

IRCE S.p.A.

RELATED PARTY TRANSACTIONS

PROCEDURE

pursuant to article 4 of the Related Party Transactions Regulation adopted by Consob with resolution no. 17221 dated 12 March 2010, as most recently amended with resolution no. 21624 dated 10 December 2020.

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INTRODUCTION

The regulation governing related party transactions aims to monitor the risk that the proximity of some subjects to the decision-taking centres of the company and its subsidiaries could jeopardise the objectivity and impartiality of decisions regarding transactions with such subjects.

The aim of this document is to regulate the procedure for identifying, approving and concluding transactions with Related Parties and the corresponding Connected Persons put in place directly by the Company or through subsidiaries, according to the provisions of:

- a) art.4 of Consob Regulation no. 17221/2010, as most recently amended by Consob resolution no. 21624/2020, by way of implementation of art. 2391 – *bis* (Related Party Transactions) of the Italian Civil Code;
- b) Circular 285/13, Section Three, Chapter 11 “Risk-bearing activities and conflicts of interest with connected subjects”;
- c) accounting standard IAS 24 “Related Party Disclosures” with specific reference to the definitions of “Related Party” and “Related Entities”

The procedure and any amendments to it are published on the company's website www.irce.it.

1 DEFINITIONS AND REFERENCES

Independent directors: in accordance with the indications of the Interpretative Communication, these are those persons acknowledged as such by the Company, applying the principles and application criteria of the Self-Regulatory Code for Listed Companies adopted by Borsa Italiana S.p.A. which the company complies with.

Non-related independent directors: these are the directors that are not counterparts to a given transaction and their related parties.

Directors involved in the transaction: directors that have an interest in the transaction, on their own behalf or on behalf of third parties, that is in conflict with that of the company.

Interpretative communication: Communication no. DEM/10078683 dated 24/09/2010, providing indications and guidelines for the application of the Regulation concerning related party transactions adopted with resolution no. 17221 dated 12 March 2010 as amended.

Company Representatives: Directors, Auditors, CEO and Managers with strategic responsibilities

The terms “control”, “joint control” and “significant influence” are defined in standards IFRS 10, IFRS 11 and IAS 28.

Specifically, significant influence is the power to participate in the financial and operating policy decisions of the investee without the power to control or jointly control those policies. Significant influence is assumed to exist where a direct or indirect shareholding is held equal to or more than 20% of the share capital or voting rights in the ordinary shareholders' meeting or in another equivalent body of the related investee, or 10% in the case of companies listed on regulated markets.

If the number of shares is below the threshold indicated above, the existence of one or more of the following circumstances represent an indication of significant influence:

- i. representation in the Board of Directors of the investee (often referred to as an “associate”); being a member of the Board of Directors representing the minority shareholders by itself does not represent an indicator of significant influence, according to the rules and regulations of the issuers of shares listed on regulated markets;
- ii. participation in the decision-taking process, including participation in decisions regarding dividends or any other type of distribution of profits;
- iii. presence of major transactions between the investor company and the investee company;
- iv. Interchange of managerial personnel;

Significant influence exists also when it is exercised indirectly, through subsidiaries, trust companies, intermediary entities or people. Companies whose investing entity is in turn subject to joint control are not considered indirectly subject to significant influence.

Transactions: the transactions identified in paragraph 4 of this procedure.

Related parties: the subjects identified in accordance with paragraph 3 of this procedure.

Issuers’ Regulation: Regulation no. 11971 dated 14 May 1999, most recently amended with resolutions no. 21623 and no. 21625 of 10 December 2020 and no. 21639 of 15 December 2020, effective since 1 January 2021.

RPT (Related Party Transactions) Regulation: Regulation setting out requirements for transactions with related parties, adopted by Consob with resolution no. 17221 of 12 March 2010, most recently amended with resolution no. 21624 dated 10 December 2020, effective since 1 July 2021.

Related company: companies over which another company exercises a significant influence are considered related (also referred to as associated) companies (art. 2359, sub-paragraph 3 of the Italian Civil Code)

Joint Venture: a Joint Venture is a contractual agreement under which two or more parties undertake an economic activity under joint control.

TUF (Testo Unico Finanza): Italian Consolidated Law on Financial Intermediation, Italian Legislative Decree no. 58 of 24 February, 1998, updated with the amendments introduced with Law 178 of 30 December 2020, effective since 1 January 2021, and Legislative Decree no. 17 of 2 February 2021, effective since 11 March 2021.

Small-cap companies: companies whose assets recorded in the balance sheet or the revenue, in their most recently approved consolidated financial statements, do not exceed Euro 500 million. Small-cap companies are no longer classified as such if they do not meet both of the above requirements for two consecutive financial years.

2 ROLES AND RESPONSIBILITIES

Approval of the Procedure

The Board of Directors approves the procedure with related parties and the relative amendments subject to the favourable and binding opinion of any independent directors present or, in their absence, subject to the non-binding opinion of an independent expert appointed by the Board of Directors.

Committee for the approval of related party transactions

The Committee for the approval of transactions with related parties (hereinafter referred to as “the **Committee**”) is appointed by the Board of Directors and comprises at least three non-executive directors, the majority of whom independent, who must also be non-related directors for each transaction.

On its establishment, the Board of Directors can appoint the Chairperson of the Committee for the approval of related party transactions. The Committee, adopting a specific regulation, defines its operating rules.

The Committee for the approval of transactions with related parties carries out all the activities set forth in the Regulation and this Procedure and, above all with reference to transactions of high or low importance, issues (before the approval of same transactions) a non-binding reasoned opinion that must address the Company's interest in carrying out the transaction, as well as the expediency and substantial accuracy of its conditions; this opinion must always be attached to the minutes of the meeting of the committee both in the case of high and low importance transactions.

Manager in Charge of drafting accounting and corporate records

The Manager in Charge draws up the List of Related Parties identified as outlined in paragraph 3 of the Procedure and keeps it up-to-date. The preparation/updating of the List of Related Parties is carried out:

- a) based on information and documentation kept in the Company's records, with the support of Company Representatives and Managers with strategic responsibilities;
- b) based on communications with the Direct and Indirect Related Parties: indeed, each Related Party must provide the Company with information able to rapidly identify all the existing Related Parties, whether Direct or Indirect, updating the previously provided information from time to time and in a timely way. If the Company does not know of a counterpart's classification as a Related Party and the information requirements have not been met, the issuer's counterpart that has not provided this information, like the Direct Related Party to which the counterpart refers, and that has not provided the relevant information, will be held liable for any damage, whether pecuniary or non-pecuniary, also as a result of measures taken by the competent authorities, suffered by the issuer deriving from the conclusion of the transaction in breach of the set procedures.

The Manager in Charge also checks, following the reports made by the Company Representatives and received as established in paragraph 8 below, the nature of the transactions reported and, if necessary, starts the procedural processes regulated in paragraph 9 below.

Company Representatives

The Company Representatives perform the preliminary checks in order to identify any Related Party transaction in the ways indicated in paragraph 8 below.

3 IDENTIFICATION OF RELATED PARTIES

The Company identifies its Related Parties and the corresponding Connected Persons based on the declarations provided by the Company Representatives, including those of subsidiaries, and by Managers with strategic responsibilities. The Company Representatives and Managers with strategic responsibilities cooperate with the Company in order to make a correct, complete and updated census and promptly report to the Company all the information necessary when circumstances occur that modify the classification of Related Party or Connected Person. For the purpose of the application of this Procedure, the Company identifies Related Parties adopting the criteria identified by applicable international accounting standards (IAS 24) and, therefore, **people or entities related to the company that draws up the financial statements are Related Parties, specifically:**

- (a) A person or close relative of that person is related to the company that draws up the financial statements (referred to as the 'reporting entity') if that person:
 - (i) controls or jointly controls the company that draws up the financial statements (referred to as the 'reporting entity');
 - (ii) has significant influence over the company that draws up the financial statements (referred to as the 'reporting entity'); or
 - (iii) is one of the managers with strategic responsibilities of the company that draws up the financial statements (referred to as the 'reporting entity') or of one of its parent companies.
- (b) An entity is related to the company that draws up the financial statements (referred to as the 'reporting entity') if any of the following conditions apply:
 - (i) The entity and the entity that draws up the financial statements (referred to as the 'reporting entity') belong to the same group (this means that each parent company, subsidiary and companies in the group is related to the others);
 - (ii) An entity is an associated company or a joint venture of the other entity;
 - (iii) Both entities are joint ventures of a same third counterpart;
 - (iv) An entity is a joint venture of a third entity and the other entity is an associated company of the third entity;
 - (v) The entity has implemented a post-employment benefit plan for employees of the entity that draws up the financial statements (referred to as the 'reporting entity') or of an entity related to same;

- (vi) The entity is controlled or jointly controlled by a person identified in point (a);
- (vii) A person identified in point (a)(i) has a significant influence over the entity or is one of the managers with strategic responsibilities in the company or in one of its parent companies.

Managers with strategic responsibilities are those subjects that have power and responsibility, directly or indirectly, for the planning, management and control of the company's activities, including the directors (executive or otherwise) of the company.

Close relatives of a person are considered those family members that can be expected to influence or be influenced by that person in their relationships with the company, including:

- (a) the offspring and the spouse or partner of that person;
- (b) the offspring of the spouse or partner of that person;
- (c) dependants of that person or of the spouse or cohabiting partner.

The data of Related Parties who are natural persons are ordered and managed in a specific database, in accordance with Legislative Decree 196/2003 (Code concerning the protection of personal data) and Regulation (EU) 2016/679 (GDPR).

4 RELATED PARTY TRANSACTIONS

"Related party transaction" means "any transfer of resources, services or obligations between a company and a related party, regardless of whether a price is charged" (Appendix to the RPT Regulation).

In analysing each relationship with related parties, focus must be placed on the the substance of the relationship and not merely on the legal form (IAS 24).

It is not possible to include automatic annual renewal clauses in contracts with related parties.

For the purpose of these Procedures, the following are considered transactions with related parties:

- a) Mergers that involve IRCE and a related party, such as, by way of example, merger by incorporation of IRCE in the parent company or in the company that exercises significant influence, or the merger between IRCE and another company subject to joint control with same IRCE;
- b) demergers by incorporation with a related party; that is, transactions in which IRCE, for example, divests part of its equity in favour of the parent company or vice versa;
- c) non-proportionate demergers in the strictest sense in which IRCE's equity is divested, for example, in favour of more than one beneficiary with non-proportionate assignment of the shares of the beneficiaries to shareholders of IRCE;
- d) increases of IRCE's capital with the exclusion of a related party from the right of pre-emption;
- e) every decision regarding the assignment of remuneration of economic benefits, in any form, to directors, statutory auditors and managers with strategic responsibilities, also with reference to any positions held and/or duties performed in subsidiaries (exemptible only in the case where the

requirements indicated in paragraph 6 below) exist.

This Procedure also regulates transactions carried out through Italian and foreign subsidiaries, in accordance with article 2359 of the Italian Civil Code or in any case subject to the direction and coordination of IRCE which, being carried out by a subsidiary of IRCE, are referable to same IRCE due to prior examination and approval by the latter, in accordance with the indications of the Interpretative Communication to which reference should be made.

5 IMPORTANT TRANSACTIONS

The following are considered important:

- a) all Transactions that by law or the Articles of Association fall within the exclusive remit of the Annual General Meeting or the Board of Directors;
- b) all transactions not classified as being of negligible value.

In any case, the Board of Directors has the right, based on considerations regarding expediency, to classify as important any Transaction carried out by the Company or by its subsidiaries.

Important transactions can be divided into:

- a) Transactions of greater importance;
- b) Transactions of lesser importance.

IDENTIFICATION OF TRANSACTIONS OF GREATER IMPORTANCE WITH RELATED PARTIES

IRCE considers “transactions of greater importance” those transactions with related parties conducted directly or through the Subsidiaries, in which at least one of the relevance indexes as of Attachment 3 of the RPT (Related Party Transactions) Regulation exceeds the threshold of 5% (“Significance Threshold”).

- a) **Relevance index of the equivalent value**; that is, the ratio between the equivalent value of the transaction and the net equity as recorded in the most recent consolidated balance sheet published by the Company or, if higher, the capitalisation of the Company recorded at the closure of the last trading day in the reference period in the most recent accounting report published by the Company (annual or half-year financial report or intermediate management report).
- b) **Assets relevance index**; that is, the ratio between the total assets of the entity involved in the transaction and the Company’s total assets. The data to use must be taken from the most recent consolidated balance sheet published by the Company; where possible, the same data must be used to calculate the total assets of the entity involved in the transaction.
- c) **Liabilities relevance index**, that is, the ratio between the total liabilities of the acquired entity and the Company’s total assets. The data to use must be taken from the most recent consolidated balance sheet published by the Company; where possible, the same data must be used to calculate the total liabilities of the company or the company branch acquired.

The situation also becomes important if at least one of the thresholds indicated is exceeded in more than one transaction concluded in the same year with the same related party, or with entities related to the latter and to IRCE, that are homogeneous or are conducted within the context of a unitary plan, barring cases of exemption.

IDENTIFICATION OF TRANSACTIONS OF LESSER IMPORTANCE WITH RELATED PARTIES

“Transactions of lesser importance” are those transactions with related parties conducted by IRCE directly or through subsidiaries that are:

- a) below the thresholds set for transactions of greater importance and
- b) above the thresholds set for transactions of negligible value (see paragraph 6.e below);

other transactions identified as exempt in accordance with paragraph 6 below are also excluded.

6 IDENTIFICATION OF CASES OF EXEMPTION

This Procedure does not apply:

- a) **to shareholders’ meeting resolutions as of article 2389, sub-paragraph 1 of the Italian Civil Code, regarding fees due to the members of the Board of Directors in accordance with the remuneration policy and quantified on the basis of criteria that do not entail discretionary evaluations;**
- b) **to resolutions regarding the remuneration of directors holding specific positions falling within the total amount decided in advance by the shareholders’ meeting pursuant to article 2389, sub-paragraph 3 of the Italian Civil Code;**
- c) **to shareholders’ meeting resolutions as of article 2402 of the Italian Civil Code regarding fees due to the members of the Board of Statutory Auditors;**

The following conditions must be met for the purpose of the exemption as of points a), b) and c):

- IRCE must have adopted a remuneration policy approved by the Shareholders’ Meeting;
- a committee formed solely by non-executive directors, the majority of whom independent, must have been involved in the definition of the remuneration policy;
- a report that illustrates the remuneration policy must have been submitted to the Shareholders’ Meeting for approval or consultative vote;
- the remuneration assigned must be consistent with this policy and qualified based on criteria that do not entail discretionary assessments.

- d) **to compensation plans based on financial instruments approved by the Shareholders’ Annual General Meeting in accordance with article 114-bis of the TUF (Testo Unico Finanza) and to the related executive operations;**
- e) **to transactions of negligible value;**

For the purposes of this Procedure “transactions of negligible value” are those transactions that do not exceed the negligibility threshold as of the table below, identified by type of transaction and counterpart, whose amount allows exclusion, considering the size of the Company, of transactions that do not entail any appreciable risk for the shareholders.

Type of transaction	Counterpart	
	Natural Person	Legal Entities
Remuneration	250.000	-
Professional advice	250.000	250.000
Purchase / sale of goods/services	250.000	350.000
Other operations (acquisitions/ disposal of shareholdings, company branches, other fixed assets etc..)	350.000	500.000

If the transactions do not fall within the categories indicated in the table, a threshold of € 250,000.00 is set.

- f) to transactions addressed to all the shareholders under equal conditions hereby including increases in rights offer capital, also serving convertible bonds, and free increases in capital as of article 2442 of the Italian Civil Code, demergers in the strictest sense, full or partial, with assignment of the shares on a proportional basis, reductions in the share capital through redemption to shareholders as of article 2445 of the Italian Civil Code and purchases of treasury shares as of article 132 of the TUF;
- g) to transactions to be concluded based on instructions given by the Supervisory Authority for the purpose of stability;
- h) to ordinary transactions concluded under conditions that are equivalent to market or standard ones;

“**Ordinary**” transactions are those transactions that fall within the framework of IRCE’s ordinary business activities and the related financial activities.

Transactions “**concluded under conditions that are equivalent to market or standard ones**” are those transactions concluded under the same conditions as those usually applied with non-related parties to transactions with a similar nature, entity and risk or based on regulated tariffs or at set prices or those applied with subjects with which the company is obliged by law to negotiate a given fee.

“Ordinary transactions” are identified taking into consideration the indications contained in paragraph 3 of the Interpretative Communication. The elements of the definition of “ordinary transactions” are therefore represented by concepts of operating activities and the related financial activities and, specifically:

- the concept of “operating activities” includes: (i) the main activities that contribute to generating the company’s profits and (ii) all the other activities that cannot be classified as “investment” or “financial”;

- the concept of financial activity (also called “financing activity”) related to operating activities, includes those transactions that in abstract terms can be classified as financial, to the extent to which they are accessory to the performance of operating activities such as, by way of example, short-term liabilities to purchase raw materials. Instead, loans obtained to conclude transactions that do not fall under operating activities (being related to investment activities) cannot be considered ordinary transactions.

Ordinary transactions concluded at conditions equivalent to market or standard ones are excluded from the scope of this Procedure.

With reference to the excluded transactions of greater importance, the company communicates data about the counterpart, the object, the fee of the transaction that benefited from the exclusion as well as the reasons why it is believed that the transaction is ordinary and concluded at market or standard conditions, providing objective evidence, to Consob and to the independent directors that express their opinion on transactions with related parties within 7 days following approval of the transaction. The independent directors check the correct application of the conditions for the exemption of transactions of greater importance defined ordinary and concluded at market or standard conditions communicated to same in accordance with article 13, subparagraph 3, letter c) point i) of the RPT (Related Party Transactions) Regulation.

Moreover, the independent directors that express opinions on the transactions with related parties receive information about the application of cases of exemption with reference to the transactions of greater importance. Information is communicated on an annual basis.

- i) to transactions with or between subsidiaries and to transactions with associated companies if in the above-stated companies there are no interests classified as “significant”.**

Without prejudice to the provisions of following paragraph 12 of this Procedure, transactions with or between subsidiaries, also jointly, as well as transactions with associated companies, if in the subsidiaries or associated companies there are no significant interests of other parties related to IRCE, are excluded from the scope of this Procedure¹.

Significant interest is assumed to exist when:

- the Related Party holds a shareholding of more than 20% of the capital of the subsidiary or associated company;
- the Related Party has in any case the right to receive profits of more than 20% from the subsidiary or associated company
- the Related Party possesses financial instruments whose value or whose rights are influenced by the economic result of the subsidiary or associated company to a similarly significant extent. However, if the Related Party holds a shareholding or other financial instruments in the Issuer, the interest will be significant only if the “weight” of the shareholding or interest in the subsidiary or associated company is proportionately greater than the shareholding in the Issuer;
- the Related Party’s remuneration is linked in a significant way to the economic results of each subsidiary or associated company.

¹ According to the Interpretative Communication, for the purpose of the exemption, the definitions of subsidiary and relevant associated companies are those contained in Appendix 1 of the Regulation.

7 ABSTENTION OF THE DIRECTORS INVOLVED

The directors involved in the transaction must abstain from voting on the transaction whether it be of greater or lesser importance; they can take part in the debate to provide any useful information.

The Directors obliged to abstain contribute to the formation of the constitutive quorum but are excluded from the quorum for passing resolutions.

Directors that have an interest in the transaction, on their own behalf or on behalf of third parties, in conflict with that of the company, are considered to be involved.

The Director having an interest must provide the Board of Directors and the Board of Statutory Auditors with full information, specifying the nature, terms, origin and entity of the interest; if the director is the CEO, he/she must refrain from taking any action and entrust the board with the relative decision.

8 IDENTIFICATION AND REPORTING OF TRANSACTIONS WITH RELATED PARTIES INFORMATION FLOWS

Prior to the commencement of a negotiation, or in any case prior to the definition of a transaction, on behalf of the Company or of the Subsidiaries through which the Company intends to conclude the transaction, the Company Representative involved:

- a) assisted by the Manager in Charge, checks, making reference to the data provided in the List of Related Parties, if the counterpart is to be considered related or not;
- b) checks if the transaction takes place with and between subsidiaries and/or associated companies not subject to significant interest of other related parties for the purpose of the application of the exemption described in paragraph 6 of this procedure;
- c) if, on conclusion of the controls as of points a) and b), the Company Representative verifies that the counterpart is a Related Party and that the exemptions as of paragraph 6 of the Procedure cannot be applied, he/she communicates to the Manager in Charge the information about the transaction in a timely way.

The communication must contain the following minimum information:

- identification data of the counterpart;
- reason for the transaction;
- type and object of the transaction;
- estimated equivalent value of the transaction or, if it regards the purchase or sale of holdings, companies or business units, the total assets and liabilities of the entity involved in the transaction;
- estimated time frame;
- any other transactions concluded with the same related party or with subjects related to same;
- in the case of transactions at conditions considered to be equivalent to market or standard ones, the documentation prepared contains objective evidence.

The Manager in Charge, after receiving the above-stated communication, promptly assesses:

- a) the existence or not of the relationship with the counterpart, if necessary requesting further information in the most opportune ways;
- b) if one or more of the cases of exemption as of paragraph 6 above apply;
- c) if the transaction is classified as a transaction of greater importance or a transaction of lesser importance.

Moreover, for the purposes of verifying the importance of the transaction as of point c) above, the Manager in Charge applies the following criteria:

- the equivalent value of term contracts must be considered the same as the presumed remuneration for their entire period of validity in the case of fixed-term contracts or, if it is an open-ended contract, it must be the same as the presumed remuneration for a period of one financial year or, if the period of notice for withdrawal is more than one year, for the entire period of notice;
- homogeneous transactions of lesser importance or transactions concluded within the context of a unitary plan, during the same financial year with the same related party or with subjects related to the latter and to the Company must be summed together: specifically, first of all the importance of each transaction is determined based on the index or indexes applicable and, subsequently, the results of each index are summed to ascertain whether the thresholds of importance are exceeded;
- unless otherwise specified (specifically, article 5, sub-paragraph 2 of the RPT (Related Party Transactions) Regulation), for the purpose of the calculation of their greater or lesser importance, related party transactions are assessed individually. Consequently, with specific reference to the assignment of economic remuneration and benefits, in any form whatsoever, to the members of the board of directors and board of statutory auditors and to managers with strategic responsibilities, the remuneration assigned to each member and to each manager will represent an autonomous transaction with a related party, to be considered individually for the purposes of the selection of the applicable procedural provisions. Naturally, for the purpose of transparency, the rules regarding aggregation - to be performed for each manager with strategic responsibility - of homogeneous transactions or transactions linked to a unitary plan will apply (see Interpretative Communication).

In the case where the Manager in Charge, on conclusion of the above checks:

- a) confirms that the counterpart of the transaction is a Related Party;
- b) ascertains that one or more cases of exemption as of paragraph 6 above do not apply and, consequently, ascertains that the transaction can be classified as a Transaction of Greater Importance or of Lesser Importance;
- c) obtains the favourable opinion of the Chairperson of the Board of Directors to proceed with the activities aimed at concluding the Transaction;
- d) immediately communicates in writing the importance of the transaction in accordance with the Procedure to the Chairperson of the Committee and to the Company Representative responsible and starts the procedure regulated in paragraph 9 below.

9 PROCEDURE FOR IMPORTANT TRANSACTIONS

Procedure for the initiation and approval of transactions

Having ascertained, on completion of the activities as of paragraph 8 above, the classification of the transaction as a transaction of greater or lesser importance as of the Procedure, the Manager in Charge sends a report illustrating the transaction and the existing supporting documents to the Committee that may ask for further information and make comments.

The report on the transaction, the supporting documents and any appraisals requested as of the paragraph below must be transmitted to the Committee in good time, before the meeting of the Committee called to formulate its reasoned opinion on the transaction that will then be attached to the minutes of the meeting.

The Committee meets before the meeting of the Board of Directors called to pass resolution on the transaction. The Committee, in formulating its opinion, also provides considerations on IRCE's interest in carrying out the transaction as well as on the expediency and substantial accuracy of its conditions. The managers (or persons delegated by same) of the IRCE structures and/or of the Group companies involved in the transactions and/or other managers and consultants indicated by the Committee take part in the meeting, in which the Board of Statutory Auditors can also take part, if requested. The documentation made available to the Committee, any observations made by same as well as the opinion of the Committee are transmitted to the Board of Directors - or to another competent body - within five (5) days prior to the meeting called to pass resolution on the transaction, barring proven reasons of urgency or problems that must be described in detail.

Where required, due to the nature, entity and characteristics of the transaction, the Committee has the right to be assisted, at the Company's expense, by one or more independent experts of its choice, obtaining specific appraisals *and/or fairness and/or legal opinions*. The same Committee controls in advance the independence of the experts, bearing in mind the reports indicated in Attachment 4 of Consob Regulation no. 17221. The expert selected must declare his/her independence at the time of the appointment, giving reasons why any economic relationships existing with IRCE and the parent company of IRCE or subsidiaries of IRCE are not relevant for the purpose of the opinion on independence.

In the Board of Directors' meeting, called to approve the transaction, the Chairperson of the Committee illustrates to the Board the non-binding reasoned opinion of the Committee and any Directors involved in the transaction are obliged to abstain.

If the transaction is approved, a full report on the performance of the approved transaction, to be drawn up in accordance with article 7, letter f) of the RPT (Related Party Transactions) Regulation, is sent to the Board of Directors and the Board of Statutory Auditors at least once every quarter.

The minutes of the resolution passed approving the transaction provide adequate motivation regarding the interest of the Company in concluding the transaction and the expediency and substantial accuracy of its conditions as well as evidence of the main elements of the opinion drawn up by the committee of independent directors and, if present, the opinion of the independent expert.

If the opinion of the Committee is negative, the competent body can in any case approve the transaction. In this case, without prejudice to article 114, sub-paragraph 1 of the TUF, within 15 days following the end of each fiscal quarter, the Company must publish, in the ways set forth in the law and applicable regulations, a document containing the following information about the transactions approved despite the Committee's negative opinion: identity of the counterpart and nature of the relationship, subject of the transaction, money consideration, reasons why the opinion of the Committee was disregarded.

Without prejudice to the above, with reference to transactions of high importance, it is established that:

- a) the resolutions are always the responsibility of the Board of Directors
- b) the Board of Directors approves the transaction subject to the favourable reasoned opinion of the Committee on the interest of the company in concluding the transaction and the expediency and substantial accuracy of its conditions or, alternatively, that different procedures for approving the transaction are applied in such a way that these procedures ensure a decisive role is played by the majority of non-related independent directors; this opinion is attached to the minutes of the meeting of the Committee.
- c) The Board of Directors can approve transactions of greater importance despite the unfavourable opinion of the independent directors providing that the performance of these transactions is authorised in accordance with article 2364 sub-paragraph 1, number 5) of the Italian Civil Code; in this case, without prejudice to the shareholders' Annual General Meeting majorities established by law and the articles of association, the transactions with a related party cannot proceed if:
 - The non-related shareholders present in the Annual General Meeting represent at least 10% of the capital with right to vote, and
 - The majority of the non-related voting shareholders, therefore excluding abstaining ones, vote against the transaction.

The shareholders' Annual General Meeting resolution proposal specifies the above-stated conditions underpinning the efficacy of the resolution.

Derogation for small-cap listed companies

Without prejudice to article 12 of this procedure and the reserve powers held by the Board of Directors to pass resolution, as indicated in article 10 of the RPT (Related Party Transactions) Regulation, while it retains the requirements for being classified "small-cap listed company" the Company can apply the procedure identified for transactions of lesser importance to transactions of greater importance.

Alternative Control Measures

Where one or more members of the Committee declare to be a related party in a specific transaction, to protect the substantial accuracy of the transaction, the non-binding reasoned opinion must be issued by the independent director or by any non-related independent directors present or, in their absence, by the Board of Statutory Auditors. This is without prejudice to the right to designate an independent expert. If the opinion of the Board of Statutory Auditors is requested, the members of this Board, where they have an interest in the transaction on their own behalf or that of third parties, inform the other Auditors of this interest, indicating the nature, terms, origin and entity.

Transactions under the responsibility of the shareholders' meeting

When an important transaction falls under the responsibility of the shareholders' meeting or must be authorised by same, the provisions of the previous paragraphs apply in the negotiation stage, the investigation stage and the approval stage of the resolution proposal to submit to the shareholders' meeting.

10 TRANSACTIONS CONCLUDED THROUGH SUBSIDIARIES

Without prejudice to paragraph 8, if a General Management/Corporate Function Responsible, under the powers granted, examines, approves or intends to submit to the Board of Directors of IRCE a proposal regarding a transaction with related parties to be concluded through a subsidiary² for examination/approval, they must inform the Manager in Charge in a timely way so that the controls as of paragraph 8 can be performed.

The procedures as of paragraph 9 of these Procedures will apply in the case where, on conclusion of the activities described above, the transaction can be classified as one of greater or lower importance.

11 FRAMEWORK-RESOLUTION PROCEDURE

For the purpose of this Procedure, the Board of Directors can adopt framework-resolutions regarding homogeneous transactions to be concluded with the same Related Parties or given categories of related parties, applying the procedure indicated in paragraph 9 above. The framework-resolutions adopted in accordance with this paragraph cannot have a period of validity of more than one year, they must refer to adequately determined transactions, reporting at least the estimated maximum value of the transactions to be concluded in the reference period and must contain a specific justification of the conditions.

The Manager in Charge provides the Board of Directors with a complete report at least once every quarter on the implementation of the framework-resolutions as indicated in article 12 of the RPT (Related Party Transactions) Regulation.

On the occasion of the approval of a framework-resolution, the Company publishes a report in accordance with article 5 of the Regulation if the estimated maximum value of the transactions contemplated in the resolution exceeds the threshold for transactions of greater importance.

12 REPORT ON RELATED PARTY TRANSACTIONS

Internal report on related party transactions

The Manager in Charge, with the support of the Company Representatives involved, provides, at least once every quarter, the Board of Directors and the Board of Statutory Auditors with a full and detailed report on the performance of important transactions and on the implementation of any framework-resolutions approved by

² To this end, reference is made to the concept of control as established in article 2359 of the Italian Civil Code instead of the relevant definition for the identification of the related parties.

the Board of Directors in the reference quarter.

Report to the Board of Statutory Auditors

The Board of Statutory Auditors monitors compliance of the procedure adopted with the principles indicated in the RPT (Related Party Transactions) Regulation as well as their observance and reports to the shareholders' Annual General Meeting in accordance with article 2429, sub-paragraph 2 of the Italian Civil Code or article 153 of the TUF.

The Directors report in a timely way and at least once every quarter to the Board of Statutory Auditors on transactions in which they have an interest, on their own behalf or that of third parties or that are influenced by the entity that exercises the activity of direction and coordination (art. 150 TUF).

Report to the public on transactions of greater importance with related parties

Without prejudice to the provisions of article 5 of the RPT (Related Party Transactions) Regulation, on the occasion of transactions of greater importance, the Company, depending on the type of transaction and in accordance with article 114, sub-paragraph 5 of the TUF, draws up a report prepared as set forth in Attachment 4 of the RPT Regulation and made available to the public at its headquarters and in the ways indicated in Chapter II, Section I of the Issuers' Regulation, within seven days following approval by the competent board or if the competent board resolves to present a contractual proposal, when the contract, including a preliminary one, is concluded on the basis of the applicable discipline.

In the cases where the shareholders' meeting is competent and authorised, the report is made available within seven days following the date of approval of the proposal to submit to the shareholders' meeting.

If the Company concludes, with a same related party or with entities related to the same and to the Company, homogeneous transactions or transactions conducted by way of implementation of a unitary plan which, while not classifiable individually as transactions of greater importance, cumulatively exceed the set threshold of importance, a report is prepared in accordance with Attachment 4 of the RPT (Related Party Transactions) Regulation containing information, also on an aggregate basis for homogeneous transactions, about all the transactions considered for the purpose of the aggregation. This document is made available to the public within fifteen days following the date of approval of the transaction or the signing of the contract that results in the threshold of importance being exceeded. If the transactions that lead to the above-stated threshold of importance being exceeded are concluded by subsidiaries of IRCE, the report is made available to the public within fifteen days following the date on which the Company received news of the approval of the transaction or the signing of the contract that resulted in its importance.

Within the times indicated above, the Company makes available to the public, as an attachment to the report as of sub-paragraph 1 or on the website, any opinions of the independent directors and independent experts chosen in accordance with article 7, sub-paragraph 1, letter b) and the opinions issued by experts qualified as independent and used by the Board of Directors.

Without prejudice to the article 5, sub-paragraph 6 of the RPT (Related Party Transactions) Regulation, if the Company is also obliged to prepare a report pursuant to articles 70, sub-paragraph 4 and 71 of the Issuers' Regulation, it publishes a single document that contains information requested by Attachment 4 of the RPT Regulation and by same articles 70 and 71 of the Issuers' Regulation.

The Company, simultaneously with disclosure to the public, transmits to Consob the above documents and opinions in accordance with the provisions of article 65-septies, sub-paragraph 3, of the Issuers' Regulation.

Periodic reporting in accordance with the applicable law provisions, in the half-year management report and

in the annual management report the Company must provide information about:

- individual transactions of greater importance concluded in the reference period;
- other individual transactions with related parties concluded in the reference period, that have in any way affected the balance sheet and the results of the company in a significant way;
- any modification or development of the transactions with related parties described in the last annual report that have had a significant effect on the balance sheet and the results of the company in the reference period.

Information about individual transactions of greater importance can be provided by simple references to reports already published, reporting any significant updates.

Transactions with related parties and communication to the public in accordance with article 114, subparagraph 1 of the TUF

If a transaction with related parties, concluded also indirectly through Subsidiaries, is made known with the issue of a communication pursuant to Regulation (EU) no. 596/2014, this will report, in addition to the other information to be published in accordance with the above-stated law, the following information:

- the indication that the counterpart of the transaction is a related party and the description of the nature of the relationship;
- description of the transaction;
- business name or name and surname of the counterpart;
- if the transaction exceeds or falls below the threshold of importance identified in accordance with paragraph 5.1 of these Procedures and indications about any subsequent publication of a report pursuant to article 5 of RPT (Related Party Transactions) Regulation;
- the procedure which has been or will be followed for the approval of the transaction and, specifically, if the Company has taken recourse to the case of exemption established by these Procedures in accordance with articles 13 and 14 of the RPT (Related Party Transactions) Regulation;
- any approval of the transaction despite the Committee issuing a note to the contrary.

13 DISSEMINATION OF THE PROCEDURE

The Procedure is made available to the company Departments/Units.

The Procedure is also transmitted to the legal representatives and to the functional areas of subsidiaries or in any case to the areas subject to the direction and coordination of IRCE so that same can exam it and, for the area in their remit and under their responsibility, implement and observe its provisions, undertaking to fulfil all the obligations established in it, in order to guarantee the efficacy of the processes regulated herein and to distribute the Procedure within the relative company structures and to any companies controlled by same subsidiaries.

Specifically, subsidiaries shall provide IRCE with all the necessary information to arrange for the fulfilment of the information obligations set forth in the Regulation and this Procedure.

14 AMENDMENTS AND UPDATES OF THE PROCEDURES

The Procedure is approved by the Board of Directors of IRCE with the favourable opinion of the independent directors.

The Board of Directors revises this procedure, bearing in mind any new laws and regulations promulgated.

15 PUBLICATION OF THE PROCEDURES

The Procedure is published on the Company's website www.irce.it, in the Investor Page/Corporate Governance section and, on the same website, in the annual management report, in accordance with article 2391-*bis* of the Italian Civil Code.