



**DISCIPLINARY PROCEDURE**

**TRANSACTIONS WITH RELATED PARTIES**

**Last approval by the Board of Directors of Avio S.p.A.: 26 January 2024**



## Art. 1 Scope

- 1.1 This procedure for transactions with related parties (hereinafter, the "**Procedure**") is adopted in implementation of the provisions of art. 2391-bis of the Italian Civil Code and art. 4, paragraphs 1 and 3, of the Consob Regulation containing provisions on transactions with related parties adopted by resolution no. 17221 of 12 March 2010, as subsequently amended and supplemented (the "**RPT Regulation**")
- 1.2 The Procedure identifies the rules governing the approval and execution of transactions with related parties carried out by Avio S.p.A. (hereinafter "**Avio**" or the "**Company**"), directly or through Subsidiaries (as defined below), in order to ensure the transparency and substantial and procedural correctness of the transactions themselves.
- 1.3 This Procedure was preliminarily approved by the Board of Directors of Space2 S.p.A. ("**Space2**") on **19 January 2017, with effect from the effective date of the merger by incorporation of Avio into Space2 (the "Merger")** and subsequently amended on 13 September 2017 and 11 May 2021, to take into account the rules introduced by Consob resolution no. 21624 of 10 December 2020 which amended the OPC Regulation. This Procedure was last amended by the Company's Board of Directors on 8 November 2021.

## Art. 2 Definitions

Capitalized terms and expressions have the following meanings:

<b>Administrators Involved in the Operation</b>	Directors who have an interest in the transaction, on their own behalf or on behalf of third parties, in conflict with that of the Company.
<b>Administrator Delegate</b>	The CEO of Avio.
<b>Administrators Independent</b>	Avio's Directors who meet the independence requirements set out in the Corporate Governance Code.
<b>Administrators Unrelated</b>	The Directors of Avio other than the counterparty of a given Transaction and the Related Parties of the counterparty.
<b>Avio or The Company</b>	Avio S.p.A.
<b>CFO</b>	The head of Avio's administration, finance and control function.
<b>Code</b>	

<b>di Corporate Governance</b>	The Corporate Governance Code for listed companies adopted by the <i>Corporate Governance</i> Committee in January 2020 established by the Business Associations (ABI, ANIA, Assonime, Confindustria) and professional investors (Assogestioni), as well as Borsa Italiana S.p.A.;
<b>Parties Committee Related or Committee</b>	The committee referred to in Article 5 below.
<b>Board of Directors Administration</b>	The Board of Directors of Avio.
<b>Equivalent conditions to those of the Market o Standard</b>	Conditions similar to those usually applied to unrelated parties for transactions of the same nature, size and risk, or based on regulated tariffs or imposed prices, or applied to parties with whom Avio and/or its Subsidiaries are obliged by law to contract for a certain fee.
<b>Manager in charge of preparing financial reports</b>	The person in charge of preparing the Company's accounting documents pursuant to Article 154-bis of the Consolidated Law on Finance.
<b>Executives with Responsibility Strategic</b>	The members of the Board of Directors and the Board of Statutory Auditors of the Company as well as the other persons who have the power and responsibility, directly or indirectly, for the planning, direction and control of the Company's activities, as identified by the Chief Executive Officer.
<b>List of Working with Parts Correlate</b>	The list referred to in Art. 4.
<b>Avio Group</b>	Avio and its Subsidiaries.
<b>Significant Interests</b>	With respect to a company, it means the holding - directly or indirectly - of a shareholding of more than 5% of the share capital or the sharing, between the company and the subsidiary or associated company with which the transaction is carried out, of one or more Executives with Strategic Responsibilities who benefit from incentive plans based on financial instruments (or in any case variable remuneration) that depend on, directly and to a significant extent, by the results achieved by such subsidiary or associated company.
<b>Operations Small Amount</b>	Transactions with a value of less than: - €100,000, if the Related Party is a natural person;

- €500,000 if the Related Party is a legal entity.

For the purposes of calculating these amounts, account shall be taken of the cumulation, on an annual basis, of transactions which are homogeneous with each other or carried out in accordance with a uniform plan.

**Exempt Transactions**

Transactions with Related Parties in relation to which this Procedure does not apply pursuant to Article 13 below.

**Operations of Greater Relevance**

Transactions in which at least one of the relevance ratios set out in Annex 3 of the RPT Regulation, applicable depending on the specific Transaction, is higher than the 5% threshold. In the event that Avio is controlled by a listed company, the aforementioned threshold of 5% is reduced to 2.5% for transactions carried out with the listed parent company or with related parties that are in turn related to Avio.

**Operations of Minor Significance**

Transactions with Related Parties other than Transactions of Major Importance and Transactions of Small Amounts.

**Ordinary Operations**

Transactions that are part of the ordinary exercise of the Company's and/or its Subsidiaries' operations and related financial activities. The following elements may be taken into account when assessing whether a transaction is part of the ordinary course of operations or related financial activities:

- the subject of the Transaction;
- recurrence of the type of Transaction within the scope of the activity of the company carrying it out;
- size of the Transaction;
- contractual terms and conditions, also with regard to the characteristics of the consideration;
- nature of the counterparty;
- time of approval and completion of the Transaction.

**Related Parties and Transaction(s) with Related Party(s) or Operation(s)**

Entities and transactions defined as such by international accounting standards adopted in accordance with the procedure referred to in Article 6 of Regulation (EC) No 1606/2002. An

extract of the definitions of "Related Parties" and "Transactions with Related Parties" pursuant to IAS 24 in force at the date of this Procedure is provided in the Appendix to this Procedure, as well as a reference to the additional definitions of the same functional as provided for by international accounting standards. Pursuant to art. 4, paragraph 2, of the OPC Regulation, In Orbit S.p.A. is also considered a Related Party.

**Equivalent Devices**

The equivalent safeguards referred to in Article 14 below.

**Procedure**

This procedure regarding Transactions with Related Parties.

**Registration  
Related Parties**

The register referred to in Art. 3.

**Regulation  
Broadcasters**

The regulation adopted by Consob with resolution no. 11971 of 14 May 1999 and subsequent amendments and additions.

**Regulation  
Related Parties**

The regulation containing provisions on transactions with related parties adopted by Consob with resolution no. 17221 of 12 March 2010 and subsequent amendments and additions.

**Regulation (EU)  
n. 596/2014**

Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on *Market Abuse Regulation*.

**Legal Manager**

The head of Avio's legal department.

**Responsible  
Human resources**

The head of Avio's Human Resources department.

**Unrelated Members**

Persons entitled to vote other than the counterparty to a particular Transaction and the Related Parties, both the counterparty to a given Transaction and the Company.

**Subsidiaries**

Avio's subsidiaries, pursuant to art. 2359, paragraphs 1 and 2, of the Italian Civil Code, it being understood that, for the purposes of this definition, only companies subject to Avio's solitary control are relevant.

**Competent Entity**

The Chief Executive Officer, i.e. the management, function or competent person empowered to approve a transaction on the basis of the distribution of powers and the organisational structure of the Avio Group.

**Person in charge**

The person in charge of identifying the Related Parties, their registration in the Related Parties Register and keeping the Register.

**Consolidated Law of the Finance**

Legislative Decree no. 58 of 24 February 1998 and subsequent amendments and additions.

**Art. 3 Register of Related Parties**

- 3.1 The Company establishes a special register in which the Related Parties are registered (the "**Related Parties Register**"). The Related Parties Register is divided into two sections: *(i) a section dedicated to direct Related Parties and (ii) a section dedicated to indirect Related Parties.*
- 3.2 The person in charge of identifying the Related Parties, registering them in the Related Parties Register and keeping the Related Parties Register is the Company's Legal Manager, who may avail himself of the support of the competent corporate functions for this purpose.
- 3.3 The Related Parties Register is updated by the Person in Charge whenever necessary and in any case at least every six months. In any case, the Register is always updated in a timely manner when the corporate bodies are replaced or renewed.
- 3.4 For the purposes of the correct maintenance and updating of the Register, the persons who qualify as direct Related Parties of Avio are required to provide information on their related parties, by filling in the appropriate declaration sent to them by the Person in Charge of Preparing Funds, as well as to promptly communicate to the latter any supervening circumstances of which they have become aware and which may in any case affect or affect the qualification of direct or indirect Related Party.
- 3.5 The Related Parties Register is made available to all the corporate structures of Avio and its Subsidiaries in electronic support.
- 3.6 Before carrying out any transaction, the function responsible for the transaction itself consults the Register and verifies whether the counterparty to the transaction is a Related Party. In the case of a Related Party Transaction, this Procedure shall be applied by informing the Person in Charge in good time for the correct fulfilment of the provisions of the Procedure.



**Art. 4 List of Transactions with Related Parties**

- 4.1 The Company shall also establish a specific list in which the Transactions with Related Parties carried out by the Company, including through Subsidiaries, including Exempt Transactions, are recorded, in accordance with the procedures indicated by specific operating instructions, with an indication of the counterparty, the amount of the individual Transaction, the dates of issue of the Committee's opinion and approval by the competent body and any reasons that allowed the Company to obtain a Related Party Transaction. non-application of the Procedure pursuant to Article 11 below (the "**List of Transactions with Related Parties**").
- 4.2 The List of Transactions with Related Parties is kept and updated by the Person in Charge, on an electronic medium. To this end, the Person in Charge may avail himself of the support of the competent corporate structures.
- 4.3 The List of Transactions with Related Parties, also in order to ensure coordination with the administrative and accounting procedures provided for by Article 154-bis of the Consolidated Law on Finance, is made available to the following corporate bodies and functions: (i) Board of Directors; (ii) Chief Executive Officer; (iii) General Manager (where appointed and different from the Chief Executive Officer); (iv) CFO; (v) Manager in charge of preparing financial reports; (vi) Heads of control functions (*Internal Audit, risk management, compliance*); (vii) Legal Officer (if different from the Person in Charge); (viii) the Supervisory Body pursuant to Legislative Decree 231/2001; (ix) Board of Statutory Auditors.

**Art. 5 Related Parties Committee**

- 5.1 The functions of the Related Parties Committee provided for in this Procedure are assigned (i) to the Nomination and Remuneration Committee, for Transactions relating to remuneration, and (ii) to the Control and Risk Committee, for all other Transactions. The composition and functioning of the Related Parties Committee are governed by the respective organisational regulations.
- 5.2 Without prejudice to the foregoing, in the case of Transactions of Greater Significance, the Committee is composed exclusively of Independent Directors. In the event that non-Independent Directors are also present within the Nomination and Remuneration Committee or the Control and Risk Committee, the Equivalent Controls referred to in Article 14 below shall apply.
- 5.3 The Related Parties Committee performs the functions provided for by current legislation and by this Procedure, in a manner that ensures adequate traceability of the relevant activities.
- 5.4 With reference to the investigative activities falling within the competence of the Committee pursuant to the Procedure, in particular in relation to Transactions of Major Importance, the Committee acts through its Chairman and/or other member designated by the Committee, without prejudice to the possibility for the latter to involve the other members of the Committee or to follow up on the request for involvement by the latter.
- 5.5 In carrying out its duties, the Committee may, at Avio's expense, avail itself of the advice of one or more independent experts of its choice. These experts are chosen from among persons of recognized professionalism and competence on matters of interest, whose independence and absence of conflicts of interest have been assessed in advance by the Committee, taking into account the relationships indicated in paragraph 2.4 of Annex 4 to the RPT Regulation. Such relationships include any economic, equity and financial relationships between the independent experts and: (i) the Related Party, the companies controlled by it, the persons who control it, the companies under common control and the directors of the aforementioned companies; (ii) the Company, the Subsidiaries, the persons who control it, the companies under common control as well as the directors of the aforementioned companies.

**Art. 6 Transactions of Major Significance**

- 6.1 Except in the case of Transactions of Greater Significance within the competence of the Shareholders' Meeting pursuant to Article 7 below, the Board of Directors shall approve Transactions of Greater Significance.
- 6.2 The Directors Involved in the Transaction shall abstain from voting on the Transaction.
- 6.3 The Committee must be involved promptly in the negotiation phase and in the preliminary phase of the Transaction through the receipt of a complete and up-to-date flow of information concerning, in particular, (i) the nature of the correlation, (ii) the *main terms and conditions* of the Transaction, (iii) *the expected timing for its implementation*, (iv) the valuation process followed, (v) *the reasons underlying* the Transaction itself and (vi) the risks that the Company and its subsidiaries may incur. The Committee also has the right to request information and make observations from the Board of Directors, the delegated bodies and the persons in charge of conducting negotiations and investigations.
- 6.4 For the purposes of the above, the Chief Executive Officer of Avio, supported by the Person in Charge of Preparing Financial Reports, shall promptly provide the Committee with complete and adequate information on each Transaction of Major Importance, taking care to ensure updates whenever necessary and/or appropriate.
- 6.5 If there are not at least three unrelated Independent Directors on the Committee, the Equivalent Safeguards referred to in Article 14 below apply. To this end, the members of the Committee shall promptly notify the Person in Charge of Preparing Reports of the existence of any correlation situations concerning a specific Transaction.
- 6.6 The Board of Directors approves the transaction subject to the reasoned favourable opinion of the Related Parties Committee on the Company's interest in completing the Transaction, as well as on the convenience and substantial fairness of the related conditions.
- 6.7 For the purposes of the above, once the preliminary phase has been completed and the final data and information regarding the Transaction have been received, the Committee shall express – in sufficient time to allow the Board of Directors to view the opinion in order to take its own decisions – a reasoned opinion on the Company's interest in carrying out the Transaction of Greater Relevance as well as the convenience and substantial correctness of the relevant conditions. This opinion shall be annexed to the minutes of the Committee's meeting.
- 6.8 The Committee's opinion shall be considered as follows:
- a) favourable, if it does not contain any remarks and expresses the Committee's full agreement with the Transaction;
  - b) favourable, but conditional, in the event that the sharing of the Transaction is subject to the acceptance of certain remarks expressly formulated in the Committee's opinion;
  - c) negative, in the event that it contains, even on a single aspect, remarks on the Transaction.

This is without prejudice to the possibility for the Committee to express a favourable opinion on the completion of the Transaction despite the presence of remarks; In such a case, however, it is necessary that such a different favourable indication be expressly written. In the latter case, the opinion must set out the reasons why it is considered that the aforementioned findings do not affect the overall judgment on the Company's interest in carrying out the Transaction as well as on the convenience and substantial fairness of the related conditions.

- 6.9 If the Committee has expressed a negative opinion pursuant to paragraph 6.8, letter c) above, the Board of Directors may not proceed with the execution of the Transaction, unless, where provided for by the Company's bylaws, it decides to submit the Transaction of Major Significance to the authorization of the Ordinary Shareholders' Meeting, which, subject to compliance with the majorities of the law and the bylaws and the provisions in force on conflict of interest, resolves with the favourable vote of at least half of the voting Non-Related Members. In any case, the completion of the Transaction of Major Importance is prevented only if the Unrelated Shareholders present at the meeting represent a percentage equal to at least 10% of the share capital with voting rights.
- 6.10 If the Committee has expressed a conditional opinion pursuant to paragraph 6.8(b) above, the Company's Board of Directors may: (i) proceed with the approval of the Transaction, without the need for a new opinion to be issued by the Committee, only on condition that the observations expressed by the Committee are acknowledged at the time of the conclusion or execution of the Transaction; (ii) approve the Major Transaction without taking into account the Committee's findings, provided that the completion of the Transaction is authorised by the Shareholders' Meeting pursuant to paragraph 6.8 above, or (iii) not approve the Major Transaction and, therefore, not execute it.

6.11

The minutes of the resolutions approving the Transaction of Major Significance must contain adequate reasons regarding the Company's interest in the completion of the Transaction itself as well as the convenience and substantial fairness of the related conditions.

**Art. 7 Transactions of Major Significance within the competence of the Shareholders' Meeting**

- 7.1 The provisions of Article 6 above shall apply to Transactions of Major Significance that are assigned to the competence of the Shareholders' Meeting by law or by the Company's Articles of Association, for the negotiation phase, the preliminary phase and the phase of approval of the resolution proposal to be submitted to the Shareholders' Meeting.
- 7.2 In the event that the Committee has expressed a negative opinion on the Transaction, the Board of Directors may approve the proposed resolution to be submitted to the Shareholders' Meeting; in this case, the Shareholders' Meeting – where provided for by the Company's Articles of Association and without prejudice to compliance with the majorities of the law and the Articles of Association as well as the provisions in force on conflict of interest – resolves with the favourable vote of at least half of the voting Non-Related Shareholders. In any case, the completion of the Transaction of Major Importance is prevented only if the Unrelated Shareholders present at the meeting represent a percentage equal to at least 10% of the share capital with voting rights.

**Art. 8 Minor Transactions**

- 8.1 The Board of Directors or the Competent Person approves Transactions of Minor Significance subject to a reasoned non-binding opinion of the Committee on the Company's interest in carrying out the Transaction, as well as on the convenience and substantial fairness of the related conditions. This opinion shall be annexed to the minutes of the meeting of the Committee.
- 8.2 The Committee has the right to be assisted, at the Company's expense, by one or more independent experts of its choice. The same Committee verifies in advance the independence of the experts, taking into account the reports indicated in paragraph 2.4 of Annex 4 to the OPC Regulation. Such relationships include any economic, equity and financial relationships between the independent experts and: (i) the Related Party, the companies controlled by it, the persons who control it, the companies under common control and the directors of the aforementioned companies; (ii) the Company, the Subsidiaries, the persons who control it, the companies under common control as well as the directors of the aforementioned companies.
- 8.3 If one or more of the members of the Committee is related in relation to a specific Transaction of Minor Importance, the equivalent safeguards referred to in Article 14 below shall apply. To this end, the members of the Committee shall promptly notify the Person in Charge of Preparing Reports of the existence of any correlation situations concerning a specific Transaction.
- 8.4 If the transaction is within the competence of the Board of Directors, the Directors Involved in the Transaction shall abstain from voting on the transaction.
- 8.5 The Chief Executive Officer of the Company, in the case of a Transaction falling within the competence of the Board of Directors, or the Competent Person, shall provide the Committee with adequate notice, through the Person in Charge of Preparing Funds, with complete and adequate information on each Transaction of Minor Importance, taking care to ensure updates whenever there is a need and/or opportunity. The information flows must concern, in particular, (i) the nature of the correlation, (ii) the main terms and conditions of the Transaction, (iii) the expected timing for its completion, (iv) the valuation procedure followed, (v) the reasons underlying the Transaction itself and (vi) the risks that the Company and its subsidiaries may possibly incur.
- 8.6 The Committee shall express its opinion in sufficient time to allow the Transaction to be approved on time.
- 8.7 In the event of an unfavourable opinion of the Committee, the Board of Directors shall be responsible for approving the Transaction.
- 8.8 The minutes of the resolutions approving the Transactions of Minor Importance, where these fall within the competence of the Board of Directors, must contain adequate reasons regarding the Company's interest in the completion of the Transaction itself as well as the convenience and substantial fairness of the related conditions. In the event that the decision is the responsibility of the Chief Executive Officer or another Competent Person, a record shall be

kept, in writing, of the reasons for the Transaction, with particular regard to the Company's interest in the completion of the Transaction itself, as well as the convenience and substantial correctness of the related conditions.

- 8.9 Without prejudice to the information obligations provided for by art. 17 of Regulation (EU) no. 596/2014, within fifteen days of the end of each quarter of the financial year, the Company shall make available to the public, at its registered office and in the manner indicated in Part III, Title II, Chapter I of the Issuers' Regulation, a document containing an indication of the counterparty, the object and the consideration of the Transactions of Minor Importance approved in the reference quarter in the presence of a negative opinion of the Committee of the Parties and the reasons why we did not agree with this view. Within the same period, the opinion is made available to the public as an annex to the information document or on Avio's website.

**Art. 9 Transactions of Minor Significance within the competence of the Shareholders' Meeting**

- 9.1 The provisions of Article 8 above shall apply to Transactions of Minor Significance that are attributed to the competence of the Avio Shareholders' Meeting by law or by the Articles of Association, in the preliminary phase and in the approval phase of the resolution proposal to be submitted to the Shareholders' Meeting.



**Art. 10 Simplified regime**

- 10.1 Pursuant to art. 10, paragraph 1, of the RPT Regulation, without prejudice to the provisions of Article 5 of the RPT Regulations and the reservation of competence to the Board of Directors to resolve pursuant to Article 8, paragraph 1, letter a) of the RPT Regulation, the Company may apply to Transactions of Greater Significance the procedure provided for Transactions of Minor Importance referred to in Articles 8 and 9 above.

**Art. 11 Transactions with Related Parties through Subsidiaries**

- 11.1 Transactions with Related Parties carried out through Subsidiaries shall be subject to the provisions of this Procedure for the approval of Transactions of Minor Significance or for the approval of Transactions of Greater Significance, as the case may be.
- 11.2 To this end, the Transactions carried out by Subsidiaries subject to Avio's examination or approval are considered "through". In this regard, it should be noted that: (a) the examination or approval of the Transaction does not necessarily have to be conducted by virtue of internal regulations nor do they necessarily have to take place by express resolution, it being sufficient that a body or a corporate representative of Avio examines in advance or approves such transaction by virtue of the proxies/powers conferred on him; (b) "examination" does not mean the mere receipt of information on the Transaction carried out by the Subsidiary (for example, for control purposes or for the purpose of preparing the Company's financial reports), but an assessment of the Transaction that may lead to an intervention (for example, in the form of an opinion, even if non-binding) capable of affecting the procedure for the approval of the Transaction by the Subsidiary.

**Art. 12 Delibere-Quadro**

- 12.1 Pursuant to the provisions of Article 12 of the RPT Regulations, the Board of Directors may adopt framework resolutions (the "**Framework Resolutions**") that provide for the Company to carry out, directly or through Subsidiaries, a series of homogeneous Transactions with certain categories of Related Parties identified from time to time by the Board of Directors.
- 12.2 The Framework Resolutions may not be effective for more than one year and must indicate, with sufficient precision, the Transactions subject to them, the foreseeable maximum amount of Transactions to be carried out in the reference period and the justification of the conditions provided for in relation to such Transactions.
- 12.3 For the purposes of approving the Framework Resolutions, the provisions of Articles 6 and 8 above shall apply, *mutatis mutandis*, depending on the foreseeable maximum amount of the homogeneous Transactions subject to the specific Framework Resolution, cumulatively considered.
- 12.4 If the foreseeable maximum amount of the Transactions to be carried out in the reference period identified in the Framework Resolution exceeds any of the thresholds indicated for the Transactions of Major Importance, the Company publishes, on the occasion of the approval of the relevant Framework Resolution by the Board of Directors, an information document pursuant to art. 5 of the OPC Regulation.

**Art. 13 Transactions excluded from the scope of the Procedure**

- 13.1 The provisions of this Procedure shall not apply to:
- a) the resolutions of the Shareholders' Meeting referred to in Article 2389, first paragraph, of the Italian Civil Code, relating to the remuneration due to the members of the Board of Directors, nor any resolutions regarding the remuneration of Directors holding special offices falling within the total amount previously determined by the Shareholders' Meeting of Avio pursuant to Article 2389, third paragraph, of the Italian Civil Code;
  - b) the shareholders' resolutions referred to in Article 2402 of the Italian Civil Code, relating to the remuneration due to the members of the Company's Board of Statutory Auditors;
  - c) Small Amount Transactions.
- 13.2 The provisions of this Procedure do not apply to transactions approved by Avio and addressed to all shareholders on equal terms, including:
- a) rights capital increases, including those for convertible bonds, and free capital increases provided for in Article 2442 of the Italian Civil Code;
  - b) demergers in the strict sense, total or partial, with a proportional allocation of shares;
  - c) reductions in share capital through reimbursement to shareholders pursuant to Article 2445 of the Italian Civil Code and purchases of treasury shares pursuant to Article 132 of the Consolidated Law on Finance.
- 13.3 Without prejudice to the periodic accounting reporting obligations provided for by art. 5, paragraph 8, of the OPC Regulation, this Procedure does not also apply:
- a) compensation plans based on financial instruments approved by the Company's shareholders' meeting pursuant to art. 114-bis of the Consolidated Law on Finance and the related enforcement operations;
  - b) resolutions, other than those referred to in paragraph 13.1 above, regarding the remuneration of directors holding special offices as well as other Executives with Strategic Responsibilities, provided that:
    - (i) the Company has adopted a remuneration policy approved by the Shareholders' Meeting;
    - (ii) a committee consisting exclusively of non-executive directors, the majority of whom are independent, was involved in the definition of the remuneration policy;
    - (iii) the remuneration awarded is identified in accordance with this policy and quantified on the basis of criteria that do not involve discretionary assessments;
  - c) Ordinary Transactions concluded at Conditions Equivalent to Market or Standard Conditions. In this case, without prejudice to the information obligations provided for

by art. 17 of Regulation (EU) no. 596/2014, in the case of Transactions of Greater Significance defined as Ordinary Transactions and concluded at Conditions Equivalent to Market Conditions:

- (i) The Related Parties Committee verifies in advance, with the support of the Person in Charge, the existence of the conditions for the applicability of the exemption.
- (ii) The Company shall:
  - subject to verification by the Related Parties Committee referred to in the above point and within seven days of the approval of the Transaction by the competent body or, if the competent body resolves to submit a contractual proposal, from the moment the contract, even preliminary is concluded, to notify Consob and the Independent Directors of the counterparty, the object and the consideration of the Transactions benefiting from the exclusion, as well as the reasons why it is considered that the transaction is ordinary and concluded at Conditions Equivalent to those of the Market or Standard, providing objective elements of feedback;
  - indicate in the interim management report and in the annual management report, within the scope of the information provided for in Article 5, paragraph 8 of the RPT Regulation, which of the Transactions subject to the disclosure obligations indicated in the latter provision have been concluded by making use of the exclusion provided for in this letter c);
- d) Transactions with or between Subsidiaries, including jointly, of the Company as well as Transactions with companies related to the Company, if in the Subsidiaries or associated counterparties to the Transaction there are no Significant Interests of other Parties Related to the Company.

13.4 In cases where the Transaction is not within the competence of the Shareholders' Meeting and does not have to be authorized by it, in case of urgency, without prejudice to the disclosure obligations referred to in art. 5 of the RPT Regulation and the Board of Directors' reservation of competence to pass resolutions pursuant to art. 8, paragraph 1, letter a) of the RPT Regulation, where this is provided for by the Company's Articles of Association, Transactions with Related Parties may be concluded in derogation of the provisions of art. 6 and 8 and art. 7 and 8 of the OPC Regulation, provided that:

- a) if the Transaction to be carried out falls within the competence of a managing director, the Chairman of the Board of Directors is informed of the reasons for urgency promptly and, in any case, before the completion of the Transaction;
- b) these Transactions are subsequently subject, without prejudice to their effectiveness, of a non-binding resolution of the first useful ordinary shareholders' meeting;
- c) the body convening the meeting prepares a report containing an adequate justification of the reasons for the urgency. The supervisory body reports to the shareholders' meeting its assessment of the existence of reasons for urgency;
- d) the report and the evaluations referred to in letter c) are made available to the public at least twenty-one days before the date set for the Shareholders' Meeting at the

Company's registered office and in the manner indicated in Part III, Title II, Chapter I of the Issuers' Regulation. Such documents may be contained in the information document referred to in Article 5(1) of the RPT Regulation;

- e) by the day following the day of the Shareholders' Meeting, the Company shall make available to the public in the manner indicated in Part III, Title II, Chapter I of the Issuers' Regulations, information on the results of the vote, with particular regard to the total number of votes cast by the Non-Related Shareholders.
- 13.5 The cases of exclusion provided for in this article shall also apply, *mutatis mutandis*, to Transactions carried out through Subsidiaries pursuant to Article 11 above. With specific regard to the exemption for Ordinary Transactions referred to in Article 12.1 letter c), for the purpose of assessing the ordinary nature of the Transaction, the activity carried out by the Subsidiary is relevant, except where such subsidiary is a special purpose vehicle established for the purpose of carrying out such Transaction, in which case the verification of the ordinary nature must also be carried out with regard to at least one of the activities carried out by the Avio Group.
- 13.6 Notwithstanding the provisions of this article, the provisions of Article 4 above and paragraph 15.2 below shall also apply in relation to Exempt Transactions.
- 13.7 Independent Directors who express opinions on Transactions with Related Parties:
- (i) receive annually, by the date scheduled for the meeting of the Board of Directors that approves the draft financial statements and the consolidated financial statements, information on the application of the exemption cases identified pursuant to this Article 13 and Article 6 of the RPT Regulation, at least with reference to the Transactions of Major Importance;
  - (ii) verify the correct application of the exemption conditions to Transactions of Major Significance defined as ordinary and concluded at Conditions Equivalent to Market or Standard Conditions.

#### **Art. 14 Equivalent Safeguards**

- 14.1 In the event that, with reference to a given Transaction of Minor Significance, one or more members of the Committee are Related Parties, the Company adopts, in order, the following equivalent safeguards:
- (i) in the event that the Committee is composed of more than three Directors and, within the Committee, there are at least three Non-Related Directors (mostly Independent), the opinion referred to in art. 6 and 8 shall be issued by the Committee by a majority;
  - (ii) in the event that, within the Committee, there are at least two Non-Related Independent Directors, the Committee shall unanimously issue the opinion referred to in art. 6 and 8;
  - (iii) in the event that, within the Committee, there is only one Unrelated Independent Director, the opinion referred to in art. 6 and 8 shall be issued unanimously by the remaining unrelated member of the Committee and the oldest Non-Related Independent Director on the Board;
  - (iv) in the event that, within the Related Parties Committee, there is no Independent Non-Related Director, the opinion referred to in art. 6 and 8 is issued unanimously by the two oldest Independent Unrelated Directors on the Board;
  - (v) In the event that the safeguards referred to in points (i), (ii), (iii) and (iv) above cannot be applied, the opinion referred to in art. 6 and 8 is issued by the Board of Statutory Auditors, provided that the Statutory Auditors, if they have an interest, on their own behalf or on behalf of third parties, in the Transaction, inform the other Statutory Auditors, specifying its nature, terms, origin and scope;
  - (vi) In the event that the safeguards referred to in points (i), (ii), (iii), (iv) and (v) above cannot be applied, the opinion referred to in art. 6 and 8 is issued by an independent expert, identified from among persons of recognized professionalism and competence on matters of interest, whose independence and absence of conflicts of interest are assessed, appointed by the Board of Directors.
- 14.2 In the event that, with reference to a given Transaction of Major Significance, one or more members of the Committee are Related Parties, the Company adopts, in order, the equivalent safeguards referred to in paragraph 14.1 above, it being understood that, in any case, the Committee must be composed exclusively of Independent Directors. To this end, in the event that there are non-independent Directors within the Related Parties Committee, the latter are replaced by others present on the Board in order of seniority. In the event that such a substitution is not possible, the members of the Committee who are not Independent shall not participate in the relevant meetings or in the preliminary and negotiation phase and the equivalent safeguards referred to in paragraph 14.1 above shall apply.
- 14.3 The provisions of this Procedure with reference to the Related Parties Committee shall apply to the Equivalent Units, as applicable.

**Art. 15 Information**

- 15.1 The Company fulfils the information obligations to the public provided for by current legislation and, in particular, by art. 5 and 6 of the OPC Regulation.
- 15.2 The Chief Executive Officer, with the support of the Person in Charge of Preparing Financial Reports and the competent corporate structures, provides the Board of Directors and the Board of Statutory Auditors, at least quarterly, with specific information on the Transactions with Related Parties carried out by the Company, also through Subsidiaries, during the reference period and on the state of execution of the Framework Resolutions. For Transactions of Minor Significance and for Exempt Transactions which, due to their size or characteristics, are not of significant importance to the Company, the information may be provided on an aggregate basis, without prejudice to the Board of Directors' right to request additional information.



**Art. 16 Final and transitional provisions**

- 16.1 The Board of Directors shall periodically evaluate, at least every three years, whether to revise this Procedure, taking into account, among other things, any changes that may have occurred in the ownership structure as well as the effectiveness demonstrated by the Procedure in its application practice.
- 16.2 The Related Parties Committee expresses its prior opinion on the proposals to revise the Procedure or on the decision of the Board of Directors not to proceed with any updates.
- 16.3 The Board of Statutory Auditors of the Company is the body responsible for supervising the compliance of this Procedure with the general principles set out in the RPT Regulations and compliance with the provisions contained therein. Pursuant to art. 153 of the Consolidated Law on Finance, the Board of Statutory Auditors reports to the Shareholders' Meeting on the supervisory activities carried out.
- 16.4 For anything not expressly provided for in this Procedure, the provisions of the law and regulations in force shall apply.

## Appendix

### Definitions of "Related Party" and "Transactions with Related Parties"

"Related Party" means a person or entity that is related to the entity preparing the financial statements.

- (a) A person or close family member<sup>1</sup> of that person is related to a financial reporting entity if that person:
- (i) has control or joint control of the entity preparing the financial statements;
  - (ii) has a significant influence<sup>2</sup> on the entity that prepares the financial statements; or
  - (iii) is one of the executives with strategic responsibilities of<sup>3</sup> the entity preparing the financial statements or of one of its parent companies;
- (b) An entity is related to a financial reporting entity if any of the following conditions apply:
- (i) the entity and the entity that prepares the financial statements 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 or joint venture of the other entity (or an associate or joint venture part of a group to which the other entity belongs);
  - (iii) both entities are *joint ventures* of the same third party;
  - (iv) an 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 benefits plan for employees of the reporting entity or a related entity;
  - (vi) the entity is jointly controlled or controlled by a person identified in point (a) above;
  - (vii) A person identified in (a)(i) has significant influence over the entity or is one of the executives with strategic responsibilities of the entity (or a parent thereof).<sup>4</sup>

"Related Party Transaction" means any transfer of resources, services or obligations between a company and a Related Party, regardless of whether a consideration has been agreed, including:

- mergers and demergers by incorporation or non-proportional demergers in the strict sense, where carried out with Related Parties;
- any decision relating to the assignment of remuneration and economic benefits, in any form, to the members of the administrative and control bodies and to managers with strategic responsibilities (except as otherwise provided for by the CONSOB Regulation and without prejudice to the exemptions referred to in paragraph 6 below).

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<sup>1</sup> For the purposes of IAS 24, paragraph 9, "close family members of a person" are those family members who are expected to influence, or be influenced by, that person in their dealings with the entity, including: (a) the children and that person's spouse or common-law partner; (b) the children of that person's spouse or common-law partner; and (c) dependents of that person or that person's spouse or common-law partner

<sup>2</sup> The terms "control", "joint control" and "material influence" are defined in IFRS 10, IFRS 11 (Joint Control Arrangements) and IAS 28 (Investments in Associates and Joint Ventures) and are used with the meanings specified in those IFRSs.

<sup>3</sup> Pursuant to IAS 24, paragraph 9, "managers with strategic responsibilities" are those who have the power and responsibility, directly or indirectly, for the planning, direction and control of the entity's activities, including the directors (executive or non-executive) of the entity.

<sup>4</sup> In the definition of a related party, an associate comprises the subsidiaries of the associated company, and a joint venture comprises the subsidiaries of the joint venture. Thus, for example, a subsidiary of an associated company and the investor who has a significant influence over the associated company are related to each other.

