significant influence on the reporting entity; or
 - iii. They are one of the senior executives of the reporting entity or of one of its subsidiaries.
- b) An entity is related to a reporting entity if one the following conditions applies:
- i. The entity and the reporting entity are part of the same group (which means that each parent company, subsidiary and company of the group is related to the others);
 - ii. The entity is an affiliate or a joint-venture of the other entity (or an affiliate or a joint-venture belonging to the same group of the other entity);
 - iii. Both entities are joint-ventures of a third counterparty;
 - iv. One entity is the joint-venture of a third entity and the second entity is an affiliate of the third entity;
 - v. The entity is represented by a post-employment benefit plan in favour of the employees of the reporting entity or of an entity related to it. If the reporting entity is represented too by a similar plan, also the employers that sponsor it are related to the reporting entity;
 - vi. The entity is controlled or jointly controlled by a subject like that in point (a);
 - vii. A subject identified in point (a) has a significant influence on the entity or acts as senior executive of said entity (or one its parent companies).
 - viii. The entity, or any other member of a Group to which it belongs, provides senior executive services to the reporting entity or to the parent company of the reporting entity (IAS 24, par. 9).

In the definition of Relater Party, an affiliated company includes the subsidiaries of the affiliated company and a joint-venture includes the subsidiaries of the joint-venture. Therefore, by way of example, the subsidiary of an affiliated company and the investor who boasts a significant influence on the affiliated company are to be considered as related between them (IAS 24, par. 12).

Related-Party Transactions:

A Related-Party Transaction is a transfer of resources, services or obligations between a company and a related party, regardless of the existence of a consideration agreed upon or not (IAS 24, par. 9)¹.

Control: An investor controls an entity in which it has invested when he/she is exposed or has the right to variable yields arising from his/her own relationship with said entity and, at the same time, he/she has the power to affect said yields by exercising his/her power on said entity. (Appendix A of IFRS 10)

Joint Control: The sharing, on a contractual basis, of the control over an agreement, which exists only when the unanimous consents of all parties sharing the control is required in order to take a decision concerning relevant activities. (Appendix A of IFRS 11)

Senior Executives: Senior executives have the power and the responsibility, directly or indirectly, of planning, managing and controlling the Company's activities, including the directors (executive and non-executive) of the Company (IAS 24, par. 9).

Significant Influence: Significant influence is the power to participate in determining a subsidiary's financial and management policies without having control or joint control over it. (IAS 28)

Joint venture: A joint-control agreement on the basis of which the parties that hold said joint-control boast rights on the activities governed by the agreement. (Appendix A of IFRS 11)

Affiliated Company: The entity on which an investor has a significant influence. (IAS 28)

¹ The following transactions include related-parties transactions:

- Transactions involving merger, demerger by incorporation or demerger in the strict, non-proportional sense, when carried out with related-parties;
- The decisions related to the allocation of remunerations and economic benefits, under any form, to the members of the administrative and control bodies, as well as to senior executives.

Subsidiaries: An entity controlled by another entity (Appendix A of IFRS 10).

Close Family Members The members of a person's immediate family are those relatives who are presumed to have influence over, or be influenced by, the above-mentioned person in their dealings with the Company, such as:

- a) The children and the spouse or partner of said person;
- b) The children of the spouse or partner of said person;
- c) The dependents of said person or of the spouse or partner (IAS 24, par. 9).

Principles of Interpretation of the Definitions

3.1 In the assessment of each related-party relationship, the attention must be directed to the substance of the relationship, and not only to its legal form (IAS 24, par. 10).

3.2 The interpretation of the aforementioned definitions shall be carried out by way of reference to the whole international accounting standards adopted pursuant to the procedure set forth in Art. 6 of the Regulation (EC) no. 1606/2002.

ANNEXES

Annex A - Statement of Relation

Annex B - Consob Communication no. DEM/10078683 published on 24 September 2010, containing the *"Guidelines and orientations for the application of the Regulation on Related Parties Dealing adopted with Resolution no. 17221 of March 12, 2010, as subsequently amended"*

Annex C - "Related-Parties Transactions" Regulation, issued by Consob with resolution no. 17221 on 12 March 2010 as last amended with resolution no. 19974 of 27 April 2017.

Annex D - "Giglio Group S.p.A.'s Questionnaire for the Related-Parties Transactions Procedure"
