



giglio

G R O U P S.p.A.

**PROCEDURE GOVERNING
TRANSACTIONS WITH RELATED PARTIES**

Giglio Group S.p.A.

Latest update as of 14 May 2019

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.).

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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. 19974 of 27 April 2017) (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, 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. 19974 of 27 April 2017 (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 and the Corporate Governance Code adopted by the Issuer;

Corporate Governance Code: the Corporate Governance Code of listed companies approved by the Listed Companies Corporate Governance Committee established by Borsa Italiana S.p.A. 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;

Standard Market Conditions or **Standards:** conditions that are analogous to those that are usually applied to non-related parties for transactions of corresponding nature, size and risk, or based on regulated rates or on prices that are set, or applied to parties with which Giglio Group S.p.A. (or its Subsidiaries) is obliged by law to contract at a specific price;

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

Significant Interest: the interest of a Related Party of the Company 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 Transaction(s) or **Transaction(s):** in accordance with the provisions of Annex 1 of the RPT Regulation, any transfer of resources, services or obligations between the Company (or the Subsidiaries) and one or more Related Parties, regardless of the fact that a consideration was agreed;

Transactions of Limited Value: the Transactions that have a value or in any case an aggregate value per single transaction not exceeding € 100,000;

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 Transactions: the Transactions that fall within the ordinary operating activities and related parties activity of the Company and/or its Subsidiaries;

Related Parties: the parties describer in Art. 3 hereunder.

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 "Related Parties" and the related notions of "Control", "Joint Control", "Significant Influence", "Close Family Members", "Key Managers", "Subsidiary", "Affiliated Company" and "Joint Venture" shall have the same meaning given to them in Annex 1 of the Regulation.

3.2 The following are considered **Related Parties** of Giglio Group S.p.A.:

- a) The parties that, directly or indirectly, through subsidiaries, trust companies or intermediaries, might control Giglio Group S.p.A.;
- b) The parties that, directly or indirectly, through subsidiaries, trust companies or intermediaries, are controlled by Giglio Group S.p.A.;
- c) The parties that, directly or indirectly, through subsidiaries, trust companies or intermediaries, are subject to common control with Giglio Group S.p.A.;
- d) The parties that hold, directly or indirectly, through subsidiaries, trust companies or intermediaries, a shareholding in Giglio Group S.p.A. that is large enough for them to exercise a significant influence on Giglio Group S.p.A.;
- e) The parties that, directly or indirectly, through subsidiaries, trust companies or intermediaries, control Giglio Group S.p.A. together with other parties;
- f) The parties that exercise (individual or joint) control or significant influence on Giglio Group S.p.A. due to their participation in a shareholders' agreement;
- g) The affiliated companies of Giglio Group S.p.A.;
- h) The joint ventures in which Giglio Group S.p.A. participates;
- i) The key managers of Giglio Group S.p.A. and of other companies that might control the Company pursuant to Annex 1 of the Regulation, that is the

parties who have the authority and the responsibility, directly or indirectly, to plan, manage and control the activities of Giglio Group S.p.A. and its subsidiaries (including its directors, also non-executive and independent, and the statutory auditors);

- j) The close family members of the persons indicated under points 1), 4), 5), 6) and 9) above, i.e. the family members capable of influencing the, or being influenced by, the party involved in their relation with Giglio Group S.p.A., such as the spouse not legally separated, the partner, their children and their dependents;
- k) Entities subject to the control, or joint control or significant influence of one of the persons indicated in points 9) and 10), directly or indirectly, or where such persons directly or indirectly hold a significant shareholding representing no less than 20% of the voting rights;
- l) The collective or individual, Italian or foreign, supplemental pension funds set up in favour of the employees of the Company, or of any entity related to it.

3.3 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 Giglio Group S.p.A. 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 Legal and Corporate Affairs Office 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 Giglio Group S.p.A. 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 D.
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 the Legal and Corporate Affairs Office of the Company, 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 into a separate section of the Register of Related Parties.

5. Internal Control, Risk and Related-Parties Committee

- 5.1 The Board of Directors of Giglio Group shall set up an Internal Control, Risk and Related-Parties Committee (the "**Committee**") composed at least by two 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 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 Board of Statutory Auditors shall issue its opinion regarding said specific Transaction, in order to safeguard the substantial fairness of the Transaction.
- 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.
- 5.4 The Committee shall carry out the functions set forth in the Regulation and in the law applicable from time to time 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;
 - c) Shall participate in the negotiation and preparatory stage of the Transactions of Greater Importance by receiving a complete and timely 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 (who must have recognized professional expertise on the relevant subject-matters and whose independence and lack of conflict of interest must have been ascertained).
- 5.6 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.
- 6.2 If there is any relation with the delegated body or any other authorized persons or with a Related Party through such delegated body, all aforementioned entities the latter shall refrain from executing the Transaction and shall delegate accordingly the Board of Directors.
- 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.

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, if the conditions of the transaction are defined as Standard Market Conditions or Standard, the prepared documents shall contain objective confirmation elements.

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 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, the Chairman of the Board of Directors of the Company, supported by the Legal and Corporate Affairs Office if necessary, shall promptly satisfy the obligations envisaged by the Procedure and applicable laws and regulations, and shall promptly send a written report to the Committee 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 available documentation concerning the Transaction.

8. PROCEDURE GOVERNING TRANSACTIONS WITH RELATED PARTIES

8.1 Transactions of Greater Importance

It is noted that the Transactions of Greater Importance are those transaction where at least one of the Significance Thresholds indicated in Annex 3 of the Regulation has been exceeded. This includes 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.

The Transactions of Greater Importance are exclusively reserved to the approval of the Board of Directors, which resolves upon them in accordance with the Procedure, the Regulation and the laws and regulations in force from time to time, after obtaining the favourable and binding opinion of the Committee.

The Committee must intervene during the negotiations and the review of Transactions of Greater Importance. Upon the completion of the preparatory stage, the Committee shall express its opinion on:

- a) The interest of the Company in executing the Transaction;
- b) The adequacy and substantial fairness of the conditions.

Moreover, in the case of Related-Party Transactions influenced by any management and coordination exercised by the Company, the reasons and advantages of the Transaction shall be duly indicated, 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.

8.2 Transactions of Lesser Importance

In the event of Transactions of Lesser Importance, the Committee shall express its justified and non-binding opinion before of the execution of the transaction:

- a) About the interest of the Company in executing the Transaction;
- b) About the adequacy and substantial fairness of the conditions.

Moreover, in the case of Related-Party Transactions influenced by any management and coordination exercised by the Company, the reasons and advantages of the Transaction shall be duly indicated, 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.

If the Committee expresses a negative opinion on a Transaction of Lesser Importance, the Company (within thirty days from the end of the first six months of the fiscal year and within 30 days from the end of the fiscal year as of 31

December of each year) 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.

The Committee shall meet in due time before the date set for the approval or the execution of the Transaction. 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.

If the Transaction is reserved for other directors or persons who have been delegated with the relevant authority, 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 an annual basis, pursuant to the terms and conditions provided for under Article 14.2 hereof.

If a Related Party Transaction, made with or without the participation of the Subsidiaries, is also subject to the notification obligations under Art. 114, par. 1 of the CFA, the notice disclosed to the public must contain the following information, in addition to the other information required under such regulation:

- a) Indication that the counterparty to the transaction is a Related Party and description of the relation;
- b) Company name or name of the counterparty to the transaction;
- c) Whether or not the transaction exceeds the Significance Thresholds and information about any subsequent publication of a disclosure document pursuant to Art. 5 of the Regulation;
- d) 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;
- e) Any transaction approved notwithstanding the negative opinion of the

Committee.

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 Giglio Group S.p.A. examine and/or approve Related Parties Transactions carried out through Subsidiaries, 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 conditions of the transaction be defined as Standard Market Conditions or Standard, the prepared documents shall contain objective confirmation elements.
- 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 Notwithstanding the provisions of the Regulation, also as far as the disclosure to the public is concerned, the resolutions concerning the adoption of framework resolutions shall be governed by the provisions set forth in paragraph 5 above, notwithstanding the deliberative powers of the Board of Directors in the event that the maximum number of transactions subject to the resolution, considered collectively, is greater than the thresholds mentioned in par. 8.1.
- 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 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 par. 8.1.

10.6 The provisions of Art. 7 of the Regulation 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

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 set forth in par. 11.1;
- b) 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);
- c) 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);
- d) Ordinary Transactions executed at Standard Market Conditions or Standard (see par. 11.4);
- e) 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 (b), (c) and (d).

11.1 Transactions of Limited Value

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

For the purpose of the Procedure, "Transactions of Limited Value" means the transactions whose value does not exceed € 100,000.

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 Giglio Group S.p.A. that, considered collectively shall exceed the aforementioned amount.

11.2 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.

11.3 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 (different from those indicate in Art. 13, par. 1 of the Regulation) are excluded from the scope of this Procedure, if:

- a) Giglio Group S.p.A. adopted a remuneration policy;
- 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) A report explaining the remuneration policy was submitted for approval or for consultative vote to the Shareholders' Meeting of Giglio Group S.p.A.
- d) The remuneration granted is in line with said policy.

11.4 Ordinary Transactions executed at Standard Market Conditions or Standard

11.4.1 Identification of Ordinary Transactions at Standard Market Conditions or Standards

In accordance to Art. 3, par. 1, letter d) of the Regulation, Transactions are defined as Ordinary when they fall under the ordinary performance of the operational activity of Giglio Group S.p.A. and its related financial activity.

In accordance to Art. 3, par. 1, letter e) of the Regulation, Ordinary Transactions executed at Standard Market Conditions or Standard are transactions executed at similar conditions that are analogous to those that are usually applied to non-related parties for transactions of corresponding nature, size and risk, or based on regulated rates or on prices that are set, or applied to parties with which the Company is obliged by law to contract at a specific price.

The identification of "Ordinary Transactions" and of "Ordinary Transactions executed at Standard Market Conditions or Standard" 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.

As far as the "Ordinary Transactions" are concerned, their identification is carried out by taking into account the indications included in par. 3.

11.4.2 Applicable Regulation

Ordinary Transactions executed at Standard Market Conditions or Standard 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.

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 the Standard Market Conditions or Standard.

In the event that the Transactions benefiting from the exemption set forth in this paragraph are Transactions of Greater Importance under the following par. 11.2, notwithstanding the provisions of Art. 17 of the MAR, the Company shall:

- a) Notify Consob, within seven days from the approval of the transaction, about the counterparty, the subject-matter and the price;
- 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 Transaction 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.

11.5 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 Giglio Group S.p.A.

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 Giglio Group

S.p.A. 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.

12. DISCLOSURE ON TRANSACTIONS WITH RELATED PARTIES

12.1 Internal disclosure on Related Parties Transactions of Lesser Importance

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.

12.2 Public disclosure on Related Parties Transactions of Greater Importance

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 Giglio Group S.p.A. 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 Giglio Group S.p.A. or, if greater, the capitalisation of Giglio Group S.p.A. 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 Giglio Group S.p.A.; or
- c) The significance index of the liabilities, i.e. the ratio between the total liabilities of the company subject to the transaction and the total liabilities of Giglio Group S.p.A., greater than 5%, as better defined and explained in Annex 3 of the Regulation and in the Implementing Disclosure.

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 Giglio Group S.p.A., 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 as defined pursuant to Art. 2427, par. 2 of the Italian Civil Code, 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) Indication that the counterparty to the transaction is a Related Party and description of the relation;
- b) Company name or name of the counterparty to the transaction;

- c) Whether or not the transaction exceeds the Significance Thresholds set forth in par. 11.2 of this Procedure and the information about any subsequent publication of a disclosure document pursuant to Art. 5 of the Regulation;
- d) 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;
- e) Any transaction approved notwithstanding the negative opinion of the Committee.

According to the Implementing Disclosure, with regard to the cases in which the Issuer does not publish the disclosure prepared pursuant to Annex 4 of the Regulation and to par. 9 of this Procedure, both because the transaction does not exceed the significance thresholds identified under Art. 4, par. 1 of the Regulation and because the cases and the exclusion grounds set forth in the Regulation, the following elements, by way of example, are included among the information that can be outlined in compliance with Art. 66, par. 2, letter a) of the Issuers Regulation (according to which the disclosure with which the privileged information are published must include "the elements adequate for allowing a complete and correct assessment of the events and the circumstances described") and that constitutes, usually, a parameter of reference for Consob's requests to publish supplementary information regarding the disclosure of such transactions: the essential features of the transaction (price, execution conditions, payment timing, etc.); the economic motivations of the transaction; the explanation of the economic and financial effects of the transaction, the methods for defining the price of the transaction as well as the assessment of the fair value of said price with the market values for similar transactions; in the event that the economic conditions of the transaction are defined as Standard Market Conditions or Standard, other than such statement, also the objective confirmation elements; the eventual use of experts for the assessment of the transaction and, in such case, the definition of the assessment methods used with regard to the fair value of the price, as well as the description of any eventual criticality reported by the experts in their report.

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 Giglio Group S.p.A., 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.

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. 2 of the CFA, 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 shall become 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.. The Procedure shall thus be published without further ado, after the approval and any amendment by the Board of Directors, on the website of the Company at www.giglio.org, in the "Investor Relations" section; moreover, in the Annual Directors' Report, pursuant to Art. 2391-bis of the Italian Civil Code, information is provided on the Related Parties Transactions.

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 standards set forth in Regulation no. 17221/2010 and in the Provisions; 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.

15. Non-compliance and penalties

15.1 In the event of breach of the provisions of this Procedure, the Company and the Subsidiaries of Giglio Group S.p.A. - 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 infringer to compensate all damages incurred by the Company, as well as the adoption of more appropriate measures provided and allowed by the Law.