

# PROCEDURES FOR TRANSACTIONS WITH RELATED PARTIES



**PROCEDURES FOR TRANSACTIONS WITH RELATED PARTIES**  
PURSUANT TO ART. 2391-BIS OF THE ITALIAN CIVIL CODE (AS IMPLEMENTED  
BY CONSOB REGULATION ADOPTED WITH RESOLUTION NO. 17221 OF 12  
MARCH 2010 AND SUBSEQUENT AMENDMENTS AND ADDITIONS)

**1. INTRODUCTION**

1.1 These procedures (the “Procedures”), adopted pursuant to article 2391-*bis* of the Italian Civil Code in accordance with the principles indicated by Consob in its regulation adopted with resolution 17221 of 12 March 2010 and subsequent amendments and additions<sup>1</sup> (the “Consob Regulation”), set out the rules to be followed for approving and executing transactions with related parties undertaken by Saras SpA (“Saras” or the “Company”), directly or via its subsidiaries, in order to ensure the transparency, and substantive and procedural probity of the transactions.

**2. DEFINITION OF RELATED PARTY**

2.1 For the purposes of these Procedures, “Related Party” means: parties defined as such by the international accounting standards adopted in accordance with the procedure set out in article 6 of EC Regulation 1606/2002. For the sake of clarity, the definitions contained in the international accounting standards applicable from time to time may be reproduced in an appendix to these Procedures.

1. The Consob Regulations were last amended and supplemented by Consob Resolution No. 21624 of December 10, 2020

2.2 A special committee comprising the Chief Financial Officer, the General Counsel and the Head of Internal Audit shall resolve cases in which the identification of a related party is disputed, based on the definition contained in the international accounting standards applicable at the time.

**3. DEFINITION OF TRANSACTION WITH A RELATED PARTY**

3.1 For the purposes of these Procedures, “Transaction with a Related Party” means the transaction defined as such by the international accounting standards adopted in accordance with the procedure referred to in Article 6 of EC Regulation 1606/2002. For the sake of clarity, the definitions contained in the international accounting standards applicable from time to time can be found in an appendix to these Procedures.

## 4. CATEGORIES OF TRANSACTIONS WITH RELATED PARTIES

4.1 For the purposes of these Procedures, “Significant Transactions” means Transactions with Related Parties, as set out at article 1.1 of Annex 3 of the Consob Regulation and, more precisely, Transactions with Related Parties where at least one of the following significance ratios (to be applied depending on the nature of the transaction) is greater than 5%:

- a) *Equivalent value significance ratio*: the ratio of the equivalent value of the transaction<sup>2</sup> to net shareholders’ equity, taken from the Company’s most recent, published (consolidated) balance sheet or, if greater, the Company’s capitalisation recorded at the close of the last day of trading in the period to which the most recent, published, periodic accounting document (annual or half-yearly financial report or interim management report) relates.
  - b) *Asset significance ratio*: the ratio of the organisation’s assets included in the transaction to the Company’s total assets<sup>3</sup>. The data to be used must be taken from the Company’s most recent, published (consolidated) balance sheet; where possible, the same data must be used to calculate the sum total of the assets included in the transaction.
  - c) *Liability significance ratio*: the ratio of the organisation’s liabilities to the Company’s total assets. The data to be used must be taken from the Company’s most recent, published (consolidated) balance sheet; where possible, the same data must be used to calculate the sum total of the liabilities of the organisation or business division acquired.
2. If the economic conditions of the transaction have been determined, the equivalent value of the transaction is as follows: for the cash components, the amount paid to/by the counterparty to the agreement; ii) for components comprising financial instruments, the fair value determined at the date of the transaction, in accordance with the international accounting standards adopted with EC Regulation 1606/2002; iii) for financing transactions or the issue of guarantees, the maximum amount that may be paid out. If the economic conditions of the transaction depend wholly or partly on amounts that have not yet been determined, the equivalent value of the transaction is the maximum amount receivable or payable under the terms of the agreement.
  3. With regard to transactions concerning the sale and purchase of holdings in companies that affect the basis of consolidation, the numerator value is the total assets of the investee, regardless of the percentage of capital involved in the transaction. In the case of transactions concerning the sale and purchase of holdings in companies that do not affect the basis of consolidation, the numerator value is: i) for acquisitions, the equivalent value of the transaction plus any liabilities of the company acquired, where assumed by the purchaser (in accordance with the Communication, only those liabilities over which the acquiring company assumes obligations are to be considered “assumed”, as in the event of an “assumption of debt” within the meaning of article 1273 of the Italian Civil Code); ii) for sales, the purchase price of the assets sold. With regard to transactions concerning the sale and purchase of other assets (other than in the acquisition of a holding), the numerator value is: i) for acquisitions, the greater of the purchase price and the book value that will be attributed to the asset; ii) for sales, the book value of the asset.

4.2 If one or several aggregated transactions within the meaning of article 5, paragraph 2 of the Consob Regulation is identified as a “Significant Transaction” according to the ratios listed in section 4.1 of these Procedures but this result seems patently unjustified in view of the specific circumstances, the Company directors may ask Consob to indicate alternative methods for calculating the above ratios, notifying it of the essential features of the transaction and specific circumstances necessitating the request. This must be done prior to the conclusion of

negotiations.

4.3 For the purposes of these Procedures, “Minor Transactions” means transactions with Related Parties of an equivalent value of EUR 1 million or less in the event that the counterparty is a corporation or Euro 350,000 in other cases. Decisions on the award of remuneration and economic benefits of any kind to members of the Company’s boards of directors or auditors, or to managers with strategic responsibilities, are to be considered “Minor Transactions” where they do not individually exceed EUR 300,000.

4.4 For the purposes of these Procedures, “Less Significant Transactions” means transactions with Related Parties other than Significant Transactions as set out in section 4.1 and Minor Transactions described in section 4.3.

## **5. TRANSACTIONS WITH RELATED PARTIES COMMITTEE**

5.1 For the purposes of these Procedures, “Committee” means the committee created within the Board of Directors, comprising at least two, all unrelated<sup>4</sup>, directors who satisfy the requirements of independence laid down by the Corporate Governance Code of the listed Companies. The Committee is chaired by the Lead Independent Director. The General Counsel carries out the duties of the Committee Secretary.

4. “Unrelated directors” are directors that are not connected with the counterparty of a specific transaction or its related parties.

## **6. APPROVING TRANSACTIONS WITH RELATED PARTIES**

All Transactions with Related Parties are approved by the Board of Directors, except for Minor Transactions.

## **7. GENERAL PROCEDURE FOR LESS SIGNIFICANT TRANSACTIONS**

7.1 Before a Less Significant Transaction is approved by the Board of Directors, the Committee shall express a nonbinding reasoned opinion on the interest to the Company in undertaking the transaction and on the appropriateness and substantive probity of the related conditions. This opinion shall be attached to the minutes of the Committee meeting. For the purposes of this section, a positive opinion issued (by the Committee or by the individuals stipulated in paragraph 7.2 below) on condition that the transaction is concluded or executed in compliance with one or more instructions, shall be considered favourable if the conditions imposed are actually complied with.

7.2 In the event that there are not three unrelated independent directors on the Committee to authorise a Less Significant Transaction, the Board of Directors, with the necessary favourable opinion of the unrelated independent directors present at the meeting, may appoint - at the Company’s expense - one or more independent experts to issue the reasoned opinion on the

interest to the Company of undertaking the transaction and on the appropriateness and substantive probity of the related conditions.

7.3 Where the specific circumstances of the transaction require it, the Committee may seek assistance - at the Company's expense - from one or more independent experts of its choice, whose independence it verifies in advance, taking into account the reports indicated in paragraph 2.4 of Annex 4 to the Consob Regulation.

7.4 Both the Committee and the Board of Directors shall receive in good time complete and appropriate information on the transaction advanced by the executive directors or proposed by any other party. If there are not three unrelated independent directors on the Committee to approve the proposed transaction, the Committee shall inform the Chairman of the Board of Directors of this in good time. If the conditions of the proposed transaction are defined in the same way as those that are usually established in respect of unrelated parties for transactions of a similar type, size and risk, or based on regulated tariffs or fixed prices, or those offered to parties with which the issuer has a legal obligation to contract at a set price, the documents shall contain objective points for discussion.

7.5 The minutes of the meeting of the Board of Directors that approves the Less Significant Transaction shall set out sufficient justification regarding the interest to the Company in undertaking the transaction, and on the appropriateness and substantive probity of the related conditions. The directors involved in the transaction abstain from voting.<sup>25</sup>

7.6 Notwithstanding the disclosure requirements stipulated by the Consob Regulation, the Issuers' Regulation and/ or the most recent applicable legislation, executive directors shall submit to the Board of Directors and the Board of Auditors a comprehensive quarterly report on the execution of the Less Significant Transactions carried out by the Company, in conformity with the procedure set out at article 7 of this document. This report must provide evidence, in respect of the Less Significant Transactions for which a conditional favourable opinion was issued, that the conditions imposed by the opinion were complied with.

7.7 Notwithstanding the stipulations of article 17 of EU Regulation No. 596/2014, a document shall be made available to the public within 15 days of the end of each quarter of the accounting year at the Company's head office and according to the procedures set out in Part III, Title II, Chapter I of the Issuers' Regulations, containing details of the counterparty, subject and value of the transactions approved in the previous three months despite the expression, pursuant to paragraph 7.1, of a negative opinion by the Committee or independent expert(s) tasked by the Board of Directors. The report shall include the reasons behind the Board of Directors' decision not to accept this opinion and to proceed with the transaction. Within the same timeframe, the

<sup>5</sup> "Directors involved in the transaction" means directors who have an interest in the transaction, on their own behalf or on behalf of third parties, that conflicts with that of the Company.

negative opinion issued by the Committee or independent expert(s) tasked by the Board of Directors shall be made available to the public as an attachment to the information document or on the Company's web site.

## **8. SPECIAL PROCEDURE FOR SIGNIFICANT TRANSACTIONS**

8.1 Significant Transactions must be approved by the Board of Directors subject to a favourable, reasoned opinion on the interest to the Company of undertaking the transaction, and on the appropriateness and substantive probity of the related conditions issued by the Committee. This opinion is annexed to the minutes of the Committee meeting. For the purposes of this section, a positive opinion issued (by the Committee or by the individuals stipulated in paragraph 8.2 below) on condition that the transaction is concluded or executed in compliance with one or more instructions, is considered favourable if the conditions imposed are actually complied with.

8.2 In the event that there are not three unrelated independent directors on the Committee to authorise a Significant Transaction, the Board of Directors, with the necessary favourable opinion of the unrelated independent directors that are present at the meeting, may appoint - at the Company's expense - one or more independent experts to issue the reasoned opinion on the interest to the company of undertaking the transaction and on the appropriateness and substantive probity of the related conditions.

8.3 Where the specific circumstances of the transaction require it, the Committee may seek assistance - at the Company's expense - from one or more independent experts of its choice, whose independence it verifies in advance, taking into account the reports indicated in paragraph 2.4 of Annex 4 of the Consob Regulation

8.4 Both the Committee and the Board of Directors shall receive in good time complete and appropriate information on the transaction advanced by the executive directors or proposed by any other party, and may ask questions or seek clarification on the information received. If there are not three unrelated independent directors on the Committee to approve the proposed transaction, the Committee shall inform the Chairman of the Board of Directors of this in good time. If the conditions of the proposed transaction are defined in the same way as those that are usually established in respect of unrelated parties for transactions of a similar type, size and risk, or based on regulated tariffs or fixed prices, or those offered to parties with which the issuer has a legal obligation to contract at a set price, the documents shall contain objective points for discussion.

8.5 The Committee (in the person of the Lead Independent Director or, in the event that the Lead Independent Director is a related director in terms of the transaction in question, in the person of another member delegated by the Committee) or, in the example set out at paragraph

8.2, the independent expert or experts tasked by the Board of Directors, shall be involved in a timely manner in the negotiation and assessment phases relating to Significant Transactions. To this end, they shall receive comprehensive and updated information, and may request information or make observations to the executive directors or to the various parties involved in the negotiation or assessment process.

8.6 The minutes of the meeting of the Board of Directors that approves the Significant Transaction shall set out sufficient justification regarding the interest to the Company in undertaking the transaction, and on the appropriateness and substantive probity of the related conditions. The directors involved in the transaction abstain from voting.

8.7 Notwithstanding the disclosure requirements stipulated by the Consob Regulation, the Issuers' Regulation and/ or the most recent applicable legislation, executive directors shall submit to the Board of Directors and the Board of Auditors a comprehensive quarterly report on the execution of the Significant Transactions carried out by the Company, in conformity with the procedure set out at article 8 of this document. This report must provide evidence, in respect of the Significant Transactions for which a conditional favourable opinion was issued, that the conditions imposed by the opinion were complied with.

## **9. LESS SIGNIFICANT TRANSACTIONS THAT ARE THE RESPONSIBILITY OF THE SHAREHOLDERS' MEETING**

9.1 For Less Significant Transactions that are the responsibility of, or must be authorised by, the shareholders' meeting (e.g. mergers, demergers into two separate companies or demergers that are not strictly proportional with Related Parties, or capital increases excluding option rights for Related Parties), the provisions of article 7 of these Procedures shall apply to the assessment and approval of the motion to be submitted to the shareholders' meeting.

## **10. SIGNIFICANT TRANSACTIONS THAT ARE THE RESPONSIBILITY OF THE SHAREHOLDERS' MEETING**

10.1 For Significant Transactions that are the responsibility of, or must be authorised by, the shareholders' meeting (e.g. mergers, demergers into two separate companies or demergers that are not strictly proportional with Related Parties, or capital increases excluding option rights for Related Parties), the provisions of article 8 of these Procedures shall apply to the negotiation, assessment and approval of the motion to be submitted to the shareholders' meeting.

## **11. TRANSACTIONS BY SUBSIDIARY COMPANIES**

11.1 If the Company is required by law or in compliance with an internal regulation to express

its approval or assessment of the Significant or Less Significant Transactions of a subsidiary, the Committee and the Board of Directors shall receive, in good time, comprehensive and appropriate information on the transactions from the executive directors or from another informed party. The Board of Directors shall give its assessment or approval of the Company's transactions, subject to the opinion of the Committee on the substantive probity of the related conditions. The opinion is non-binding in the case of Less Significant Transactions, but must be favourable in regard to Significant Transactions. If there are not three unrelated independent directors on the Committee to approve the proposed transaction, the Committee shall inform the Chairman of the Board of Directors of this in good time. In this instance, the Board of Auditors shall express an opinion on the substantive probity of the conditions of the transaction.

## **12. FRAMEWORK RESOLUTIONS**

12.1 For the purposes of these Procedures, framework resolutions relating to groups of uniform operations with certain categories of Related Parties, as identified from time to time by the Board of Directors, may be adopted. Framework resolutions are adopted in compliance with the provisions of articles 7 and 8 of these Procedures, according to an expected maximum value of transactions, considered cumulatively, that relate to them<sup>6</sup>.

12.2 Framework resolutions may not be valid for more than one year; they must relate to sufficiently determined transactions and state at least the expected maximum amount of transactions to be carried out in the period in question and the reason for the conditions envisaged.

12.3 When a framework resolution is approved, the Company will publish an information document pursuant to article 5 of the Consob Regulation if the expected maximum value of the transactions to be carried out in the period in question exceeds one of the indicators set out in paragraph 4.1 of these Procedures for Significant Transactions<sup>7</sup>.

12.4 Notwithstanding the disclosure requirements stipulated by the Consob Regulation, the Issuers' Regulation and/ or any other applicable legislation, executive directors shall submit to the Board of Directors a comprehensive progress report on the execution of the framework resolutions adopted by the Company, in compliance with the procedure set out in article 12 herein.

<sup>6</sup> The provisions of articles 7 and 8 of these Procedures shall not apply to the individual transactions carried out in implementing the framework resolution.

<sup>7</sup> Transactions carried out in implementing a framework resolution for which an information document has been prepared pursuant to paragraph 12.3, are not counted for the purposes of ascertaining whether the limits established for identifying Significant Transactions considered cumulatively, as set out in article 5, paragraph 2 of the Consob Regulation, have been exceeded.



## 13. EXEMPTIONS

13.1 These Procedures and the provisions of the Consob Regulation do not apply to:

- a) the shareholders' resolutions set out at article 2389, paragraph 1, of the Italian Civil Code relating to remuneration due to members of the Board of Directors and the executive committee;
- b) the shareholders' resolutions set out at article 2402 of the Italian Civil Code relating to remuneration due to members of the Board of Auditors;
- c) the approval and execution of Minor Transactions;
- d) transactions resolved by the companies and addressed to all shareholders on equal terms, including:
  - i. increases of share capital under option, including those servicing convertible bonds, and free capital increases provided for by Article 2442 of the Italian Civil Code
  - ii. full or partial demergers in the strict sense of the word, with proportional share allocation criteria;
  - iii. reductions of share capital through reimbursement to shareholders provided for by Article 2445 of the Italian Civil Code and purchases of treasury shares pursuant to Article 132 of the Consolidated Law on Finance.

13.2 These Procedures and the provisions of the Consob Regulation (with the exception of the disclosure requirements set out at article 5, paragraph 8 of the Consob Regulation) also do not apply to:

- a) payment plans based on financial instruments approved by the shareholders' meeting pursuant to article 114- *bis* of the *Testo Unico della Finanza* law and related implementing transactions;
- b) resolutions on the remuneration of directors and board members vested with specific responsibilities other than those indicated in section 13.1(a) and managers with strategic responsibilities, provided that: (i) the Company has in place a remuneration policy approved by the shareholders' meeting; (ii) the remuneration policy was drawn up with the involvement of a remuneration committee created according to the provisions of the Corporate Governance Code; (iii) the remuneration awarded is identified in accordance with this policy and quantified on the basis of criteria that do not involve discretionary assessments;

- c) transactions that are part of the Company's ordinary operations and related financial activity, and that are concluded under the normal conditions employed in transactions of a similar type, size or risk with non-related parties, or are based on regulated tariffs or fixed prices or those offered to parties with which the Company has a legal obligation to contract at a set price. However, without prejudice to the provisions of article 17 of Regulation (EU) No 596/2014, the Company shall:
- i) notify Consob and the Committee, within the timeframe indicated in article 5, paragraph 3 of the Consob Regulation, of the counterparty, subject and value of the Transactions that have benefited from an exemption as set out in paragraph 13.2 c) of these Procedures, as well as the reasons why the transaction is deemed to be ordinary and concluded at conditions equivalent to market or standard conditions, providing objective evidence. The Committee shall verify the correct application of the conditions of the exemption provided for in this paragraph 13.2 letter c). In the case of Significant Transactions subject to this exemption, the Committee shall promptly receive all the available information concerning the transaction and shall express the outcome of its verifications within the next 5 days and, in any case, before the approval of the transaction by the competent body or, if the competent body resolves to submit a contractual proposal, before the conclusion of the contract; and
  - ii) indicate in the interim report on operations and the annual report which of the transactions that are subject to disclosure requirements governed by article 5, paragraph 8, of the Consob Regulation were concluded under the exemptions stipulated in paragraph 13.2 c) of these Procedures.
- d) transactions with or between the Company's subsidiaries, including those subject to joint control, and transactions with the Company's affiliates, provided that no other Related Parties of the Company have any significant interests in the subsidiaries or affiliates that form the counterparties of the transaction. The existence of significant interests is assessed with particular regard to balance-sheet relationships between the Company's sub subsidiaries and affiliates and its other Related Parties. By way of example, a significant interest is held by:
- i) the Company's parent company if it holds a stake in the subsidiary or affiliate that is effectively greater, when assessed according to the criteria set out in the Communication, than its stake in the Company;
  - ii) the Company's managers with strategic responsibilities if they benefit from incentive plans based on financial instruments (or, in any case, variable remuneration) that depend to a not inconsiderable extent on the performance of the subsidiary and/or affiliate. This also applies to total remuneration drawn by the said managers;

iii) managers with strategic responsibilities if loans exist between the manager and the subsidiary or affiliate which, in light of the specific circumstances of the case, including the size of the loan and the financial and asset conditions of the subsidiary or affiliate, are such as to provide an incentive to boost the subsidiary or affiliate's asset position.

13.3 Without prejudice to the disclosure obligations provided for by the Consob Regulation, the Issuers' Regulation and/or other applicable regulations, the executive directors shall provide the Committee, on at least an annual basis, with information on the application of the cases of exemption identified pursuant to this article 13 of the Procedures.

#### 14. **OTHER**

14.1 These procedures shall apply as of 8<sup>th</sup> June 2021.

14.2 Changes to these Procedures shall be approved by the Board of Directors subject to the favourable opinion of the Committee. If there are not at least three independent directors in post, changes to these procedures shall be approved subject to the favourable opinion of the independent directors present or, in their absence, to the nonbinding opinion of an independent expert.

## APPENDIX TO RELATED PARTY TRANSACTION PROCEDURES

### DEFINITION OF RELATED PARTIES AND RELATED PARTY TRANSACTIONS AND RELATED DEFINITIONS

1. Definitions of related parties and related party transactions according to international accounting standards.

#### *Related parties*

A related party is a person or entity that is related to the entity that draws up the financial statements (hereinafter the reporting entity).

(a) A person or a close family member of that person is related to a reporting entity if that person:

- (i) has control or joint control over the reporting entity;
- (ii) has significant influence over the reporting entity; or
- (iii) is a member of the key management personnel of the reporting entity or of one of its parent companies.

(b) An entity is related to a reporting entity if any of the following applies:

- (i) the entity and the reporting entity are members of the same group (which means that each parent, subsidiary and group company is related to the others);
- (ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture in a group of which the other entity is a member);
- (iii) both entities are joint ventures of the same third party;
- (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- (v) the entity has a post-employment benefit plan for the benefit of employees of the reporting entity or of an entity related to the reporting entity;
- (vi) the entity is controlled or jointly controlled by a person identified in (a);
- (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity) [IAS 24, paragraph 12].

In the definition of related party, an associate includes the subsidiaries of the associate and a joint venture includes the subsidiaries of the joint venture. Therefore, for example, a subsidiary of an associate and the investor that has significant influence over the associate are related to each other [IAS 24, paragraph 12].

#### *Related Party Transactions*

A related party transaction is a transfer of resources, services or obligations between an entity and a related party, regardless of whether a price is charged [IAS 24, paragraph 9].

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## 2. Definitions functional to those of "related parties" and "related party transactions" under IFRSs

The terms 'control', 'joint control' and 'significant influence' are defined in IFRS 10, IFRS 11 (Arrangements for Joint Control) and IAS 28 (Investments in Associates and Joint Ventures) and are used with the meanings specified in those IFRSs [IAS 24, paragraph 9].

### *Key Management Personnel*

Key management personnel are those individuals who have power over and responsibility for, directly or indirectly, planning, directing and controlling the activities of the entity, including the directors (executive and non-executive) of the entity [IAS 24, paragraph 9].

### *Close Family Members*

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

- (a) the children and spouse or partner of that person;
- (b) children of that person's spouse or partner;
- (c) dependants of that person or that person's spouse or domestic partner [IAS 24 paragraph 9].

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## 3. Interpretative Principles for Definitions

3.1 In reviewing each related party relationship, attention shall be paid to the substance of the relationship and not merely its legal form [IAS 24, paragraph 10].

3.2 The above definitions are interpreted by reference to the body of international accounting standards adopted in accordance with the procedure laid down in Article 6 of Regulation (EC) No 1606/2002.