

## **RELATED PARTY TRANSACTIONS**

**DOCUMENT HISTORY**

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<sup>1</sup> Updated to incorporate the changes introduced by Consob resolution No. 21624 of December 10, 2020 in implementation of the delegation contained in [Legislative Decree No. 49 of June 10, 2019](#) which transposed EU Directive [828/2017/EU](#), referred to as "SHRD II".

## CONTENTS

<b>1</b>	<b>OBJECTIVE AND SCOPE.....</b>	<b>4</b>
<b>2</b>	<b>DEFINITIONS .....</b>	<b>5</b>
2.1	DEFINITIONS AND ACRONYMS .....	5
2.2	OTHER DEFINITIONS .....	5
2.3	CONDUCT PRINCIPLES .....	7
2.4	RESPONSIBILITIES CHART.....	7
2.5	COMMITTEE OF INDEPENDENT DIRECTORS.....	8
<b>3</b>	<b>RELATED PARTIES.....</b>	<b>9</b>
3.1	DEFINITION OF RELATED PARTIES .....	9
3.2	LIST OF RELATED PARTIES.....	11
<b>4</b>	<b>RELATED PARTY TRANSACTIONS .....</b>	<b>12</b>
<b>5</b>	<b>TRANSACTIONS EXCLUDED FROM THE SCOPE OF THE POLICY'S APPLICATION.....</b>	<b>12</b>
5.1	DEFINITION OF "EXCLUDED TRANSACTIONS" .....	12
5.2	APPROVAL PHASE.....	14
5.3	DISCLOSURE PHASE .....	15
<b>6</b>	<b>PROCEDURE FOR SIGNIFICANT RPT .....</b>	<b>15</b>
6.1	APPROVAL PHASE.....	15
6.2	DISCLOSURE PHASE.....	16
<b>7</b>	<b>PROCEDURE FOR MINOR RPT .....</b>	<b>17</b>
7.1	APPROVAL PHASE.....	17
7.2	DISCLOSURE PHASE.....	18
<b>8</b>	<b>TRANSACTIONS WITHIN THE SCOPE OF THE SHAREHOLDERS' MEETING.....</b>	<b>19</b>
<b>9</b>	<b>TRANSACTIONS THROUGH SUBSIDIARIES .....</b>	<b>19</b>
<b>10</b>	<b>FRAMEWORK RESOLUTIONS .....</b>	<b>19</b>
<b>11</b>	<b>FINAL PROVISIONS .....</b>	<b>20</b>
<b>12</b>	<b>ATTACHMENTS .....</b>	<b>21</b>
	ATTACHMENT 1: RPT DISCLOSURE .....	21
	ATTACHMENT 2: DISCLOSURE DOCUMENT .....	21

## ***Related party transactions policy***

### **1 OBJECTIVE AND SCOPE**

This policy (the "**Policy**") was adopted by Caltagirone Editore S.p.A. in implementation of Article 2391-bis of the Civil Code and the Regulation laying down the provisions on related party transactions adopted by Consob with Resolution no. 17221 of March 12, 2010 and subsequent amendments and additions (the "**Related Party Regulation**"); it identifies the rules that regulate the approval, execution and disclosure of transactions with related parties (as defined below, "**RPT**") implemented by the company, either directly or through subsidiary companies (the "**subsidiary companies**") pursuant to Article 93 of Legislative Decree No. 58 of February 24, 1998 and subsequent amendments and additions (the "**Consolidated Financial Services Act or CFA**"), in order to ensure substantive and procedural transparency and fairness in transactions.

## 2 DEFINITIONS

### 2.1 Definitions and acronyms

Company	Caltagirone Editore SpA
Chairman	Chairman of the Board of Directors of the Company
BoD	Board of Directors of the Company
BSA	Board of Statutory Auditors of the Company
CID	Committee of Independent Directors
EO	Executive Officer for Financial Reporting
AM	Administration Manager of the Company
SAM	Administrative Manager of the Subsidiaries or equivalent persons as per structure chart of the respective companies
CFSO	Consolidated Financial Statements Office
LAO	Legal Office
CAO	Corporate Affairs Office
CAS	Corporate Affairs Office Subsidiaries
Subsidiaries	Any Italian or overseas entity subject to the direct or indirect control of the Company, as indicated in the consolidated financial statements of the Company
Associate	Any entity over which the Company exercises significant influence, although not control or joint control, as indicated in the consolidated financial statements of the Company

### 2.2 Other definitions

The following definitions shall apply in addition to the terms already defined in this Policy:

**Related parties and Related party transactions:** the parties and the transactions defined as per the international accounting standards adopted according to the procedure as per Article 6 of Regulation (EC) No. 1606/2002. For further details, reference should be made to Paragraph 3 of this policy.

**Related Party Transactions or RPT:** in accordance with the provisions of the Annex to the Related Party Regulation, this shall mean any transfer of resources, services or obligations between Caltagirone Editore (that is, the companies it directly and/or indirectly controls) and one or more Related Parties, regardless of whether a price is charged<sup>2</sup>.

**Significant RPT's:** transactions with related parties identified as such as per Article 4, paragraph 1, letter

<sup>2</sup> They therefore include:

- i) mergers, spin-offs by incorporation or non-proportional spin-offs, where carried out with Related Parties;
- ii) all decisions relating to the allocation of remuneration or benefits, in any form, to members of the corporate boards and to senior executives.

a) of the Related Party Transactions regulation adopted by Consob are those transactions where one or more of the following significance thresholds (relating to the company even if the RPT takes place between subsidiaries or associates), that are applicable depending on the specific case, exceed 5% (the "Threshold"):

- a) **Significant value ratio:** the ratio of the RPT<sup>3</sup> value to equity (as reported as per the latest consolidated balance sheet prepared and published by the company or, if greater, the market capitalisation of the company at the end of the last trading day of the most recent published financial report (annual accounts, half-yearly report or quarterly report).
- b) **Asset size ratio:** the ratio of total assets of the entity involved in the RPT to total assets of the Company (as reported in the latest consolidated balance sheet prepared and published by the Company); where possible, similar data should be used to determine the total assets of the entity involved in the RPT.
- c) **Liability size ratio:** the ratio between the total liabilities of the entity acquired and the total assets of the Company, as per the latest balance sheet (consolidated) published by the Company. Where possible, similar figures must be used for the calculation of the total liabilities of the company or the business unit acquired<sup>4</sup>.

Homogeneous transactions or those carried out in execution of a common plan are considered to be Significant Transactions, implemented with the same related party during the year, or with parties related to both the latter and the same company which, although not individually qualifying as Significant Transactions, exceed the significance threshold when considered cumulatively.

This requirement also applies to RPT executed by subsidiaries but not to RPT falling within exclusion cases pursuant to Article 6 of this Policy.

**Minor RPT's:** all RPT other than Significant Transactions and Less Significant Transactions.

**Ordinary Transactions:** transactions carried out in the course of the regular business and related financial activities;

**Less Significant RPT's:** RPTs whose amount or total value, per individual transaction, does not exceed

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<sup>3</sup> The value of the RPT shall be:

- i) for the cash components, the amount paid to/from the counterparty;
- ii) for the components comprised of financial instruments, the fair value at the date of the RPT in accordance with IAS/IFRS international accounting standards;
- iii) for funding RPT's or guarantees given, the maximum amount disburseable.

Should the economic conditions of the RPT depend, in whole or in part, upon amounts not yet known, the value of the RPT is the maximum amount receivable or payable under the agreement;

<sup>4</sup> The liability components of equity of the acquired entity's balance sheet liabilities will be excluded from the calculation of total liabilities. Specifically, heading (R) of paragraph 54 of IAS 1 is to be excluded or, for financial statements drawn up in accordance with Italian GAAP, heading "A" of liabilities pursuant to Article 2424 of the Civil Code). For the asset size ratio, the total of the accounts included in Article 2424 of the Civil Code comprising the assets of the balance sheet is considered. Alternatively, where the company uses a differing financial statement format, the total of the different asset headings set out in its balance sheet shall be considered.

Euro 250,000 where the Related Party is a legal person and Euro 150,000 where the Related Party is a natural person.

**Market or standard equivalent terms:** terms similar to those usually charged to unrelated parties for transactions of a corresponding nature, extent and risk, or based on regulated rates or at fixed prices or those charged to persons with which the issuer is obligated by law to contract at a certain price;

**Independent Directors:** Company Directors considered independent as per the Consolidated Financial Act.

**Issuers' Regulation:** Regulation adopted by Consob with Resolution No. 11971 of May 14, 1999, as subsequently amended and supplemented

**Related Parties Regulation:** Regulation adopted by Consob with Resolution No. 17221 of March 12, 2010, as subsequently amended.

Terms not specifically defined in this Policy shall have the meaning as defined in the Related Party Regulation to which reference should be made for any further details not regulated in this Policy.

### 2.3 Conduct Principles

In considering each possible Related Party Transaction (hereafter "RPT"), attention is directed to the substance of the transaction and not merely the legal form.

Prior to passing resolutions on Related Party Transactions (as defined below), the competent body must receive adequate information on the nature of the relationship, the transaction's execution procedures, its implementation and economic conditions, the assessment procedure followed, the interest and underlying reasons.

Directors and/or Statutory Auditors having any interest, including a potential or indirect interest, in Related Party Transactions must promptly and fully inform the Board of Directors, Independent Directors and the Supervisory Committee on the existence of the interest and related circumstances. Where the transaction falls within the scope of the Board of Directors, the directors involved in the transaction abstain from voting upon it.

### 2.4 Responsibilities Chart

Function	Responsibilities
Board of Directors (BoD)	<ul style="list-style-type: none"> <li>Adopts procedures which ensure the transparency and substantial and procedural correctness of the Related Party Transactions</li> <li>Monitors this policy's correct application</li> </ul>
Committee of Independent Directors (CID)	<ul style="list-style-type: none"> <li>Expresses non-binding opinions on Minor RPT</li> <li>Expresses binding opinions on Significant RPT</li> </ul>
Board of Statutory Auditors (BSA)	<ul style="list-style-type: none"> <li>Monitors this policy's compliance with the principles set out in the CONSOB Related Party Transactions Regulation</li> </ul>

<b>Function</b>	<b>Responsibilities</b>
	<ul style="list-style-type: none"> <li>• Monitors the observance and correct application of this policy</li> </ul>
Administrative Manager (AM) / Executive Officer (EO)	<ul style="list-style-type: none"> <li>• Confirms whether the transaction is with related parties (from the list drawn up by the Consolidated Financial Statements Office) and, if affirmative, activates the procedure.</li> <li>• Assesses the type of RPT and for excluded transactions prepares the report on which the exclusion conditions are based.</li> <li>• Drafts a report on Minor RPT and sends it to the CID</li> <li>• Provides a quarterly report to the BOD and the SC on the execution of Minor RPT</li> <li>• Archives Minor RPT</li> <li>• Drafts a report on Significant RPT and sends it to the CID</li> <li>• Collects and stores adequate information on RPT concluded in the period of reference</li> </ul>
Consolidated Financial Statements Office (CFSO)	<ul style="list-style-type: none"> <li>• Prepares and updates the list of related parties,</li> <li>• Prepares and updates the list of RPT's, including Less Significant RPT's and those excluded</li> </ul>
Administrative Manager of the Subsidiaries or equivalent persons as per structure chart of the respective companies (SAM)	<ul style="list-style-type: none"> <li>• Sends a transactions report to the AM/EO</li> </ul>

## 2.5 Committee of Independent Directors

The Committee of Independent Directors is composed of non-executive directors considered independent pursuant to the Consolidated Finance Act.

The Committee of Independent Directors performs the tasks envisaged by this Policy, the Related Party Regulation and applicable law and in particular:

- i) Expresses its prior opinion on the Policy's approval and amendments, as well as on the proposals to be submitted to the company's Shareholders' Meeting with regard to any statutory changes identified as necessary by the Board of Directors in the context of the RPT policy's definition;
- ii) Expresses its reasoned and binding opinion on Significant Transactions and expresses its reasoned and non-binding opinion on Minor Transactions;
- iii) is involved in the negotiations phase and in the preliminary phase of Significant Transactions, is updated through the receipt of comprehensive and timely flow of information and the authority to request information; and
- iv) Supports the business functions responsible for preliminary checks relating to the identification of Related Parties and RPT in accordance with the Policy and applicable law.



With reference to minor transactions, the following alternative controls are envisaged in the absence of at least two unrelated Independent Directors (in relation to the transaction in question), consisting of:

- a) One or more unrelated independent directors present;
- b) the Board of Statutory Auditors;
- c) An independent expert.

With reference to significant transactions, the following alternative controls are envisaged in the absence of at least three unrelated Independent Directors (in relation to the transaction in question) so as to protect the substantial correctness of the policy:

- i. with reference to the negotiation and investigation stages, by the imposition on one or more of the unrelated independent directors, if present on the Board, or on the Board of Statutory Auditors or on an independent expert, of the duties set out under this Policy;
- ii. In the transaction's approval phase, a motion following the prior favourable reasoned opinion of independent directors indicated at point i. or, following the prior reasoned opinion of the Board of Statutory Auditors or of the independent expert.

### 3 RELATED PARTIES

#### 3.1 Definition of related parties

For the purposes of Article 3, paragraph 1, letter a) of the Consob Regulation, the definitions outlined in the international accounting standards are applicable, as follows:

##### *Related parties*

A *related party* is a person or entity that is related to the reporting entity.

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

- (i) has control<sup>5</sup> or joint control<sup>6</sup> of the reporting entity;
- (ii) has significant influence<sup>7</sup> over the reporting entity; or

<sup>5</sup> “**control**” is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Control is presumed to exist when a party holds, directly or indirectly through its subsidiaries, more than half of the voting rights of an entity except where, in exceptional circumstances, it can be clearly demonstrated that this holding does not constitute control. Control also exists when a person owns half or less of the voting rights exercisable at shareholders' meeting if they have: (a) control of more than half of the voting rights by virtue of agreement with other investors; (b) the power to govern the financial and operating policies of the entity under a statute or agreement; (c) the power to appoint or remove the majority of the members of the board of directors or equivalent body of corporate governance, and control of the entity held by that board or body; (d) the power to cast the majority of the voting rights at meetings of the board of directors or equivalent body for corporate governance, and control of the entity held by that board or body.

<sup>6</sup> **Joint control** is the contractually agreed sharing of control over an economic activity.

<sup>7</sup> **Significant influence** is the power to participate in the financial and operating policy decisions of an entity, however not exercising control over those policies and may be obtained by holding shares, by-law clauses or agreements. This is always presumed where a party holds, directly or indirectly, at least 20% of the votes exercisable at the shareholders' meeting of the investee, unless it can be clearly demonstrated that this is not the case. Conversely, if the investor holds, directly or indirectly (e.g. through subsidiaries), less than 20% of the voting rights of the investee, it is presumed that the investor does not have significant influence, unless such influence can be clearly demonstrated. A substantial or majority ownership by another investor does not necessarily preclude an investor from having significant influence. The existence of significant influence by an investor is usually apparent in one or more of the following ways:

- (a) representation on the board of directors or equivalent governing body of the investee;
- (b) participation in policy-making processes, including participation in decisions about dividends or other profit distributions;

(iii) is one of the senior executives of the reporting entity or one of its parent companies.

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

(i) the entity and the reporting entity are part of the same group (which means that each parent, subsidiary and group company is related to the others);

(ii) an entity is an associate<sup>8</sup> or a joint venture<sup>9</sup> of the other entity (or an associate or joint venture that is part of a group of which the other entity is a member);

(iii) both entities are joint ventures of the same third counterparty;

(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 is represented by a post-employment benefit plan for the benefit of employees of the reporting entity or an entity related to the reporting entity;

(vi) the entity is controlled or jointly controlled by a person identified at point (a);

(vii) a person identified in (a)(i) has significant influence over the entity or is one of the senior executives of the entity (or a parent of the entity) [IAS 24, paragraph 9].

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 who has significant influence over the associate are related to each other [IAS 24, paragraph 12].

#### *Senior Executives*

Senior executives are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity [IAS 24, paragraph 9]. Consob, in its Functional Definitions, does not explicitly include the members of the supervisory bodies among the senior executives, but provides an indication in the Communication in which it has indicated that the "effective" members of the supervisory bodies fall into this category, in line with what has already been stated by Consob itself through a consultation document.

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(c) material transactions between the investor and the investee;

(d) interchange of managerial personnel;

(e) provision of essential technical information.

<sup>8</sup>Associate is an entity, also without legal form, as in the case of a partnership, on which a shareholder exercises significant influence but not control or joint control

<sup>9</sup>Joint Venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control

### *Close family members*

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

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

### *Interpretative principles and definitions*

In considering each possible related party relationship, attention is directed to the substance of the relationship and not merely the legal form [IAS 24, paragraph 10].

The interpretation of the definitions reported above refer to the international accounting standards adopted according to the procedure at Article 6 of Regulation (EC) No. 1606/2002.

Pursuant to Article 4, paragraph 2 of the Related Party Regulation, this policy does not apply to individuals other than the Related Parties identified in accordance with this Article 3.

## **3.2 List of Related Parties**

The company draws up a special list held at the UBC. Related Parties identified pursuant to the preceding Article 3.1 are registered on this list (the "**List of Related Parties**").

This list is divided into the following two sections:

- Companies/Legal Persons Section;
- Section on Natural Persons and parties related to them.

The preparation and updating of the Related Party Register is carried out by the CFCO.

The CFCO notifies in writing each Company Director, Statutory Auditor and Senior Executive of their registration in the register, while simultaneously requesting from each individual the initial transmission of data on close family members and the entity in which they themselves or their close family members exercise control, including jointly, or on the significant influence or significant share they hold and, in any case, not less than 20% of voting rights.

Caltagirone Editore Spa's Directors, Statutory Auditors and Senior Executives are required to promptly inform the CFCO of any significant change in relation to the parties related to them.

The control and parties and the members of the administration and control bodies and the executives of the controlling parties of the company provide to the latter the information required to permit the identification of the related parties and the transactions with them and communicate any update in a timely manner.

Following its review by the AM/EO, the List of Related Parties is sent by the CFCO to the SAM every six months for any updates.

In each case, the CFCO will update the List of Related Parties on the receipt of communications from the above-mentioned parties regarding any changes that the above parties are required to provide to the company.

## **4 RELATED PARTY TRANSACTIONS**

Authorised individuals in the company and in its subsidiary companies who have been granted powers and who intend to carry out a transaction, must inform the AM and the SAM by providing the counterparty's personal details prior to the start of negotiations.

On the communication's receipt, the Administration Officer or the SAM checks the counterparty's personal details and the nature of the relationship against the provisions of the List of Related Parties.

Should an RPT take place following the above checks, the Party responsible for the transaction will provide the information requested in **Annex 1** to the AM.

On the communication's receipt, the AM carries out the necessary checks with the involvement of the Corporate Affairs Office (CAO) and the Legal Affairs Office (LAO) and assesses whether (a) the proposed transaction is an RPT pursuant to the Related Party Regulation and this Policy, while also checking whether this falls within Significant RPT or Minor RPT; or whether (b) the proposed transaction may be considered as falling within the exemption cases envisaged by this Policy.

Should an RPT take place following the checks and the proposed transaction does not fall within any exemption case, the AM, with the support of the CAO, will promptly fulfil the obligations envisaged by this Policy and by applicable law.

## **5 TRANSACTIONS EXCLUDED FROM THE SCOPE OF THE POLICY'S APPLICATION**

### **5.1 Definition of "Excluded Transactions"**

The Policy does not apply to shareholders' meeting motions pursuant to article 2389, first paragraph of the civil code, relating to remuneration paid to the members of the Board of Directors of the company and motions concerning the remuneration of senior directors within any overall amounts determined by the shareholders' meeting in accordance with article 2389, third paragraph of the civil code and the By-Laws of the Company, nor to shareholder meeting motions as per article 2402 of the civil code concerning company Board of Statutory Auditor remuneration.

The provisions of this policy are not applied to transactions approved by the companies and addressed to all shareholders on equal terms, including:

- a) rights issues, including those servicing convertible bonds, and free share capital increases provided for by Article 2442 of the Civil Code;
- b) total or partial spin-offs in the strict sense of the word, with proportional share allocation criteria;
- c) share capital reductions by means of reimbursement to shareholders pursuant to Article 2445 of the Civil Code and the purchase of treasury shares pursuant to Article 132 of the Consolidated Finance Act.

The provisions set out in this Policy do not apply to Less Significant RPT, namely those transactions of a value not exceeding Euro 250,000 in the case in which the Related Party is a legal person and Euro 150,000 where the Related Party is a natural person; Regardless of the RPT's total value, it is not possible to split an RPT into several separate transactions to benefit from the exemption relating to the less significant threshold.

Notwithstanding the obligations of periodic financial disclosure envisaged by Art. 5, paragraph 8<sup>10</sup> of the Related Party Regulation, the following transactions are also excluded from this Policy's application.

(a) **Inter-Company Transactions**, that is, RPT executed with or between subsidiaries and with associates, provided that the other related parties of the company do not hold significant interests in the subsidiary or associated companies.

It shall not be considered as **significant interests** those derived from the mere sharing of one or more directors or other senior executives between the company and its subsidiaries or associates. The following are the criteria with which the company assesses the significance of interests:

- i) Any relationships of a significant financial nature existing between the subsidiary or associate on the one hand, and the directors, auditors or senior executives of the Company involved in the RPT, on the other;
- ii) The potential existence of a particular interest on the part of directors or senior directors, as the beneficiaries of employee incentive plans based upon the results achieved by the subsidiary or associate with whom the RPT is undertaken;
- iii) Circumstances in which the company's parent company holds a stake (including indirectly through parties other than the company) in the subsidiary or associate, when the effective weight of the equity held by the parent company on the company with whom the RPT is executed exceeds the effective weight of equity held by the same parent company in the Company<sup>11</sup>.

In these circumstances, the significance of the interests is subject to the assessment of the AM/LAO, provided that where the RPT involves the subsidiary companies, the SAM or, in their absence, the Legal Representative/Chief Executive Officer/General Manager of each subsidiary company, they ensure the necessary cooperation for the purposes of this assessment.

(b) **Board motions** concerning fees for Directors and those with specific responsibilities, other than the motions indicated above and fees for senior executives, provided that:

- i) the Company has adopted a remuneration policy;

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<sup>10</sup> The AO/EO will provide the following information in the half-year and annual directors' report:

- a) the individual Significant RPT's entered into during the reporting period;
- b) information regarding other individual RPT, as defined in Article 2427, second paragraph of the Civil Code, entered into during the reporting period, having a significant impact on the Company's balance sheet or overall performance;
- c) information regarding any change or development in the RPT discussed in the previous Annual Report and having a significant impact on the company's balance sheet and overall performance in the reporting period.

<sup>11</sup> Examples of this case in point are available in Consob Communication No. DEM/10078683 of 24/09/2010.

- ii) the drawing up of the remuneration policy involved a committee exclusively made up of non-executive directors, the majority of whom independent (the Remuneration Committee);
  - iii) a report setting out the remuneration policy has been submitted for the approval of the Shareholders' Meeting of the Company;
  - iv) the remuneration awarded was in line with this policy.
- (c) **Compensation plans** based on financial instruments approved by the Shareholders' Meeting pursuant to Article 114-bis of the Consolidated Law and its enactment regulations.
- (d) **Ordinary transactions in the course of normal operating activities<sup>12</sup> and related financial activities concluded at market or standard conditions**, i.e. conditions similar to those usually undertaken with unrelated parties for RPT of a corresponding nature, size and risk, or based on regulated tariffs or prices set or practiced with parties with whom the company is obliged to contract at a fixed price. Should this be the case, the company is required to comply with the provisions of Article 5.2 below.

Grounds for exclusion envisaged in this Article also apply to transactions executed via the subsidiaries referred to in the subsequent Article 9.

## **5.2 Approval phase**

In the case of transactions that are excluded because they are ordinary transactions but are of greater significance, the EO/AM shall promptly disclose all available information regarding the transaction to the CID so that the Committee can verify the proper application of the exemption conditions to transactions of greater significance that are defined as ordinary and entered into on market or standard terms. The CID must express its consent within 5 days from the communication and in any case in time to allow the communication to Consob within 7 days as provided for in paragraph 5.3 below

The EO shall report on an annual basis to the BoD on the application of the exemption criteria at least with respect to major transactions.

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<sup>12</sup> "**Operating activities**" concerns: (i) the main activities generating the company's income and (ii) all other management activities which cannot be classified as "investment" or as "financial" in nature. Financial activities related to operating activities as part of the company's ordinary activities. This element in fact makes it possible to extend the benefit of the exemption to transactions which, in abstract terms, are financial but to the extent that they are accessory to the conduct of operating activities. "**Normal operating activities**" takes account of the following elements for each transaction: subject, recurrence, function or scope, size, contractual terms and conditions, type of counterparty, timing.

### 5.3 Disclosure phase

Notwithstanding the disclosure obligations envisaged by Art. 114, paragraph 1<sup>13</sup> of the Consolidated Finance Act, should the grounds for exclusion referred to in the preceding Article 5.1(d) apply:

The AM/EO, with the CAO's assistance, will notify Consob and the independent directors who express opinions on related party transactions **within 7 days** of the transaction's approval by the competent body (or, if the competent body decides to present a contractual proposal, within 7 days of the contract's conclusion even preliminarily, according to the applicable regulation), of the counterparty, the scope and the price of the Transactions which benefited from the exclusion of the disclosure document's publication obligations referred to in Art. 5 of the Related Party Regulation, in addition to the reasons for which it is considered that the transaction is ordinary and concluded at market or standard conditions, providing objective comparisons.

In the half-year and annual directors' report, the AM/EO will indicate, as part of the information envisaged by Article 5, paragraph 8 of the Related Party Regulation, which of the transactions subject to disclosure obligations were concluded by making use of the exclusion discussed in this section.

## 6 PROCEDURE FOR SIGNIFICANT RPT

The company's Board of Directors approves the Significant RPT following the favourable reasoned opinion of the Committee of Independent Directors on the company's interest in executing the RPT and the reasons why the relative terms and conditions are advantageous and substantively fair.

### 6.1 Approval phase

The AM prepares a comprehensive report for the CID in relation to the RPT's characteristic elements, with specific information on the nature of the relationship, the RPT's principal terms and conditions, the expected timeframe for its execution, the assessment method undertaken, the reasons underlying the RPT, and any risks for the company and its subsidiaries.

The CID is involved in the negotiation and preliminary phases through the receipt of a comprehensive and timely flow of information. It has the authority to request information and to formulate observations to delegated bodies and to parties appointed to conduct the negotiations or appraisal. The CID may request the assistance, at the expense of company, of one or more independent experts.

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<sup>13</sup> If the RPT is disclosed by means of a press release pursuant to Article 17 of EU Regulation No. 596/2014, the press release to be disseminated to the public shall contain the following information, in addition to the other information to be published pursuant to the aforementioned regulation:

- description of the transaction;
- an indication that the counterparty to the transaction is a related party with the relative company name or name and the description of the nature of the relationship;
- whether or not the transaction exceeds the Significance thresholds;
- an indication on the possible subsequent publication of the Disclosure Document;
- the procedure that was or will be followed for the RPT's approval or whether this falls within Excluded Transactions;
- any approval of the transaction despite the independent directors expressing a dissenting opinion.

This report is sent to the Chairman of the Committee of Independent Directors in a timely manner and in any case, by no later than the 20th working day preceding the Board of Directors' meeting called to approve the RPT.

The Committee of Independent Directors meets in sufficient time to call the Board of Directors' meeting for the approval of the RPT. The Committee's call notice, accompanied by the relative documentation, is sent at least 5 days prior to the date of the committee meeting. In cases of necessity and urgency, the report must be provided by no later than 5 days prior to the Board of Directors' meeting called to approve the RPT.

The Chairman of the Committee of Independent Directors calls a committee meeting within five working days from the documentation's receipt, to express its **binding opinion** on the company's interest in executing the transaction and the reasons why the relative terms and conditions are advantageous and substantively fair.

The CID, or one or more members delegated by it, has the authority to request information and formulate observations, as well as to request any other information considered useful for the purposes of the RPT's assessment.

In the exercise of its duties, the CID may, at the company's expense, avail itself of the advice of one or more experts of its choice, identified from among parties having renowned professionalism and expertise on matters concerning the RPT, thus ensuring independence and the absence of conflicts of interest.

The CID generally issues its opinion at least 5 days prior to the meeting of the company's Board of Directors called for the approval of the RPT and transmits its opinion to the CAO within the same period. The opinion is annexed to the committee meetings minutes.

Once the CID has expressed its opinion, the RPT is submitted for the approval of the company's Board of Directors; any directors involved in the transaction abstain from voting upon it.

If the opinion of the CID is favourable and the Board of Directors approves the transaction, this is disclosed to the market and to Consob in the terms and procedures envisaged by the Related Party Regulation.

## **6.2 Disclosure phase**

### **a) Disclosure to Consob and to the market**

The AO, with the CAO's and LAO's assistance, prepares a disclosure document drawn up in accordance with Annex 4 of the Related Party Regulation (**Annex 2: the "Disclosure Document"**). This document is made available to the public at the registered office with the procedures envisaged by applicable law, within 7 days from the RPT's approval by the company's Board of Directors or, if the Board of Directors decides to present a contractual proposal, from the time in which the contract is completed.

In the event that a Significant RPT is related to a subsidiary, the above period will become effective from the time in which the company has been informed of the RPT's approval by the competent decision-



making body, in accordance with corporate governance and the powers assigned within the subsidiary. In the same time periods, any opinions of the CID or independent experts will be made available to the public as an attachment to the Disclosure Document or on the company's website. With reference to the latter (independent experts' opinions) the company, providing adequate grounds for this decision, may limit itself to only publishing an excerpt provided that this at least contains the information indicated in Annex 2 of this Policy.

#### **b) Periodic disclosure to the BOD and the SC**

The AM/EO provides a comprehensive quarterly report to the Board of Directors and the SC on the execution of Significant RPT's. In the annual and half-year directors' report, the AM/EO provides the periodic financial disclosure envisaged by Art. 5, paragraph 8<sup>14</sup> of the Related Party Regulation. It is also the AM's responsibility to maintain an accurate archive of the Significant RPT that took place during the reference period.

## **7 PROCEDURE FOR MINOR RPT**

The company's Board of Directors or the competent delegated body approves the Minor RPT following the non-binding reasoned opinion of the Committee of Independent Directors on the company's interest in executing the RPT and the reasons why the relative terms and conditions are advantageous and substantively fair.

### **7.1 Approval phase**

The AM prepares a comprehensive report in relation to the Minor RPT's characteristic elements, with specific information on the nature of the relationship, the RPT's principal terms and conditions, the expected timeframe for its execution, the assessment method undertaken, the reasons underlying the RPT, and any risks for the company and its subsidiary companies.

This information is sent to the CAO, which is responsible for its timely forwarding to the Chairman of the CID and, in any case, no later than 10 working days prior to the meeting of the Board of Directors at which the motion on the RPT is to be passed

The Chairman of the CID calls a committee meeting within five working days from the above report's receipt, to express its **non-binding opinion** on the company's interest in executing the transaction and the reasons why the relative terms and conditions are advantageous and substantively fair.

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<sup>14</sup> The AM/EO will provide the following information in the half-year and annual directors' report:

- a) the individual Significant RPT's entered into during the reporting period;
- b) information regarding other individual RPT, as defined in Article 2427, second paragraph of the Civil Code, entered into during the reporting period, having a significant impact on the Company's balance sheet or overall performance;
- c) information regarding any change or development in the RPT discussed in the previous Annual Report and having a significant impact on the company's balance sheet and overall performance in the reporting period.

The CID, or one or more members delegated by it, has the authority to request information and formulate observations, as well as to request any other information considered useful for the purposes of the RPT's assessment.

The CID, in order to express its opinion, may request the assistance, at the expense of company, of one or more independent experts of its choice. The Committee checks in advance the independence of the experts it has used.

The CID generally issues its opinion at least 3 days prior to the meeting of the company's Board of Directors called for the approval of the RPT and transmits its opinion to the CAO within the same period.

The opinion is annexed to the committee meetings minutes.

Once the above opinion is obtained, the Minor RPT will be submitted for the approval of the competent decision-making body in accordance with corporate governance and the powers assigned within the company. Where the transaction falls within the scope of the Board of Directors, the directors involved in the transaction abstain from voting upon it.

## **7.2 Disclosure phase**

### **a) Disclosure to the market**

Notwithstanding the obligations envisaged by Art.114, paragraph 1 of the Consolidated Finance Act<sup>15</sup>, in the event of a **non-binding negative opinion** of the RPC, the AM, assisted by the CAO, will make available to the public a document containing information on the counterparty, the scope and the price of the RPT approved in that quarter, as well as the reasons why it was decided not to endorse this negative opinion.

The opinion will be published in the same period as an attachment to the above-mentioned document or on the company's website.

### **b) Periodic disclosure to the BOD and SC and archiving of Minor RPT**

The AM provides a comprehensive quarterly report to the Board of Directors and the SC on the execution of Minor RPT. It is also the AM's responsibility to maintain an accurate archive at its offices of documentation on Minor RPT that took place during the reference period.

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<sup>15</sup> Should a RPT be subject also to reporting requirements under article 114, paragraph 1 of the CFA, the press release to be distributed to the public shall contain, in addition to other information to be published pursuant to that rule, the following information:

- an indication that the counterparty to the transaction is a related party with the relative company name or name and the description of the nature of the relationship;
- whether or not the transaction exceeds the Significance thresholds;
- an indication on the possible subsequent publication of the Disclosure Document;
- the procedure that was or will be followed for the RPT's approval or whether this falls within Excluded Transactions;
- any approval of the transaction despite the independent directors expressing a dissenting opinion.
- The opinion will be published in the same period as an attachment to the above-mentioned document or on the company's website.

## **8 TRANSACTIONS WITHIN THE SCOPE OF THE SHAREHOLDERS' MEETING**

If the RPT to be executed falls within the areas of scope of the Shareholders' Meeting or must be authorised by it, the same procedures indicated in the preceding Articles 5, 7 and 8 must be complied with. A distinction is to be made between Significant RPT or Minor RPT. In this case, at the time of approval by the company's Board of Directors, the CID must issue its opinion on the proposal motion to be submitted to the Shareholders' Meeting.

The opinions of the CID and any appointed independent experts are attached to the proposal motion approved by the company's Board of Directors.

## **9 TRANSACTIONS THROUGH SUBSIDIARIES**

The procedures indicated in the preceding Articles 6, 7 and 8 also apply if an RPT is executed by a subsidiary and the Board of Directors of Caltagirone Editore (or another party who has been granted powers for the execution of specific transactions), of their own volition or due to legal or regulatory requirements, examine or give their prior approval for the transaction to be executed.

The Chairman of the company's Board of Directors (and/or the party granted powers to execute specific transactions), having consulted the AM and the CID, may propose to the company's Board of Directors that the procedures described in the preceding Articles 6, 7 and 8 be applied by the company, including for the RPT independently carried out by subsidiary companies.

To this end, each subsidiary's SAM is responsible for:

- a) Providing suitable instructions to staff in its own company to ensure that this Policy is applied;
- b) Ensuring that the Significant RPT are approved by the competent bodies in compliance with local corporate governance;
- c) Identify a delegated body for each transaction that is significant for the purposes of this Policy and which, depending on the cases, is responsible on the basis of the powers granted to it by virtue of the board's appointment motion;
- d) Ensure that all RPT approved in accordance with this policy are promptly communicated to the AM for the purposes of fulfilling disclosure obligations envisaged by applicable law.

Each subsidiary is responsible for collecting and storing adequate information on the RPT concluded during the reference period.

## **10 FRAMEWORK RESOLUTIONS**

For the purposes of this Policy, the adoption of framework resolutions is permitted for a series of homogeneous RPT to be executed by the company, either directly or through companies that are directly and/or indirectly controlled, with certain categories of Related Parties that will be identified by the company's Board of Directors. In this case, framework resolutions:

- a) Must have an effective timeframe of not more than 1 year; and

b) refer to sufficiently definable RPT, reporting at least the expected maximum amount of the transactions to be carried out in the period and the reasons behind the established conditions;

Framework resolutions must be adopted in compliance with the above requirements, on the basis of the expected maximum amount of the constituent transactions, considered cumulatively.

As part of the periodic reporting on operating performance due pursuant to law and the By-Laws, the Chairman of the Board of Directors will provide a comprehensive report, at least on a quarterly basis, to the BOD and the SC on the implementation status of framework resolutions.

On the Board of Director's approval of a framework resolution, the company will publish a disclosure document pursuant to Article 5 of the Related Party Regulation if the expected maximum value of transactions to be executed during the reference period identified in the framework resolution exceeds certain significance thresholds established for Significant Transactions.

The provisions referred to in the preceding Articles 6, 7 and 8 do not apply to individual Related Party Transactions concluded in implementation of a framework resolution.

## **11 FINAL PROVISIONS**

The Board of Directors will periodically assess and, in any case, at least once every three years, whether to revise this Policy by taking into account, inter alia, its proven effectiveness in practice and any changes made to the company's ownership structures.

Any changes to this Policy are to be approved by the Board of Directors, following the opinion of the CID.

The CAO will send the Policy, together with the list of parties included in the List of Related Parties, to the AM/EO, to the company's principal corporate departments, as well as to the Departments that must monitor compliance with the Policy (for example, the Board of Statutory Auditors).

The Policy is also sent, by the CAO to the directors of the main departments of the Subsidiaries, for their reception, and compliance to the extent of their remit or responsibility.

The SC will monitor this Policy's compliance and its observance with the general principles set out in the Related Party Regulation, and will report it to the company's Shareholders' Meeting pursuant to Art. 153 of the Consolidated Finance Act.

The procedures and amendments thereto shall be published without delay on the company website, without prejudice of the requirement of publicity, including reference to that site in its annual report on operations, under Article 2391-bis of the Civil Code.

The provisions of law and applicable regulations shall apply for matters not expressly provided for in this Policy.

## **12 ATTACHMENTS**

**ATTACHMENT 1:** RPT disclosure

**ATTACHMENT 2:** Disclosure Document

**ATTACHMENT 1****RPT disclosure**

Disclosure to be sent pursuant to paragraph 4.2 of this policy must contain the information summarised in the following table.

1) <i>Companies involved in the transaction</i>	
2) <i>Nature of the transaction</i>	
3) <i>Financial conditions agreed</i>	
4) <i>Transaction's effective date</i>	
5) <i>Rationale for the transaction</i>	
6) <i>Any existing interests of managers involved</i>	

**NOTE:**

- 1) The identification of companies that are counterparties to the RPT;
- 2) E.g. acquisition/sale of real estate and/or shareholding, subscription to loans; property rental, supplies of goods and services, etc.);
- 3) E.g. amount and payment terms and conditions, interest, any guarantees etc. Where the transaction's economic conditions are defined as equivalent to market or standard conditions, it is necessary to substantiate this equivalence;
- 4) Indicate the timeframe for the transaction's execution and whether this is subject to any condition precedent;
- 5) Indicate the underlying reasons that led to the decision to conclude the transaction with a related party and not with a third party;
- 6) Where the amount of compensation for members of the board of directors of the company involved in the RPT is bound to change as a result of the transaction, detailed particulars of the changes.

## ATTACHMENT 2

### Disclosure document relating to Significant RPT

In cases where the company carries out Significant RPT as identified in paragraph 6, the Disclosure Document envisaged by Article 6.2 of this Related Party Policy must at least contain the following information:

#### Contents

##### 1. Notices

Highlight, in summary, the risks related to potential conflicts of interest arising from the operation with related parties described in the disclosure document.

##### 2. Information concerning the transaction

**2.1.** Key features, manner, terms and conditions of the transaction.

**2.2.** Indication of the Related Parties with whom the transaction is undertaken, the nature of the relationship and, where disclosed to the Board of Directors, the nature and extent of the interests of such parties in the transaction.

**2.3.** Indication of the economic basis and the benefit for the company in the transaction. If the transaction has been approved against the negative opinion of independent directors, an analytical and adequate justification why it was deemed suitable not to share that view.

**2.4.** Manner for the establishment of consideration for the transaction and comparisons with market values for similar transactions. If the economic terms and conditions of the transaction are defined as market-equivalent or standard, providing adequate justification for such claim and comparison elements. Indicate whether there are independent expert opinions in support of the adequacy of such consideration and the conclusions of the same, stating:

- bodies or individuals who commissioned the opinions and designated experts;
- the assessments carried out to select the independent experts and the checks on their independence. In particular, indicate any economic, equity and financial relations between the independent experts and: (i) the related party, its subsidiaries, the parties controlling it, the companies subject to common control, in addition to the above-mentioned directors; (ii) the company, its subsidiaries, the parties controlling it, the companies subject to common control as well as the directors of the above-mentioned companies taken into account for the purpose of qualifying the expert as independent and the reasons why such relations were not considered relevant for the purpose of the independence assessment. Information about possible relationships can be provided by attaching a declaration from these independent experts;
- the terms and purpose of the mandate given to the experts;
- the names of experts appointed to assess the adequacy of the consideration.

Indicate that the opinions of independent experts or the essential elements thereof, pursuant to Article 5 of the Related Parties Regulation, are attached to the information document or published on the company website. The essential elements of the expressed opinion that shall be communicated are as follows:

- evidence, where applicable, of the specific limits encountered in the performance of office (e.g. with regard to access to relevant information), the assumptions used and the conditions to which the opinion is subject;
- evidence of possible issues reported by experts in relation to the specific transaction;
- indication of the valuation methods adopted by the experts to comment on the adequacy of the consideration;
- indication of the relative importance attributed to each of the valuation methods adopted for the purpose above;
- indication of the values resulting from each valuation method adopted;
- in the event the valuation methods used provided a range of values, an indication of the criteria whereby it was determined the final value of the consideration;
- indication of the sources used to compile the relevant data being processed;
- indication of the main parameters (or variables) taken as reference for the application of each method.

With regard to elements of the publicly available expert opinion, confirm that this information has been reproduced in keeping with the content of opinions to which it refers, and that, as known to the issuer, there are no omissions that would render the reproduced information inaccurate or misleading.

**2.5.** Illustration of the economic, equity and financial effects of the transaction, providing at least the applicable significance ratios. If the transaction exceeds the significant reporting threshold determined by Consob pursuant to Articles 70 and 71 of the Issuers' Regulations, which will be published to highlight pro-forma financial information provided in the document, as appropriate, by paragraph 4 of the stated Article 70 or by Article 71 and in the terms established by those provisions. The company has the right to publish a single document at its own discretion, pursuant to paragraph 4.5.2 letter e).

**2.6.** If the amount of compensation for members of the board of the company and / or their subsidiaries is bound to change as a result of the operation, detailed particulars of the variations. If no changes are foreseen, insertion, however, of a declaration to that effect.

**2.7.** In the case of transactions where the related parties involved are the members of the administrative and control bodies, top executives and directors of the issuer, information concerning the securities of the issuer that are held by entities identified above and to the interests of those in transactions overtime, provided for by Title 14.2 and 17.2 of Annex I to Regulation 809/2004/EC.



**2.8.** Indication of the bodies or directors conducting or participating in negotiations and/or preparing and/or approving the transaction, specifying the respective roles, with particular regard to the Independent Directors, where present. Referring to the resolutions approving the transaction, specify the names of those who voted for or against the transaction or abstained, giving detailed reasons for any dissent or abstentions. Indicate that, under Article 5 of the Related Parties Regulation, any opinions of Independent Directors are attached to the information document or published on the website of the company.

**2.9.** If the significance of the transaction results from the cumulation - under paragraph 2.2 - of a number of transactions carried out during the year with the same related party, or related persons to both the latter and the company, the information specified in the preceding subsections shall be provided with reference to all the above transactions.