

**PROCEDURE  
RELATED-PARTY TRANSACTIONS**

**Pursuant to article 4 of the Consob Regulation enacted with resolution  
no. 17221 of 12 March 2010, as subsequently amended**

***Version approved by the Board of Directors on 20 May 2021***

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## INTRODUCTION

With resolution no. 17221 of 12 March 2010 (subsequently amended with resolutions no. 17389 of 23 June 2010, no. 19925 of 22 March 2017, no. 19974 of 27 April 2017, no. 21396 of 10 June 2020 and **no. 21624 of 10 December 2020**), pursuant to art. 2391-*bis* of the Italian Civil Code and to arts. 113-*ter*, 114, 115 and 154-*ter* of Lgs.Decree 14 February 1998 no. 58 (**TUF**), Consob enacted a regulation setting out principles and rules to which, *inter alia*, Italian companies with shares listed on Italian regulated markets are required to comply “*in order to ensure the transparency and the substantive and procedural fairness of related-party transactions undertaken directly or through subsidiaries*” (**Regulation**).

On 24 September 2010, Consob published a Communication (no. DEM/10078683) containing “*Indications and guidance for the application of the Regulation on related-party transactions enacted with resolution no. 17221 of 12 March 2010 as subsequently amended*” (**Communication/Interpretative Communication**).

### 1. SCOPE OF APPLICATION

This procedure (**Procedure/RPT Procedure**), adopted by the Board of Directors of A.M.E. to enact the legislation indicated above, sets out the rules, the roles, the responsibilities and the activities put in place by Arnoldo Mondadori Editore S.p.A. (**A.M.E. or Company**) in order to ensure the transparency and the substantive and procedural fairness of the Related-Party Transactions (as defined below) undertaken by the Company directly or through Subsidiaries (as defined below).

*This version of the Procedure, approved by the Board of Directors of Arnoldo Mondadori Editore S.p.A. on 20 May 2021, with the favourable opinion of the Related Parties Committee, replaces the previous version adopted on 25 November 2010.*

### 2. MAIN DEFINITIONS

For the purposes of this Procedure, unless otherwise specified, the following terms signify:

- 2.1 **Directors Involved in the Transaction:** the Company directors with a direct or third-party interest in the Transaction in conflict with the interest of the Company who are required to abstain from voting on the Transaction;
- 2.2 **Independent Directors:** directors of the Company ascertained to be independent by the A.M.E. Board of Directors through application of the principles and applicative criteria of the Corporate Governance Code followed by the Company and in compliance with the Policy on criteria for assessment of

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the independence requirements for directors as approved by the Company Board of Directors;

- 2.3 **Non-Related Directors:** Directors other than the counterparty to a particular Transaction and other than the Related Parties of the counterparty;
- 2.4 **Committee/Related Parties Committee:** the Committee referred to in Section 3.1 below;
- 2.5 **“Control”, “Joint Control”, “Significant Influence”, “Close Family Members”, “Key Management Personnel”, “Subsidiary”, “Associated Company” and “Joint Venture”** have the same meaning as that attributed to them in the international accounting standards adopted in accordance with the procedure indicated in art. 6 of EC regulation no. 1606/2002, as specified in detail in Annex “A” attached hereto;
- 2.6 **Financial Reporting Officer:** the manager in charge of preparation of the corporate accounting documents of the Issuer, pursuant to art 154-*bis* of the TUF;
- 2.7 **Related Parties Register:** the document referred to in Section 3.2 below containing the references of the Related Parties identified in accordance with the criteria and procedures set out in this document;
- 2.8 **Company Exponent:** person identified in accordance with Section 3.5 below;
- 2.9 **Independent Expert/s:** person/s identified in accordance with Section 3.7 below;
- 2.10 **Related-Party Transaction/s:** transactions defined as such by the international accounting standards adopted in accordance with the procedure indicated in art. 6 of EC regulation no. 1606/2002, as specified in detail in Annex “A” attached hereto;
- 2.11 **Transactions Undertaken Through Subsidiaries**<sup>1</sup>: transactions executed by an Italian or international subsidiary of A.M.E., pursuant to art. 2359 of the Italian Civil Code or in any case subject to management and coordination by A.M.E. (Subsidiaries), that may be traced back to A.M.E. itself by virtue of a prior analysis or approval by A.M.E. (governed by sub Section 7);
- 2.12 **Aggregated Transactions/Aggregation:** transactions that meet the criterion indicated in Section 5.1 and 6.1 2)(iii);

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<sup>1</sup> In this connection, the reference is to the concept of control envisaged by art. 2359 of the Italian Civil Code (Section 7 of the Interpretative Communication).

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- 2.13 **Material Transaction/s:** transactions as referred to in Section 5.1 below;
- 2.14 **Less Significant Transaction/s:** transactions as referred to in Section 5.2 below;
- 2.15 **Exempt Transaction/s:** transactions as referred to in Section 4 below;
- 2.16 **Inconsequential Transactions/s Transaction/s for an Inconsequential Amount:** transactions as referred to in Section 4.1a) below;
- 2.17 **Intragroup Transaction/s, Transactions with and among Subsidiaries and/or Associated Companies:** transactions as referred to in Section 4 below;
- 2.18 **Ordinary Transaction/s Concluded on Conditions Equivalent to Market or Standard Conditions:** transactions as referred to in Section 4 below;
- 2.19 **Related Parties:** parties defined as such by the international accounting standards adopted in accordance with the procedure indicated in art. 6 of EC regulation no. 1606/2002, as specified in detail in Annex “A” attached hereto;
- 2.20 **Alternative Oversight Functions:** the functions indicated in Sections 6.2.3. and 6.3.3. below to be activated when, with respect to a specific transaction, one or more members of the Committee are not Non-Related Directors;
- 2.21 **Operating Oversight Function for Assessment of Related-Party Transactions/RPT Oversight function:** the internal committee defined in Section 3.6 below: the internal committee defined in Section 3.6 below;
- 2.22 **Issuers’ Regulation:** the regulation governing issuers enacted by Consob with resolution no. 11971 of 14 May 1999 as subsequently amended;
- 2.23 **Non-Related Statutory Auditors:** standing statutory auditors other than the counterparty to a particular transaction and the Related Parties of the counterparty;
- 2.24 **Non-Related Shareholders:** parties with voting rights at the General Meeting other than the counterparty to a particular transaction and the related parties of both the counterparty to a particular transaction and the Company.

### 3. MAIN ROLES AND RESPONSIBILITIES <sup>2</sup>

#### 3.1 Related Parties Committee (Committee)

(i) *Formation, appointment and composition.*

- (a) The Committee shall be formed by the Board of Directors and composed exclusively of a minimum of three Independent Directors, who, with reference to each Transaction, must also be Non-Related Directors<sup>3</sup>.

The members of the Related Parties Committee shall be appointed and may be revoked with a reasoned resolution of the Board of Directors. When the Committee is formed, the Board of Directors shall appoint the Chair of the Committee.

Unless otherwise determined by the Board of Directors at the time of appointment, the term of office of the members of the Related Parties Committee shall be the same as that of the Board of Directors of which they are members and the early termination of their membership of the Board of Directors, for whatever reason, shall determine the immediate termination of their membership of the Related Parties Committee. Should a member of the Related Parties Committee no longer be able to act, for whatever reason, the Board of Directors shall appoint a new member in compliance with the provisions of this article.

- (b) The Board of Directors may also carry a resolution whereby the functions of the Related Parties Committee shall be performed by one of the other board committees, provided that the committee in question is composed exclusively of three Independent Directors.
- (c) Should at least three Independent Directors not be present or in the event that, in relation to a particular Transaction, one or more members of the Related Parties Committee declare that they are related parties to that Transaction (in which case they shall promptly inform the Chair of the Board of Directors), in order to safeguard the substantive fairness of the Transaction in question, the opinion relating to the Transaction shall be issued by the non-related Independent Director or Independent Directors that are present, or, in their absence, by the Board of Statutory Auditors, or by an Independent Expert.

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<sup>2</sup> The additional duties and responsibilities of other company functions mentioned in this Procedure are unchanged.

<sup>3</sup> The Alternative Oversight Functions as at Section 6.2.3. and 6.3.3. may apply.

(d) Should the Board of Directors have recourse to the opinion of the Board of Statutory Auditors, the members of the Board of Statutory Auditors shall inform the other Statutory Auditors if they have a direct or third-party interest in the Transaction, specifying the nature, terms, origin and extent of their interest. In this case, in order to safeguard the substantive fairness of the Transaction in question, the opinion on the Transaction shall be issued by the non-related Statutory Auditor or non-related Statutory Auditors that may be present, or, in their absence, by an Independent Expert appointed by the Committee.

(ii) *Regulation.*

The operating rules of the Committee are also defined by a specific regulation (**RPC Regulation**) adopted by the Board of Directors.

(iii) *Functions and responsibilities.*

The Committee shall perform all the activities envisaged by this Procedure and by the Regulation as supplemented by the RPC Regulation, including the following:

- a) it shall express a prior opinion with respect to the deliberations of the Board of Directors concerning (i) the adoption, amendment and updating of the Procedure or (ii) proposals to be presented to the Shareholders' Meeting with regard to amendments to the Company Articles of Association deemed necessary by the Board of Directors for reasons connected with the implementation of the Procedure;
- b) with reference to Less Significant Transactions, before the approval of the Board of Directors of the Company or the Subsidiary that initiates the transaction or by the Company Exponent vested with powers to execute the transaction under the Company's system of powers and delegated powers, it shall express a non-binding reasoned opinion, to be attached to the minutes of the relevant meeting of the Committee, on the interest of the Company in the execution of the Transaction and on the suitability and substantive fairness of its conditions (see Section 6.3);
- c) with reference to Material Transactions: (i) it shall be involved promptly in the negotiation stage and the due diligence stage through a flow of complete and up-to-date information and have the power to request information and make observations to the empowered bodies and the parties responsible for handling the negotiations or the due diligence; (ii) before the approval of the transactions by the Board of Directors, it shall express a binding reasoned opinion, to be attached to the minutes of the relevant meeting of the



Committee, on the interest of the Company in the execution of the Transaction and on the suitability and substantive fairness of its conditions (see Section 6.2);

- d) it shall acquire information, at least on an annual basis, regarding the application of the exemptions identified pursuant to art. 4 of this Procedure with reference to Material Transactions;
- e) it shall check the correct application of the exemption conditions to Ordinary Material Transactions Concluded on Conditions Equivalent to Market or Standard Conditions notified to the Committee in accordance with Section 4.1.f (iii) below;
- f) it shall ascertain the independence of the Independent Experts appointed by it in compliance with Section 3.7.

(iv) *Appointment of Independent Experts.*

When so required by the nature, size and characteristics of the Transaction, the Related Parties Committee may request the assistance, at the expense of the Company, of one or more Independent Experts of its choice, also through the acquisition of specific reports and/or fairness and/or legal opinions. The reports and/or fairness and/or legal opinions shall be forwarded to the Related Parties Committee sufficiently in advance of the meeting of the Committee.

### **3.2 Corporate & Legal Affairs Division**

Without prejudice to the additional activities described in this Procedure, the Company Corporate & Legal Affairs Division (**CLAD**) shall be responsible for updating the Company's related parties register, where the Related Parties identified in accordance with this Procedure are registered (**Related Parties Register**).

Registrations in and the updating of the Related Parties Register shall be performed by the CLAD:

- (a) on the basis of the information and documents in the Company's records, with the support of the Administration Division in agreement with the Financial Reporting Officer;
- (b) also in relation to specific questionnaires, on the basis of the written declarations of the parents, the directors, the statutory auditors, the key management personnel and the other parties who qualify as Related Parties of the Company, which shall also indicate the additional Related Parties of the Company through the above listed parties (**Indirect Related Parties**).

All the functions of the Company and its Subsidiaries shall inform the CLAD of circumstances that could require amendments to the Related Parties Register, for example, the acquisition of shareholdings, the stipulation of contracts, or the review of existing contracts.

The parents, the directors, the statutory auditors, the key management personnel and the other parties who qualify as Related Parties of the Company shall promptly inform the CLAD of any change in their position, or that of their respective Indirect Related Parties, as Related Parties.

### **3.3 Financial Reporting Officer**

The Officer responsible for the preparation of the accounting and corporate documents is responsible for the coordination of this Procedure with the administrative and accounting procedures used to draft the separate financial statements, the consolidated financial statements and the condensed half-year report drawn up for the purposes of the attestation ex art. 154-*bis* of the TUF.

### **3.4 Group Administration Division**

Without prejudice to the additional activities governed by this Procedure, the Group Administration Division (**Admin. Div.**) shall ensure coordination of the accounting disclosures relating to Related-Party Transactions with the disclosure as at art. 5, paragraph 8, of the Regulation.

### **3.5 Company Exponents**

The Company Exponents are the Managers operating in the Central Divisions and the General Business Divisions of the Company and the legal representatives of the Subsidiaries who, in accordance with the regulations and procedures of the Company, hold powers of signature and/or delegated powers.

Without prejudice to the additional activities governed by this Procedure, the Company Exponents shall conduct the preliminary checks to determine whether or not a transaction qualifies as a Related-Party Transaction, as indicated in the Section 6 below.

### **3.6 Operating Oversight Function for Assessment of Related-Party Transactions (RPT Oversight Function)**

The RPT Oversight Function comprises the following officers:

- the CLAD Manager;
- the Chief Administrative Officer;
- the Head of Internal Audit;

- the Company Exponents involved in the Transaction.

Without prejudice to the additional activities governed by this Procedure, the RPT Oversight Function shall determine, on the basis of the information governed by Section 6 below, whether a particular transaction qualifies as a Related-Party Transaction and, should it do so, shall initiate the relevant procedures pursuant to this Procedure.

All information and communication addressed to the RPT Oversight Function shall be sent to the following email address: [segreteria.societaria@mondadori.it](mailto:segreteria.societaria@mondadori.it).

### 3.7 Independent Experts

For the purposes of this Procedure, the term “independent experts” signifies natural or legal persons of recognised professionalism and competence in the matters of interest, who shall be independent and not involved in conflicts of interest (**Independent Experts**).

The independence of the Independent Experts shall be assessed by the Related Parties Committee taking into account the relationships indicated in Section 2.4 of Annex 4 to the Regulation, specifically: any business, equity and financial relationships between the Independent Experts and: (i) the related party, the companies controlled by such related party, the entities that control the related party, the companies subject to common control and the directors of such companies; (ii) the Company, its subsidiaries, its parents, the companies subject to common control and the directors of such companies, considered for the purposes of qualification of the expert as independent.

The role of Independent Expert shall not be assigned to parties who are counterparties to the Transaction or Related Parties of the Company or of the counterparty to the Transaction.

The selected Independent Expert shall declare their independence at the time of their appointment, setting out any reasons why any business, equity and/or financial relationships with the Company, any parents of the Company, the Subsidiaries or companies subject to the common control of the Company and/or the directors of the above companies are not pertinent to the independence assessment.

In cases where the Independent Expert acts as an Alternative Oversight Function as envisaged by Sections 6.2.3 or 6.2.4, the provisions relating to the body that it replaces shall apply, *mutatis mutandis*.

#### 4. IDENTIFICATION OF EXEMPTIONS/EXCLUSIONS (EXEMPT TRANSACTIONS)

4.1 The provisions of the Procedure shall not apply to the following Related-Party Transactions:

- a) **Inconsequential Transactions**, that is, Transactions that considered individually have an overall value that is *not higher* than:
  - (i) 100,000.00 (one hundred thousand) if the counterparty is a natural person and
  - (ii) 250,000.00 (two hundred and fifty thousand) if the counterparty is a legal person<sup>4</sup>;
- b) shareholder resolutions as at art. 2389, paragraph 1, of the Italian Civil Code relating to the remuneration due to the members of the Board of Directors;
- c) resolutions on the remuneration of directors holding key positions included in the overall amount determined on a prior basis by the Shareholders' Meeting pursuant to art. 2389, paragraph 3, of the Italian Civil Code;
- d) shareholder resolutions as at art. 2402 of the Italian Civil Code relating to the remuneration due to the members of the Board of Statutory Auditors;
- e) transactions deliberated by the companies and relating to all the shareholders under equal conditions, including:
  - (i) rights issues, including those at the service of convertible bonds, and free capital increases envisaged under art. 2442 of the Italian Civil Code;
  - (ii) total or partial demergers with a proportionate allotment of shares;
  - (iii) share capital reductions through reimbursement of shareholders, as envisaged by art. 2445 of the Italian Civil Code and share buybacks pursuant to art. 132 of the TUF.
- f) without prejudice to the disclosure requirements envisaged by art. 5, paragraph 8, of the Regulation, where applicable:
  - (i) share-based remuneration plans approved by the Shareholders' Meeting pursuant to art. 114-*bis* of the TUF and the related operations to execute such plans;

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<sup>4</sup> The Company deems these Exiguity Thresholds appropriate to exclude related-party transactions that, considering the dimensions of the Company, do not involve an appreciable risk as regards protection of the shareholders.

(ii) resolutions relating to remuneration of the directors and Key Management Personnel other than those indicated in heads b) and c) above, on condition that:

(a) the Company has adopted a remuneration policy approved by the Shareholders' Meeting;

(b) said policy was formulated with the participation of the Company Remuneration & Appointments Committee (composed exclusively of non-executive directors the majority of whom are independent);

(c) the remuneration assigned is established in accordance with the policy and quantified on the basis of criteria that do not involve discretionary judgements;

(iii) **Ordinary Transactions Concluded on Conditions Equivalent to Market or Standard Conditions**, that is, transactions that, on the basis of objective evidence:

(a) form part of the normal operating activities (the main operations that generate the Company's revenues and all other operating activities that cannot be classified as "investment" or "financial" operations) and related financial activities (to the extent that such activities are ancillary to the conduct of the operating activities, for example short-term liabilities for the purchase of raw materials) of the Company or of the Subsidiary conducting the Transaction (Ordinary Transactions)<sup>5</sup> and

(b) are conducted on conditions similar to those usually applied with respect to non-related parties for transactions of a corresponding nature, size and risk, or based on regulated rates or on imposed prices or applied to entities with whom by law the Company is obliged to agree a specific consideration.

Nevertheless, for Ordinary Transactions Concluded on Conditions Equivalent to Market or Standard Conditions that, pursuant to Section 5.1, qualify as Material Transactions, without prejudice to art. 17 of Reg. (EU) no. 596/2014, the Company, on the indication of the Oversight Function with the support of the CLAD, shall:

a) communicate to Consob and the Committee, within 7 days of the approval of the transaction by the relevant body or, should the relevant body decide to present a contractual proposal, as from the time when the

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<sup>5</sup> "Ordinary Transactions" are identified with reference to the indications set out in Section 3 of the Interpretative Communication.

contract, including preliminary contracts, is closed in accordance with the relevant laws, the counterparty, the object and the consideration, as well as the reasons why the Transaction is deemed to be Ordinary and Concluded on Conditions Equivalent to Market or Standard Conditions, providing objective evidence;

- b) indicate in the Interim Report on Operations and in the Annual Report on Operations, under the information envisaged by art. 5, paragraph 8 of the Regulation, which of the disclosed transactions has been completed using the exemption referred to in this Section<sup>6</sup>.
- g) Transactions to be executed in accordance with instructions issued by regulatory authorities to promote stability or with provisions issued by the Parent Company for the implementation of instructions issued by regulatory authorities in the interest of the Group's stability;
- h) **Intragroup Transactions with and among Subsidiaries and/or Associated Companies without material interests**, that is, Transactions with or among Subsidiaries – also jointly by A.M.E. - and Transactions with Associated Companies, provided there are no interests qualified as “material” of other Related Parties of the Company.

**Material Interests** of another Related Party may exist when:

- (i) the Company shares with the subsidiary or the associated company one or more directors or Key managers and the persons in question, in addition to the sharing of roles, are the beneficiaries of share-based incentive plans (or variable remuneration) linked to the results reported by the Subsidiary or Associated Company with which the Transaction is conducted: assessment of the materiality of interests is conducted with reference to the weight of the remuneration linked to the performance of the Subsidiary with respect to the overall remuneration of the director or Key manager. Specifically, material interests are deemed to exist, for example, only when the variable performance-linked component of the remuneration of the person concerned prevails over the fixed component of said remuneration;
- (ii) the Subsidiary or Associated Company is an investee of the entity that controls or exerts a significant influence over the Company and the equity investment held by said entity in the Related Party is greater than the effective weight of the equity investment held by the same entity in the Company;

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<sup>6</sup> Cnf. Art. 13 paragraph 3 c) Regulation.

Interests arising from the sharing of one or more directors or other Key managers by the Company and the Subsidiaries or Associated Companies are not deemed to be material interests.

**4.2** In cases where a Related-Party Transaction is not within the jurisdiction of and does not have to be approved by the Shareholders' Meeting, where expressly allowed by the Articles of Association, in urgent cases, without prejudice to the jurisdiction reserved for the Board of Directors with regard to deliberation on Material Transactions, the transaction may be concluded in derogation of the provisions referred to in Sections 6.2 and 6.3 on condition that:

- (a) when the Transaction to be executed comes within the jurisdiction of an empowered director, the Chair of the Board of Directors is promptly informed of the reasons for the urgency, and in any case before the Transaction is executed;
- (b) without prejudice to its effectiveness, the Transaction is subsequently the subject of a non-binding resolution at the next ordinary Shareholders' Meeting;
- (c) the body that convenes the Shareholders' Meeting draws up a report adequately setting out the reasons for the urgency. The governing body illustrates its assessment of the reasons for the urgency at the Shareholders' Meeting;
- (d) the report and the assessments referred to in point (iii) are made available to the public at least 21 days before the day of the Shareholders' Meeting at the registered office, as required by Part III, Title II, Section I, of the Issuers' Regulation. These documents may be contained in the Information Memorandum referred to in art. 5, paragraph 137 of the Issuers' Regulation;
- (e) by the end of the day following the Shareholders' Meeting, the companies make the information on the outcome of the vote available to the public in the manner indicated in Part III, Title II, Section I of the Issuers' Regulation, with specific attention to the number of votes expressed overall by the Non-Related Shareholders.

## **5. IDENTIFICATION OF MATERIAL AND LESS SIGNIFICANT RELATED-PARTY TRANSACTIONS**

### **5.1 Material Transactions**

Material Transactions are Related-Party Transactions where at least one of the materiality indices referred to in Annex 3 to the Regulation, described below and applicable according to the specific transaction, exceeds the 5% threshold (**Materiality Threshold**).

The materiality indices are as follows:

- a) **Consideration materiality index**, that is, the ratio of the Transaction consideration to shareholders' equity as reflected in the Company's most recently published consolidated balance sheet, or, if greater, the Company's market capitalisation of the Company on the last market trading day in the reporting period covered by the Company's most recently published financial statements (annual or half-year report or interim report on operations).<sup>7</sup>
- b) **Asset materiality index**, that is, the ratio of the total assets of the entity involved in the Transaction to the total assets of the Company. The data to be used shall be taken from the Company's most recently published consolidated balance sheet; where possible, similar data shall be used to determine the total assets of the entity involved in the transaction.<sup>8</sup>
- c) **Liability materiality index**, that is, the ratio of the total liabilities of the acquired entity to the total assets of the Company. The data to be used shall be taken from the Company's most recently published consolidated balance sheet; where possible, similar data shall be used to determine the total liabilities of the acquired company or business arm.

With regard to the above indices, the Materiality Threshold shall be reduced to 2.5% for Transactions that, in compliance with the Regulation, could have an impact on the Company's operating independence and refer to<sup>9</sup>:

- sales of intangible assets, for example, trademarks, patents, industrial inventions;
- acquisitions/sales of companies and business arms;
- acquisitions/sales of equity investments and/or financial instruments in general;

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<sup>7</sup> If the financial terms of the transaction are specified, the Transaction consideration is:

- i) for cash components, the amount paid to/by the contractual counterparty;
- ii) for components consisting of financial instruments, their fair value determined as of the Transaction date in accordance with the international accounting standards adopted with Regulation (EC) no.1606/2002;
- iii) for financing Transactions or Transactions involving the granting of guarantees, the maximum disburseable amount.

If the financial terms of the transaction are predicated in whole or in part on quantities that are not yet known, the Transaction consideration is the maximum amount receivable or payable under the agreement.

<sup>8</sup> For transactions involving the acquisition and disposal of equity investments that have an impact on the scope of consolidation, the numerator amount is equal to the total assets of the investee company, irrespective of the percentage of share capital being disposed of.

For transactions involving the acquisition and disposal of equity investments that do not have an impact on the scope of consolidation, the numerator amount is equal to:

- i) for acquisitions, the Transaction consideration plus any liabilities of the acquired company taken on by the purchaser;
- ii) for sales, the consideration received for the sold assets.

For transactions involving the acquisition and disposal of other assets (other than the acquisition of an equity investment), the numerator amount is equal to:

- i) for acquisitions, the consideration or the carrying amount attributed to the assets, whichever is greater;
- ii) for sales, the carrying amount of the assets.

<sup>9</sup> See Annex 3 of the Regulation and Section 2.1. point iv) Interpretative Communication.



- acquisitions/sales of real estate.

Materiality also exists when at least one of the materiality thresholds indicated is exceeded by multiple Transactions executed during a single reporting period with the same Related Party, or with parties related to both the Related Party and A.M.E., which are homogeneous or executed for the same purpose, subject to the exemptions envisaged by this Procedure.

Specifically, when verifying whether the materiality thresholds have been exceeded, consideration shall be given only to Transactions executed since the start of the reporting period that are not exempt transactions pursuant to art. 4 of this Procedure, because, for example, they are for an inconsequential amount or are Ordinary Transactions Concluded on Conditions Equivalent to Market Conditions or Transactions concluded with Subsidiaries or Associated Companies (**Aggregation/Aggregated Transactions – see Section 6.1.2)(iii)**<sup>10</sup>.

If a Transaction or multiple aggregated Transactions qualify as Material Transactions according to the indices described above and this is manifestly unjustified in view of special circumstances, at the request of the Company Consob may indicate alternative methods to compute the above indices. For this purpose, prior to completion of the negotiations, the Company shall inform Consob of the main characteristics of the Transaction and the specific circumstances upon which its request is based.

## 5.2 Less Significant Transactions

Less Significant Transactions are Related-Party Transactions that are not Material Transactions or Transactions for an Inconsequential Amount, that is:

- (i) below the Materiality Thresholds envisaged for Material Transactions pursuant to the previous Section 5.1<sup>11</sup> and
- (ii) greater than the thresholds envisaged for Transactions for an Inconsequential Amount, pursuant to Section 4.1 a).

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<sup>10</sup> See Section 2.3. Interpretative Communication.

<sup>11</sup> The provisions of Section 5.1. and Section 6.1. 2) (iii) shall continue to apply, however, for hypotheses that the materiality thresholds have been exceeded as a result of Aggregation - Less Significant Transactions that are homogeneous or executed for the same purpose.

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## 6. PROCEDURAL STEPS<sup>12</sup>

### 6.1 Due Diligence Stage (common to all Related-Party Transactions)

- 1) Prior to the commencement of a negotiation on behalf of the Company or the Subsidiaries through which the Company intends to execute the Transaction, the **Company Exponent** shall:
  - a) ascertain, with reference to the data in the Related Parties Register, whether or not the counterparty is a Related Party, with the assistance of the CLAD if necessary;
  - b) ascertain whether the Transaction qualifies as a Transaction for an Inconsequential Amount or, with the assistance of the CLAD if necessary, whether it comes under one of the exemption categories described in Section 4.1 b), c), d), e);
  - c) if the checks sub a) and b) find that the counterparty is a Related Party and that the Transaction cannot be qualified as a Transaction for an Inconsequential Amount or an Exempt Transaction pursuant to the specific hypotheses indicated above, the Company Exponent shall promptly send the information about the Transaction to the RPT Oversight Function at the email address [segreteria.societaria@mondadori.it](mailto:segreteria.societaria@mondadori.it).

The communication shall set out at least the following information:

- identifying data of the counterparty;
- reasons for the Transaction;
- type and subject of the Transaction;
- estimated Transaction consideration, or, if the Transaction is a purchase or sale of equity investments, companies or business arms, the total assets and liabilities of the entity in question;
- planned timetable;
- any other Transactions executed with the same related party or with parties related to it;

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<sup>12</sup> See Section 6 *et seq.*

- in the case of Transactions on Conditions deemed Equivalent to Market or Standard Conditions, the documents drawn up to support this qualification shall contain objective evidence.

2) On receipt of the communication, the RPT Oversight Function shall promptly ascertain:

- (i) the existence or otherwise of the relationship with the counterparty, if necessary requesting additional information in the most appropriate manner;
- (ii) whether one or more of the Exemptions<sup>13</sup> as at Section 4 apply, taking note of the relevant rules.

The RPT Oversight Function shall keep a record of the checks performed, including those for Exempt Transactions, also for the purposes of the accounting disclosure as per art. 5, paragraph 8, of the Regulation (Section 9.3).

- (iii) whether the Transaction qualifies as a Material Transaction (also taking possible Aggregation into account) or as a Less Significant Transaction pursuant to Sections 5.1 or 5.2 and whether it also constitutes Insider Information, in which case the provisions sub Section 9.4 and the related company procedures are to be followed.

For the purposes of the checks on the materiality or otherwise of the Transaction, the RPT Oversight Function shall also act in accordance with the following criteria:

- the consideration of long-term contracts shall be considered to be equal to the presumed consideration for the entire duration in the case of fixed-term contracts, or, in the case of open-ended contracts, to the presumed consideration for the duration of a financial year or, when the withdrawal notice period is greater than one year, for the entire notice period;
- non-exempt transactions, which individually are Less Significant but are Homogeneous or Executed for the Same Purpose, executed during the same financial year, with the same Related Party or with parties related to both the Related Party and the Company, shall be added together (**Aggregated Transactions/Aggregation**): specifically, as a first step, the materiality of each Transaction is ascertained based on the applicable index or indices, and, subsequently, in order to ascertain whether the

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<sup>13</sup> For the Exemption hypothesis relating to the Plans ex 114 *bis* TUF (Section 4.1. f)(i) and for the other hypotheses at Section 4.1.f)(ii) and (iii), 4.1(g), 4.1(h), 4.2, the Oversight Function/Admin. Div., at the request of the Company Exponent, shall act for the purposes of the Periodic Financial Reports, where applicable (Section 9.3.); for the exemption hypotheses for Ordinary Transactions Concluded on Conditions Equivalent to Market or Standard Conditions, the Oversight Function shall in any case ascertain materiality also for the purposes of application of the disclosure provisions sub Section 4.1.f)(iii).

materiality thresholds are exceeded, the results relating to each index are added together<sup>14</sup>.

3) In the event that, on the completion of the above checks, the RPT Oversight Function:

- (a) confirms that the Transaction counterparty is a Related Party;
- (b) ascertains that one or more exemptions as per Section 4<sup>15</sup> above are not applicable and, consequently, ascertains that the Transaction qualifies as a Material Transaction or as a Less Significant Transaction; and
- (c) receives a favourable response from the Chief Executive Officer - who is supported by the relevant corporate functions in relation to the type and characteristics of the Transaction - regarding the admissibility of the activities for the completion of the Transaction,

it shall begin the procedure governed respectively by Sections 6.2 and 6.3 below, depending on whether the Transaction qualifies as a Material or as a Less Significant Transaction.

4) When the RPT Oversight Function qualifies a Material Transaction as an Exempt Transaction since it was concluded on Conditions Equivalent to Market or Standard Conditions, the Manager of the CLAD ensures that the communications as at Section 4.1(f)(iii)(a) and (b) are made in a timely fashion.

## 6.2 Procedure for Material Transactions

### 6.2.1. *Jurisdiction reserved for the Board of Directors*

All Material Transactions that are not in the jurisdiction of the Shareholders' Meeting – including “Aggregated” Transactions for which the Transaction that determines that at least one of the Materiality Thresholds is exceeded is subject to the same procedure – shall be reserved for the exclusive jurisdiction and approval of the Company Board of Directors, subject to the binding reasoned favourable opinion of the Committee.

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<sup>14</sup> Without prejudice to the hypothesis of Aggregated Transactions (art. 5 paragraph 2, Regulation), Related-Party Transactions are assessed on an individual basis in order to ascertain whether they are Material Transactions or Less Significant Transactions. Consequently, with specific reference to the allocation of remuneration and financial benefits, in any form, to the members of the governing and control bodies and to key management personnel, the remuneration allocated to each member and to each key manager shall constitute an independent related-party transaction, to be considered individually for the purpose of identifying the applicable exemption and procedural rules. With regard to transparency rules, the rules on Aggregation – to be applied to each individual key manager – shall apply in relation to homogeneous transactions or transactions for the same purpose (see Section 2.2. Interpretative Communication).

<sup>15</sup> The RPT Oversight Function shall follow the regulations envisaged for the exemption hypotheses sub Section 4.

### 6.2.2. *Due diligence and approval of Material Transactions*

- 1) When the qualification of a Transaction as a Material Transaction has been ascertained through the activities as at Section 6.1 above, the **RPT Oversight Function** shall promptly, and in any case within two days of completing the checks, send the Chair of the Committee an updated fact sheet illustrating the Transaction and any ancillary documents<sup>16</sup>.
- 2) Subject to activation of the Alternative Oversight Functions as at Section 6.2.3., the **Committee** shall begin all the necessary and appropriate action to take part in the due diligence stage and in the negotiations.

The participation of the members of the Committee in the due diligence stage and the negotiations shall mainly take the form of special meetings between them – or a committee member delegated to represent them – and the Chief Executive Officer and/or the delegated Directors and/or the executives tasked with conducting the negotiations or the due diligence. The Committee members (or their representative) may ask the CEO, delegated directors and/or executives for ancillary documentation they deem necessary and appropriate. The Committee, or its representative, may at any time make observations and request additional information from the parties tasked with conducting the negotiations or the due diligence.

Furthermore, when so required by the nature, entity and characteristics of the transaction, the Committee may request the assistance of an Independent Expert as envisaged in Section 3.7.

- 3) The Committee shall meet at least 5 days before the meeting of the Board of Directors called to approve the Transaction as a whole and its individual components, in order to render its opinion (binding).

The Committee meeting may be attended by the Board of Statutory Auditors or a representative thereof and, if requested by the Chair of the Committee, by the managers (or persons designated by them) of the A.M.E. units and/or Group companies involved in the Transactions and/or other executives and consultants named by the Committee.

- 4) In rendering its opinion (binding), the Committee shall also make a substantive appraisal of the interest of A.M.E. in the Transaction and of the suitability and substantive fairness of its conditions.

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<sup>16</sup> For example, the information to be forwarded shall refer to (i) the nature of the relationship, (ii) the manner of execution of the transaction, (iii) the terms and financial conditions of the transaction, (iv) the assessment procedure adopted and the related ancillary documents, (v) the interests and motives underlying the transaction and (vi) any risks for the Company or the Subsidiaries.

- 5) The opinion, whether positive, qualified or negative, shall be attached to the minutes of the Committee meeting and sent to the Board of Directors at least 3 days before the date of the meeting of the Board of Directors called to deliberate on the Transaction, without prejudice to the possibility for the Committee, in the event of proven reasons, to request a longer period of time. All the documents and information sent to the Committee by the functions involved and the observations made by the Committee shall be made available to the Board of Directors within the same terms.
- 6) At the meeting of the Board of Directors called to approve the Transaction, the Committee Chair shall illustrate the Committee's reasoned opinion to the Board:
  - a) if the opinion is negative, the Board of Directors will not be able to approve the Transaction unless, where expressly envisaged by the Articles of Association, the prior authorisation of the Shareholders' Meeting has been obtained pursuant to art. 2364, paragraph 1, no. 5, Italian Civil Code, and at the Shareholders' Meeting the Non-Related Shareholders present represent at least 10% of the share capital with voting rights;
  - b) if the opinion is qualified, the approval of the Transaction by the Board of Directors shall be conditional upon the amendment of the conditions of the Transaction consistently with the reservations expressed;
  - c) if the opinion is positive, the minutes of the Board meeting that approves the Transaction shall provide adequate explanation of the interest of the Company in executing the Transaction and of the suitability and substantive fairness of its conditions, as well as evidence of the main elements of the opinion rendered by the Committee/Alternative Oversight Functions.
- 7) In any case, the Directors involved in the Transaction shall abstain from voting on it.
- 8) The Company shall also comply with the disclosure requirements set out in Section 9 below.

### 6.2.3. *Alternative Oversight Functions*

Should one or more members of the Committee declare themselves to be a Related Party with respect to a particular Transaction, in order to safeguard the substantive fairness of the Transaction, the functions relating to the stages of Section 6.2 that come under the jurisdiction of the Committee shall be assigned

to the Non-Related Directors who may be present or, in their absence, to the Board of Statutory Auditors. This is without prejudice to the Committee's right to designate an Independent Expert whose independence shall be ascertained by the Committee itself in compliance with Section 3.7. Should the Board of Directors have recourse to the opinion of the Board of Statutory Auditors, Statutory Auditors who have a direct or third-party interest in the Transaction shall inform the other Statutory Auditors, specifying the nature, terms, origin and extent of said interest. In this case, in order to safeguard the material correctness of the Transaction in question, the opinion on the Transaction shall be issued by the non-related Statutory Auditor or non-related Statutory Auditors that may be present, or, in their absence, by an Independent Expert appointed by the Committee.

Should an Alternative Oversight Function be activated, said function may be assisted by one or more Independent Experts in accordance with Section 3.1(iv), *mutatis mutandis*.

#### *6.2.4. Material Transactions under the jurisdiction of the Shareholders' Meeting*

When a Material Transaction falls under the jurisdiction of or must be authorised by the Shareholders' Meeting, the provisions of Sections 6.2.1, 6.2.2 and 6.2.3. shall apply, *mutatis mutandis*, to the negotiation stage, the due diligence stage and the approval of the draft resolution to be presented to the Shareholders' Meeting.

### **6.3 Procedure for Less Significant Transactions**

#### *6.3.1 Transactions not under the jurisdiction of the Shareholders' Meeting*

Less Significant Transactions that do not fall under the jurisdiction of the Shareholders' Meeting shall be approved by the relevant body, subsequent to a non-binding reasoned opinion of the Committee.

The body with the jurisdiction to approve Less Significant Transactions is the Chief Executive Officer, when the Transaction comes within the scope of the CEO's delegated powers, or the Board of Directors.

#### *6.3.2 Due diligence and approval of Less Significant Transactions*

1) When the qualification of a Transaction as Less Significant has been verified through the activities as at Section 6.1, the **Oversight Function** shall promptly, and in any case within two days of completion of the checks, send

the Chair of the Committee an updated fact sheet illustrating the Transaction and any ancillary documents<sup>17</sup>.

- 2) Subject to activation of the Alternative Oversight Functions as at Section 6.3.3., the Committee shall meet sufficiently in advance of the determination of the Chief Executive Officer or of the meeting of the Board of Directors called to deliberate on the Transaction.

The meeting may be attended by the Board of Statutory Auditors or a representative thereof and, if requested by the Chair of the Committee, by the managers (or persons designated by them) of the A.M.E. units and/or Group companies involved in the Transactions and/or other executives and consultants named by the Committee.

When so required by the nature, entity and characteristics of the Transaction, the Committee may request the assistance of an Independent Expert as envisaged in Section 3.7.

- 3) In rendering its opinion, the Committee shall also make a substantive appraisal of the interest of A.M.E. in the execution of the Transaction and of the suitability and substantive fairness of its conditions. The opinion of the Committee shall be attached to the minutes of the meeting.
- 4) The documents made available to the Committee by the functions involved, any observations made by the Committee and the opinion of the Committee shall then be sent to the Chief Executive Officer or to the Board of Directors at least three 3 days before the determination of the competent monocratic body or the meeting called to approve the transaction, without prejudice to the possibility for the Committee, in the event of proven reasons, to request a longer period of time.
- 5) For the purposes of the determination of the Chief Executive Officer or at the meeting of the Board of Directors called to approve the Transaction, the Committee Chair shall illustrate the reasoned opinion of the Committee.
- 6) The minutes of the Board of Directors meeting that approves the Transaction or of the determination of the monocratic body, when drawn up, shall provide adequate explanation of the interest of the Company in executing the Transaction and of the suitability and substantive fairness of its conditions, as well as evidence of the main elements of the opinion rendered by the Committee/Alternative Oversight Functions.

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<sup>17</sup> For example, the information to be forwarded shall refer to (i) the nature of the relationship, (ii) the manner of execution of the transaction, (iii) the terms and financial conditions of the transaction, (iv) the assessment procedure adopted and the related ancillary documents, (v) the interests and motives underlying the transaction and (vi) any risks for the Company or the Subsidiaries.



- 7) In any case, the Directors involved in the Transaction shall abstain from voting on it. Should the Chief Executive Officer declare him/herself to be a Director Involved in the Transaction, he/she shall refer the deliberation to the Board of Directors.
- 8) The Company shall also comply with the disclosure requirements set out in Section 9 below.

#### 6.3.3. *Alternative Oversight Functions*

Should one or more members of the Committee declare themselves to be a Related Party with respect to a particular Transaction, in order to safeguard the substantive fairness of the Transaction, the non-binding reasoned opinion shall be rendered by the Non-Related Independent Director or Independent Directors who may be present or, in their absence, by the Board of Statutory Auditors. This is without prejudice to the Committee's right to designate an Independent Expert whose independence shall be ascertained by the Committee itself in compliance with Section 3.7. In the event of recourse to the opinion of the Board of Statutory Auditors, Statutory Auditors who have a direct or third-party interest in the Transaction shall inform the other Statutory Auditors, specifying the nature, terms, origin and extent of said interest. In this case, in order to safeguard the material correctness of the Transaction in question, the opinion on the Transaction shall be issued by the non-related Statutory Auditor or non-related Statutory Auditors that may be present, or, in their absence, by an Independent Expert appointed by the Committee.

Should an Alternative Oversight Function be activated, said function may be assisted by one or more Independent Experts in accordance with Section 3.1(iv), *mutatis mutandis*.

#### 6.3.4. *Less Significant Transactions under the jurisdiction of the Shareholders' Meeting*

When a Less Significant Transaction falls under the jurisdiction of or must be authorised by the Shareholders' Meeting, the provisions of Sections 6.3.1, 6.3.2 and 6.3.3. shall apply, *mutatis mutandis*, to the negotiation stage, the due diligence stage and the approval of the draft resolution to be presented to the Shareholders' Meeting.

## 7. TRANSACTIONS EXECUTED THROUGH SUBSIDIARIES

### 7.1 Common rules governing Material Transactions and Less Significant Transactions

When a Company Exponent, by virtue of the powers delegated to him/her, examines, approves or intends to submit for the examination/approval of the A.M.E. Board of Directors a Related-Party Transaction to be executed through a Subsidiary<sup>18</sup>, the provisions as at Section 6 *et seq.* shall apply, *mutatis mutandis*.

## 8. PROCEDURE FOR FRAMEWORK RESOLUTIONS

For the purposes of this Procedure, the Board of Directors may adopt framework resolutions with regard to homogeneous transactions to be executed with specific categories of Related Parties.

In this case, the procedures indicated in Sections 5.2. and 5.3. above shall apply, *mutatis mutandis*, depending on whether the probable maximum consideration of the Transactions referenced by the framework resolution determines application of the rules governing Material Transactions or Less Significant Transactions. These procedures shall not be applicable to the individual Transactions executed in implementation of the framework resolution adopted by the Board of Directors.

Framework resolutions adopted in compliance with this Section shall not be effective for a period of more than one year, shall refer to Transactions that have been sufficiently determined, showing at least the probable maximum consideration of the Transactions to be executed during the period in question, and shall contain a specific motivation of the planned conditions.

The Company shall also comply with the disclosure requirements set out in Section 9 below.

Transactions executed in implementation of a framework resolution that is the subject of an Information Memorandum published in compliance with Section 9 are not computed for the purposes of aggregation as at Sections 5.1 and 6.1 2)(iii).

## 9. DISCLOSURE OF RELATED-PARTY TRANSACTIONS

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<sup>18</sup> In this connection, reference is made to the notion of control envisaged by art. 2359 of the Italian Civil Code, rather than to the relevant definition for the identification of the Related Parties (see Note 4).

All the corporate functions of A.M.E. and the Subsidiaries that are involved shall collaborate to enable the Company to comply fully and promptly with the disclosure requirements set out in the Regulation.

### **9.1 Internal Disclosure and Public Disclosure of Less Significant Related-Party Transactions**

- (i) (Internal Disclosure)** On a quarterly basis, the Chief Executive Officer supported by the Oversight Function or the CLAD shall provide the Board of Directors and the Board of Statutory Auditors with full and adequate information about the execution of Less Significant Transactions approved by the relevant bodies during the quarter under review pursuant to Section 6.3. The disclosure shall also cover Related-Party Transactions executed through Subsidiaries.
- (ii) (Public Disclosure)** Without prejudice to art. 17 of Regulation (EU) 596/2014, when one or more Less Significant Transactions have been approved by the relevant body despite the negative opinion rendered by the Committee, the CLAD, having consulted the Chief Executive Officer, with the support of the Admin. Div. and the other functions involved, depending on the type of transaction, shall draw up and make available to the public, no later than 15 days after the close of each relevant quarter, at the registered office and in the manner indicated in Title II, Section I, of the Issuers' Regulation, a document indicating the counterparty, the subject and the consideration of the Transactions, as well as the reasons why the negative opinion rendered by the Committee was not shared. Within the same time limit, the negative opinion of the Committee shall be made available to the public as an attachment to the above document or on the Company website [www.mondadori.it](http://www.mondadori.it), in the *Governance*<sup>19</sup> section.
- (iii)** The information requirements relating to the disclosure in the Interim Report and the Annual Report drafted by the Admin. Div. shall continue to apply, sub Section 9.3.

### **9.2 Internal Disclosure and Public Disclosure of Material Related-Party Transactions**

- (i) (Internal Disclosure)** On a quarterly basis the Chief Executive Officer supported by the Oversight Function or the CLAD shall provide the Board of Directors and the Board of Statutory Auditors with full and adequate information about the execution of Material Transactions approved by the relevant bodies during the quarter under review. The disclosure shall also cover Related-Party Transactions executed through Subsidiaries.

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<sup>19</sup> See Art. 7 head g) Regulation.

With regard to a Transaction approved on the basis of the qualified favourable opinion of the Committee, evidence of compliance with the conditions shall also be provided in the disclosure.

- (ii) **(Public Disclosure)** Without prejudice to the further provisions of art. 5 of the Regulation, with regard to Material Transactions, the CLAD, having consulted with the Chief Executive Officer, with the support of the Admin. Div. and the other functions involved, depending on the type of Transaction, shall draw up, pursuant to art. 17 of Reg. (EU) no. 596/2014, an Information Memorandum to be drafted in compliance with Annex 4 to the Regulation and made available to the public at the registered office and in the manner indicated in Part III, Title II, Section I, of the Issuers' Regulation, no later than 7 days after the approval of the transaction by the relevant body, or, when the relevant body decides to present a contractual offer, from the day of the conclusion of the contract, even in preliminary form, under the applicable rules<sup>20</sup>.

An Information Memorandum drawn up in compliance with Annex 4 to the Regulation shall also be prepared when the materiality threshold is exceeded due to Aggregation (see Section 6.1.2 (iii)), and shall contain information, also on an aggregate base for homogeneous transactions, on all the Transactions considered for the purposes of the Aggregation.

The Information Memorandum shall be made available to the public no later than 15 days after the approval of the Transaction or the conclusion of the contract that led to the materiality threshold being exceeded. When the Transactions that exceed the Materiality Threshold are executed by A.M.E. Subsidiaries, the Information Memorandum shall be made available to the public no later than 15 days after the Company is informed that the Transaction has been approved or that the contract that determines materiality has been concluded.

Within the previously indicated terms, the Company shall make available to the public, as an attachment to the Information Memorandum or separately on the website [www.mondadori.it](http://www.mondadori.it), in the *Governance* section, any opinions of the Committee, the Independent Directors and the Independent Experts appointed pursuant to Section 3.1 (iv) and the opinions rendered by experts qualified as independent to whom the governing body had recourse. With regard to the opinions of the Independent Experts, the Company may publish only the elements indicated in Annex 4 to the Regulation, motivating the decision.

Without prejudice to art. 5, paragraph 6, of the Regulation, should the Company also be required to draw up an Information Memorandum pursuant to articles

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<sup>20</sup> In cases where the Shareholders' Meeting has jurisdiction or approval, the Information Memorandum shall be made available no later than 7 days after the approval of the draft resolution to be presented to the Shareholders' Meeting.

70, paragraph 4 and 71 of the Issuers' Regulation, it shall reserve the right to publish a single document containing information required by paragraph 1 of art. 5 of the Regulation and by articles 70 and 71 of the Issuers' Regulation.

Simultaneously with the release to the public, the Company shall transmit to Consob, with the assistance of the CLAD and the functions involved, the documents and opinions referred to above in compliance with art. 65-*septies*, paragraph 3, of the Issuers' Regulation.

- iii) The disclosure requirements for Ordinary Transactions Concluded on Conditions Equivalent to Market or Standard Conditions (exempt) qualified as Material Transactions and the provisions as at Section 9.3 shall continue to apply.

### **9.3 Periodic financial disclosure <sup>21</sup>**

The Admin. Div., if necessary with the assistance of the CLAD and the Oversight Function and the other functions, depending on the type of transaction, shall provide information in the interim report on operations and in the annual report with regard to:

- individual Transactions identified as Material Transactions pursuant to this Procedure executed during the period under review, directly or through Subsidiaries;
- any other Related-Party Transactions as defined under art. 2427, paragraph 2, of the Italian Civil Code, executed during the period under review, that had a material impact on the Company's financial position or results of operations;
- any amendment to or development in the Related-Party Transactions described in the previous annual report that had a material effect on the Company's financial position or results of operations in the period under review.

### **9.4 Related-Party Transactions and public communication pursuant to art. 17 of Regulation (EU) 596/2014**

When a Related-Party Transaction executed directly or through Subsidiaries is also subject to the communication requirements envisaged by art. 17 of Regulation (EU) 596/2014, the statement issued to the public shall, in addition to the other information to be published as required by the above law, contain the following information:

- a. a description of the Transaction;

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<sup>21</sup> See Art. 5 paragraph 8 Regulation and Section 10 Interpretative Communication.

- b. the indication that the Transaction counterparty is a related party and a description of the nature of the relationship;
- c. the denomination or name of the Transaction counterparty;
- d. whether the Transaction exceeds the materiality thresholds identified under Section 5.1 and whether an Information Memorandum pursuant to art. 5 of the Regulation will be subsequently published;
- e. the procedure followed or to be followed for the approval of the Transaction and, specifically, whether the Company applied an exclusion as envisaged by Section 4;
- f. whether the Transaction was approved despite the negative recommendation of the independent directors.

## 10. CIRCULATION OF THE PROCEDURE

The circulation of the Procedure shall be organised by the **Human Resources & Organisation Division and the Legal & Corporate Affairs Division** to ensure that the corporate functions of A.M.E. and of its Subsidiaries take cognisance of it and follow its provisions, undertaking to comply with all the requirements of the Procedure in order to guarantee the effectiveness of the processes it governs and to circulate the Procedure itself to their own internal units and to any companies over which the Subsidiaries exercise control.

Specifically, the Subsidiaries shall provide A.M.E., through the CLAD and the Admin. Div., with all the information required to organise compliance with the disclosure requirements of the Regulation and the Procedure.

## 11. PROCESS FOR AMENDMENT AND UPDATING OF THE PROCEDURE

The Board of Directors shall consider, at least every three years, whether to conduct a review of the Procedure<sup>22</sup>, taking into account any legislative changes, any changes in ownership and the effectiveness of the Procedure in practice.

Any amendment to the Procedure shall be approved by the A.M.E. Board of Directors subject to the favourable opinion of the Committee.

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<sup>22</sup> See Section 6.1. Interpretative Communication.

Amendments to the annexes shall not require the prior approval of the A.M.E. Board of Directors and may be made and published directly by the CLAD.

## **12. PUBLICATION AND OVERSIGHT OF THE PROCEDURE**

The Procedure shall be published on the Company website [www.mondadori.it](http://www.mondadori.it), in the *Governance* section, and on the corporate intranet, and, also through reference to the website, in the Annual Report, pursuant to art. 2391-*bis* of the Italian Civil Code, which also provides information on Related-Party Transactions.

The Board of Statutory Auditors shall oversee the compliance of the Procedure with the relevant laws, and its enforcement, and shall report to the Shareholders' Meeting pursuant to art. 2429, paragraph 2, of the Italian Civil Code or art. 153 of the TUF.

The application of this Procedure may be governed by additional internal operating provisions/rules and through the RPT Regulation that may be adopted by the Committee.

### **Annex A**

#### **DEFINITIONS OF RELATED PARTIES AND RELATED-PARTY TRANSACTIONS AND USEFUL RELATED DEFINITIONS IN**

#### **THE INTERNATIONAL ACCOUNTING STANDARDS**

1. Definitions of related parties and related-party transactions in the international accounting standards.

For the purposes of art. 3, paragraph 1, head a), of this regulation, the definitions in the international accounting standards set out below shall apply:

#### ***Related parties***

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

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

(i) has control or joint control over the reporting entity;

(ii) has significant influence over the reporting entity; or  
(iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

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

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

(ii) one entity is an associated company or a joint venture of the other entity (or an associated company or a joint venture of a member of a group of which the other entity is a member);

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

(iv) one entity is a joint venture of a third entity and the other entity is an associated company of the third entity;

(v) the entity is a post-employment defined benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity;

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

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity) [IAS 24, section 9].

In the definition of related party, an associated company includes the subsidiaries of the associated company and a joint venture includes the subsidiaries of the joint venture. So, for example, a subsidiary of an associated company and the investor with significant influence over the associated company are related [IAS 24, section 12].

### ***Related-party transactions***

A related-party transaction is a transfer of resources, services or obligations between related parties, regardless of whether a price is charged [IAS 24, section 9]<sup>23</sup>.

2. Useful definitions in connection with the definitions of “related parties” and “related-party transactions” in the international accounting standards

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<sup>23</sup> Such transactions include:

- mergers, demergers through absorption or simple non-proportional mergers, when executed with related parties;
- decisions relating to the allotment of remuneration and financial benefits, of any kind, to the members of the governing and control bodies and key management personnel.



The terms “control”, “joint control” and “significant influence” are defined in IFRS 10, IFRS 11 (Joint arrangements) and IAS 28 (Investments in associates and joint ventures) and are used with the meanings specified therein [IAS 24, section 9].

### ***Key management personnel***

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any directors (whether executive or otherwise) of the entity [IAS 24, section 9].

### ***Close family members***

The close family members of a person are family members who are considered able to influence, or be influenced by, the person in their relations with the company, including:

- (a) the children and spouse or co-habiting partner of the person;
- (b) the children of the spouse or co-habiting partner of the person;
- (c) dependent persons of the person or of the spouse or of the co-habiting partner [IAS 24, section 9].

## **3. Interpretative principles of the definitions**

3.1 When examining each relationship with related parties, attention shall be paid to the substance of the relationship and not simply to its legal form [IAS 24, section 10].

3.2 The above definitions shall be interpreted with reference to the body of the international accounting standards adopted in accordance with the procedure as at art. 6 of regulation (EC) no. 1606/2002.