



## **PROCEDURE FOR RELATED PARTY TRANSACTIONS**

Pursuant to Article 4 of CONSOB regulation No. 17221 of 12 March 2010, as amended

**Text approved by the Board of Directors of ACEA S.p.A. on 21 June 2021, with effect for the transactions with related parties that began on or after 1 July 2021.**

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# 1 Introduction and key definitions

1. This procedure (hereinafter the “Acea RPT Procedure” or the “Procedure”) has been adopted in accordance with Article 2391-bis of the Italian Civil Code and in compliance with the principles of the “Regulation on transactions with related parties” (“RPT Regulation”), referred to in Consob Resolution no. 17221 of 12 March 2010, as amended.
2. This Procedure was defined in coordination with the provisions of the administrative and accounting procedures referred to in Article 154-bis of Legislative Decree No. 58/1998 (the “TUF”).

## 1.1 Scope of application

1. The provisions set out in this Procedure shall apply to transactions carried out directly by Acea S.p.A. (“Acea” or the “Company”), or by direct and/or indirect subsidiaries, with Acea’s related parties.
2. To identify the transactions carried out by the subsidiaries to which the Procedure should be applied, reference is made to the notion of individual control referred to in Article 2359 of the Italian Civil Code<sup>1</sup>.
3. In accordance with the provisions herein, the Procedure does not apply to the transactions referred to in Article 9 hereafter.
4. The exchange of information from and to all the parties involved in this Acea RPT Procedure must take place in full compliance with current legislation and internal procedures governing the processing of confidential information.

## 1.2 Definitions

1. This paragraph provides the key definitions supporting the application of the Procedure:
  - “Related Parties”: the parties defined as such by the international accounting standards adopted according to the procedure set out under Article 6 of Regulation (EC) no. 1606/2002<sup>2</sup>;

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<sup>1</sup> Art. 2359 of the Italian Civil Code: subsidiaries and associates. Subsidiaries are defined as:

- 1) companies in which another company holds the majority of voting rights that can be exercised in ordinary shareholders’ meetings;
- 2) companies in which another company holds a sufficient number of voting rights enabling it to exercise significant influence in ordinary shareholders’ meetings;
- 3) companies that are under the dominant influence of another company by virtue of special contractual restrictions with it.

For the purposes of 1) and 2) of the first sub-paragraph, the votes that can be exercised by subsidiaries, trust companies and intermediaries are taken into account; the voting rights held on behalf of third parties are not counted.

Associates are those companies over which another company exercises significant influence. Influence is presumed when at least one fifth of the votes, or one tenth if the company shares are listed on regulated markets, can be exercised in the ordinary shareholders' meeting.

<sup>2</sup> See the Appendix to this Acea RPT Procedure for the definitions of Related Parties and Related Party Transactions, in addition to the main useful definitions taken from the international accounting standards.

- “Further Related Parties”: the parties qualified as such in paragraph 1.3 of this Acea RPT Procedure;
- “Related Party Transactions” or “RPTs”: the transactions defined as such by the international accounting standards adopted according to the procedure set out under Article 6 of Regulation (EC) no. 1606/2002<sup>3</sup>;
- “Major RPT” or “Major Transactions”: the RPT in which at least one of the relevance indicators in Annex 1, applicable depending on the specific transaction, exceeds the 5% threshold, as defined in the same Annex;
- “RPTs of Negligible Amount” or “Transactions of Negligible Amount”: the RPTs for which the value, calculated on the basis of the indicators set out in Annex 1, does not exceed, in relation to the described type of transaction, the following thresholds (“**Negligibility Thresholds**”):
  - 1) Natural Person:
    - 1.a) € 30,000 for sponsorships and other similar initiatives;
    - 1.b) € 150,000 for the remaining types of transactions.
  - 2) Legal Entity:
    - 2.a) € 120,000 for sponsorships and other similar initiatives;
    - 2.b) € 200,000 for the remaining types of transactions;
- “Minor RPT” or “Minor Transactions”: transactions with related parties other than the Major RPT and the Transactions of Negligible Amount;
- “Ordinary RPT” or “Ordinary Transactions”: transactions that fall within the ordinary course of business and the related financial activities (for more details of ordinary transactions, see Annex 2);
- “Directors Involved in the Transaction”: directors having an interest in the transaction, directly or on behalf of third parties, in conflict with the Company’s interest. This specific case includes but is not limited to a director,
  - (i) when he/she is the counterparty of a given transaction, and
  - (ii) when a Related Party, communicated by the same director to the Company pursuant to Art. 1.4, is the counterparty of the transaction;
- “Independent Directors”: directors recognised as such in accordance with the principles and application criteria contained in Article 3 of the Corporate Governance Code, followed by the Company pursuant to Art. 123-*bis*, paragraph 2 of the TUF, at least equivalent to those of Article 148, paragraph 3 of the TUF;
- “Unrelated Independent Directors”: Independent Directors other than the counterparty in a particular transaction and the related parties of the counterparty;
- “At arm’s length or based on standard rates” or “*Arm’s length or standard conditions*”: transactions entered into at conditions similar to those usually applied to unrelated parties for transactions of similar nature, extent and risk, or based on regulated rates or fixed prices or rates charged to entities with which Acea is required by law to agree on a certain price.

By way of example and without limitation, the following transactions may be included among those entered into at arm's length or at standard rates:

- a) transactions in which the consideration is determined on the basis of objective and

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<sup>3</sup> See the Appendix to this Acea RPT Procedure for the definitions of Related Parties and Related Party Transactions, in addition to the main useful definitions taken from the international accounting standards.

documented elements, such as official or listed prices;

- b) transactions entered into as a result of a competitive procedure properly documented and verifiable;
  - c) transactions entered into on terms which, although not predetermined or defined after a competitive procedure, are nevertheless verifiable as not being different from those usually applied on the market.
- “Value”: the value of a transaction determined in accordance with the provisions of Annex 1;
  - “Framework Resolution”: resolution related to a series of similar transactions with certain categories of Related Parties;
  - “Unrelated Shareholders”: with respect to a given transaction, the persons entitled to vote other than the counterparty in the transaction and persons related to both the counterparty in the transaction and the Company;
  - “Significant Interest”<sup>4</sup>: for the purposes referred to in Article 9, paragraph 2(b) it means the interest of a Related Party of the Company such that an independent person acting with professional integrity would be led to believe that such Related Party can obtain, directly or indirectly, an advantage or a disadvantage by entering into a transaction with one or more other Related Parties the size of which significantly deviates from normal market conditions. There is no “Significant Interest” in case of participation in a tax consolidation agreement in which there are other Related Parties, when such transactions are carried out according to equal and reciprocal terms. The interests derived from the mere sharing of one or more directors or other executives with strategic responsibilities between the Company and its subsidiaries or associates, are not considered as significant interests;
  - “TUF”: Legislative Decree no. 58 of 24 February 1998, as amended;
  - “Issuers’ Regulations”: regulation adopted by Consob resolution no. 11971 of 14 May 1999, as amended.
2. For the purposes of the definitions of Related Party and Related Party Transaction, the concepts of “Control”, “Joint Control”, “Executives with Strategic Responsibilities”, “Significant Influence”, “Associates”, “Subsidiaries”, “Joint Ventures” and “Close Relatives” are defined by the international accounting standards adopted according to the procedure set out by Article 6 of Regulation (EC) no. 1606/2002<sup>5</sup>

### *1.3 Further Related Parties*

This Procedure, pursuant to Art. 4, paragraph 2 of the RPT Regulations, also applies to natural or legal persons who, in person or through subsidiaries, directly or indirectly, including through trusts or intermediaries, hold at least 5 percent of the share capital of Acea.

### *1.4 Database*

1. Acea’s Related Parties are included and arranged in a special Database which the Company manages on the basis of the information in its possession and of statements received from Related Parties.
2. Pursuant to this Acea RPT Procedure and the Consob RPT Regulation, the Related Parties make a

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<sup>4</sup> For all matters not covered by this document, see Consob Communication of 24 September 2010.

<sup>5</sup> See the Appendix to this Acea RPT Procedure for the definitions of Related Parties and Related Party Transactions, in addition to the main useful definitions taken from the international accounting standards.

statement by which they provide the information necessary to identify their Related Parties and the transactions with such parties and promptly notify any changes and/or updates to the data provided.

3. On the basis of the statements provided and any changes to them, the Database is promptly updated by the “Legal and Corporate Affairs” Department.
4. The statements and the amendments thereto are sent to the Secretary of the Board of Directors who forwards them to the “Legal and Corporate Affairs” Department.
5. The Committee for Related Party Transactions, referred to in Article 2, monitors that the Database is correctly updated through periodic audits conducted with the help of the “Audit” function of the Company.

## 2 Committee for Related Party Transactions

1. Acea's Board of Directors establishes a Committee for Related Party Transactions ("RPT Committee") composed exclusively of no less than three Unrelated Independent Directors. The operation of the RPT Committee is disciplined by specific organisational regulations approved by the Board of Directors.
2. The Board of Directors may also allocate the responsibilities of the RPT Committee to an existing committee, provided that satisfies the aforementioned composition.
3. If one or more of the members of the RPT Committee is related, the following equivalent controls are adopted, in order:
  - (a) Unrelated Independent Directors that are members of the Board of Directors will join the RPT Committee, according to the procedures established by the BoD;
  - (b) if the number of Unrelated Independent Directors in office is less than three, the opinion set out in Articles 5 and 6 of this Procedure is issued by the Board of Statutory Auditors;
  - (c) if the controls set out by points (a) and (b) above cannot be applied, related party transactions will be approved subject to the non-binding opinion of an independent expert for minor transactions, or subject to the binding opinion of an independent expert for major transactions, who is appointed according to procedures approved by the Board of Directors. The expert's independence is verified pursuant to Article 3.1 hereinafter.
4. The members of the Board of Statutory Auditors can take part in the meetings of the RPT Committee.

### **3 Method for selecting experts and definition of independence requirements**

#### *3.1 Appointment of the independent experts*

1. The RPT Committee may be assisted, at the expense of the Company, by one or more independent experts whenever, during the assessment of a related party transaction, it sees it fit.
2. The RPT Committee may also request the opinion of one or more independent experts in case it is asked to verify the adequacy of the consideration for the transaction examined with respect to the arm's length value.

#### *3.2 Criteria for assessing the independence and the remuneration of independent experts*

1. The expert is selected by the RPT Committee.
2. To determine whether the independence requirement is satisfied, the RPT Committee verifies in advance whether there are any financial or asset transactions between the selected experts and:
  - (i) Acea, the persons, including in the form of companies, that control Acea, Acea's subsidiaries or the companies subject to joint control with Acea and the Directors of the aforesaid companies;
  - (ii) the Related Party, the companies subject to its control, the subjects that control it, the companies subject to joint control, in addition to the directors of the aforesaid companies.
3. If one or more of the relationships mentioned above is ascertained, the RPT Committee shall have to explain why such relationships were considered irrelevant for the purpose of verifying independence. The information about potential relationships may also be provided by attaching a statement from the independent experts.
4. The RPT Committee defines the maximum compensation payable to the independent experts, taking into account the value and characteristics of the transaction.

#### **4 Conduct of preliminary activities, including verification of cases of exclusion, by the Legal and Corporate Affairs Department.**

1. The Company has specific procedural applications intended to allow for the preventive identification of RPTs before they are approved and carried out by each person responsible for a transaction.
2. The corporate units of the Company and its subsidiaries send, without delay, the documents relating to Related Party Transactions to the Legal and Corporate Affairs Department, according to the procedures from time to time established, to enable all the necessary preliminary activities.
3. Specifically, the Legal and Corporate Affairs Department is tasked with checking the feasibility of RPT transactions on a preliminary basis, and, if so, with examining them and validating the applicability, if any, of one of the exclusion cases referred to in Article 9 of this Procedure, or with presenting to the RPT Committee, for the relevant examination, the transaction elements provided by the relevant Departments/Business Areas, and in any case, the following information:
  - a. identification and/or classification of the transaction and the Related Parties involved;
  - b. evaluation of the relevance thresholds in relation to the transaction.
4. The Legal and Corporate Affairs Department, for the Excluded RPT, and the RPT Committee Coordinator, for transactions subject to the opinion of the said Committee, promptly transmit the results of their examinations to the applicant units in order to continue, in the second case, with the approval procedures laid down in Articles 5 and 6 of this Procedure respectively for Minor and Major Related Party Transactions.

## **5 Procedure for the approval of Minor RPTs**

### *5.1 Responsibility for Minor RPT approval procedures*

1. All Minor Related Party Transactions are decided or approved by the Board of Directors (“BoD”) or by the Chief Executive Officer (“CEO”) or by the General Manager (“GM”) of Acea.
2. The above transactions are approved by them within their respective responsibilities, subject to the prior non-binding opinion of the RPT Committee, adopted by a majority of votes. This opinion, given in writing, is attached to the minutes of the Committee meeting.

### *5.2 Procedure for transactions falling within the responsibility of the Board of Directors or the Chief Executive Officer or the General Manager of Acea*

#### *5.2.1 Preliminary assessment*

1. The corporate unit involved in the transaction sends an explanatory document to the Legal and Corporate Affairs Department containing:
  - a. description of the transaction (procedure, terms and conditions) and identification of the related parties involved, and the nature of the relationship;
  - b. adequate disclosure regarding the elements characterizing the transaction in terms of economic / financial impact and the operating procedures (with any associated potential legal and/or tax implications);
  - c. the interests and reasons underlying the transaction and any risks involved;
  - d. the manner in which the consideration has been calculated and the assessments on its fairness in relation to market values for similar transactions, giving reasons for any deviations;
  - e. objective evidence, if the RPT is entered into at arm’s length or at standard conditions.
2. The Legal and Corporate Affairs Department, on the basis of the preliminary activities that have highlighted the need or the expediency of submitting the transaction to the RPT Committee for review, communicates these findings to the Coordinator of the said Committee in order for such Committee to be convened within a maximum period of 30 days.
3. If the RPT Committee deems it necessary, it may be assisted by one or more independent experts to be selected and remunerated in the manner specified in Article 3 of this Procedure.
4. The RPT Committee expresses an opinion within its own remit and, through its Coordinator, sends it to the applicant structure for continuation with the approval procedure. This opinion, given in writing, is attached to the minutes of the Committee meeting.
5. In the event that the number of Unrelated Independent Directors who make up the RPT Committee is no longer satisfied, Article 2.3 of this Procedure applies.
6. The opinion shall be considered favourable also when it contains one or more conditions, provided that such conditions are effectively complied with in the resolution and execution of the transaction. In the event that said conditions are no longer complied with, the opinion of the RPT Committee shall be construed as negative.

#### *5.2.2 Transaction approval. Obligation of abstention*

1. The minutes of the transaction approval by the Board of Directors or, as applicable, if any, the Determination taken by the CEO or the GM, contains adequate justification for the company’s interest in carrying out the transaction, the cost-effectiveness and substantial fairness of the relevant conditions, as well as the results of the opinion given by the RPT Committee.

2. If the approval of the Minor RPTs falls within the responsibility of the Board of Directors, the Directors Involved in the Transaction must (i) disclose at the start of the board meeting the nature, terms, origin and extent of the interest in the transaction, specifying in detail the reasons for the conflict, and (ii) refrain from participating in the presentation and discussion, as well as the voting on the aforesaid transaction. If the Board of Directors deems it useful and/or necessary for the director in question to take part in the presentation and discussion, and having also heard the opinion of the Board of Statutory Auditors on the matter, the Director Involved in the Transaction may participate in all or part of the presentation and discussion, without prejudice to the fact that he/she cannot in any case take part in the decision on the RPT.

### 5.3 *Procedure for transactions falling within the responsibility of the shareholders' meeting*

1. When a minor RPT falls, according to law or the company's articles of association, within the responsibility of the Shareholders' Meeting, the procedure as per para. 5.2 above shall apply in the preparatory stage and during approval of the resolution to be submitted to the Shareholders' Meeting.

## 6 Procedure for the approval of Major RPTs

### 6.1 *Exclusive responsibility of Acea's Board of Directors, except for any responsibility of the Shareholders' Meeting. Obligation of abstention.*

1. Acea's Board of Directors has sole authority to decide on Major Related Party Transactions. Except as provided below, the BoD may approve the transaction only with the prior favourable opinion of the RPT Committee. This opinion, given in writing, is attached to the minutes of the Committee meeting.
2. The Directors Involved in the Transaction must (i) disclose at the start of the board meeting the nature, terms, origin and extent of the interest in the transaction, specifying in detail the reasons for the conflict, and (ii) refrain from participating in the presentation and discussion, as well as the voting on the aforesaid transaction. If the Board of Directors deems it useful and/or necessary for the director in question to take part in the presentation and discussion, and having also heard the opinion of the Board of Statutory Auditors on the matter, the Director Involved in the Transaction may participate in all or part of the presentation and discussion, without prejudice to the fact that he/she cannot in any case take part in the decision on the RPT.

### 6.2 *Procedure for Major RPTs falling within the responsibility of the BoD*

#### 6.2.1 *Negotiations*

1. The corporate unit involved in the transaction and / or the persons delegated to conduct negotiations provide the RPT Committee, through the Legal and Corporate Affairs Department, a brief description of the transaction and the company's interest in completing it, the identification of the involved related party and the nature of the relationship. The above communication shall be supplemented in the preliminary assessment stage as herein specified.
2. The RPT Committee, or one or several of its members delegated by the committee, must be promptly involved in the negotiations and preliminary assessment through the receipt of a complete and up-to-date information flow, and may ask for information from and make observations to the delegated bodies and the persons appointed to conduct the negotiations and preliminary assessment.

#### 6.2.2 *Preliminary assessment*

1. The corporate unit involved in the transaction sends an explanatory document to the Legal and Corporate Affairs Department containing:
  - a. description of the transaction (procedure, terms and conditions), identification of the related parties involved and nature of the relationship;
  - b. indication of the economic rationale and the financial advantage of the transaction for the Company as well as any associated risks;
  - c. description of the financial, earnings and equity impact of the transaction and identification of applicable relevance indicators;
  - d. the manner in which the consideration has been calculated and the assessments on its fairness in relation to market values for similar transactions, giving reasons for any deviations;
  - e. if the amount of remuneration of the members of the management body of the Company and/or its subsidiaries is going to change as a result of the transaction, detailed information of those changes. If no changes are expected, the document shall also include a statement to that effect;
  - f. adequate reasons for such statement and objective evidence, if the RPT is entered into at arm's length or at standard conditions;
  - g. if the members of the management and control bodies, the general managers and executives

of the Company are involved in the transactions, information concerning the securities of the Company held by the aforementioned persons, if any, and the latter interests in extraordinary transactions;

- h. an indication of the bodies or directors who have led or participated in negotiations and/or prepared the transaction and their respective roles, with specific reference to the Independent Directors, if any.
2. If the significance of the transaction results from the aggregation of more than one transaction carried out during the year with the same related party or with parties related to it or to the Company, the information specified above has been provided with regard to all such transactions.
3. If the RPT Committee deems it necessary, it may (i) request additional information from the corporate unit involved and/or the persons tasked with the preliminary assessment, and make observations, and (ii) be assisted by one or more independent experts to be selected according to the procedures defined in Article 3 of this Procedure.
4. The RPT Committee expresses an opinion on the transaction and, through its Coordinator, sends it to the applicant structure for continuation with the approval procedure. The opinion of the RPT Committee is formulated in writing and attached to the minutes of the Committee meeting. Copy of the opinion is sent to the Board of Statutory Auditors.
5. The opinion shall be considered favourable also when it contains one or more conditions, provided that such conditions are effectively complied with in the resolution and execution of the transaction. In the event that the conditions are no longer complied with, the opinion of the RPT Committee shall be construed as negative.
6. Acea's Board of Directors can approve a transaction also when a negative opinion has been issued by the RPT Committee or the independent expert, provided that the completion of such transaction is authorized by the Shareholders' meeting, resolving in accordance with article 6.3 of this Procedure<sup>6</sup>.
7. Where, during the negotiations and/or the preliminary assessment, the number of Unrelated Independent Directors making up the RPT Committee is no longer satisfied, the provisions of Article 2.3 of this Procedure shall apply.

#### *6.2.3 Transaction approval*

1. The minutes of the transaction approval by Acea's Board of Directors contains adequate justification for the company's interest in carrying out the transaction, the cost-effectiveness and substantial fairness of the relevant conditions, as well as the results of the opinion given by the RPT Committee.
2. The names of those who voted for or against the transaction or abstained must be indicated in the minutes, specifying the reasons for any dissent or abstentions.

#### *6.3 Procedure for transactions falling within the responsibility of the shareholders' meeting*

1. When a Major Transaction falls, according to law or the company's articles of association, within the responsibility of the Shareholders' Meeting, the procedure as per para. 6.2 above shall apply in the negotiation stage, in the preliminary assessment stage and during approval of the resolution to be submitted to the Shareholders' Meeting.
2. The proposed resolution to be submitted to the Shareholders' Meeting may be approved by Acea Board of Directors even when a negative opinion has been issued by the RPT Committee <sup>7</sup>. In this case,

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<sup>6</sup> This option shall only apply after the amendment to the Articles of Association pursuant to Article 2364, 1, no. 5 of the Italian Civil Code.

<sup>7</sup> This option shall only apply after the amendment to the Articles of Association.

subject to compliance with the quorum of the meeting and the majorities to pass ordinary and extraordinary resolutions, and subject to the provisions set out in the Articles of Association and those that may be required by law, the transaction may not be carried out if the majority of unrelated voting shareholders votes against the transaction, provided that they represent at the meeting at least 10% of the share capital with voting rights. For this purpose, before the start of the meeting, the persons entitled to vote are required to notify that (i) they are not a party to the specific transaction placed in the agenda and (ii) whether they have any relationship with the counterparty and the company.

## 7 Notices

### 7.1 *Public disclosure on Major Transactions*

1. Whenever major transactions are carried out, including those carried out through Italian and foreign subsidiaries, Acea prepares, subject to the disclosure obligations laid down in Article 114, paragraph 1 of the TUF, an information document in accordance with Annex 4 of the RPT Regulation. The information document is made available to the public at the company's registered office and in the manner specified in Part III, Title II, Chapter I of the Issuers' Regulation, within seven days from approval of the transaction by the Board of Directors or, if the BoD resolves to submit a contractual proposal, from the moment the contract, including a preliminary contract, is entered into on the basis of applicable regulations.
2. When the transaction falls under the responsibility of the shareholder's meeting or is to be authorized by it, the said information document is made available to the public within 7 days of approval of the proposal to be submitted to the shareholders' meeting. If there are relevant updates to be made to the information document, Acea, within the 21st day before the Shareholders' Meeting, makes available to the public at the registered office of the company and in the manner specified in the Issuers' Regulations, a new version of the document. The Company may incorporate by reference the information previously published.
3. The information document is also prepared when, during the same financial year, the Company carries out with one Related Party, or with parties related to such related party or to Acea, transactions that are similar to one another or that are carried out under a unified project and which, while not individually qualifying as Major RPTs, exceed, when considered cumulatively, the materiality thresholds specified in Annex 1 of this Acea RPT Procedure. To this end, transactions carried out by Italian or foreign subsidiaries are taken into account, while the transactions excluded pursuant to article 9 hereinafter are not considered. In this case, the information document is made available to the public at the registered office and in the manner specified in the Issuers' Regulations, within 15 days from approval of the transaction or from finalisation of the contract that results in exceeding of the relevance threshold and contains information, including on an aggregate basis for homogeneous transactions, on all transactions considered for aggregation purposes.
4. When the transactions that cause the threshold amount to be exceeded are carried out by Acea subsidiaries, the information document is made available to the public within fifteen days from the time Acea is informed about the transaction approval or the conclusion of the contract which causes the materiality. To this end, the subsidiaries promptly provide the information necessary to prepare the document.
5. Within the time periods specified above, Acea makes available to the public, as an attachment to the information document or on the website (within the same time limits envisaged for disclosing said information document), the RPT Committee's opinion and any opinions of the independent experts chosen pursuant to Art. 6.2 above of this Acea RPT Procedure and the opinions issued by experts qualified as independent and used by the Board of Directors. With reference to the aforesaid opinions of the independent experts, Acea may only publish the elements specified in Annex 4 to the RPT Regulations, justifying this decision.
6. If, in relation to a Major Related Party Transaction, the Company is also required to prepare an information document pursuant to articles 70, paragraphs 4 and 5, and 71 of the Issuers' Regulation, the Company may publish a single document containing the information required by this paragraph and by the aforementioned articles. In this case, the document is made available to the public at the company's registered office and in the manner specified in Part III, Title II, Chapter I of the Issuers'

Regulation, within the shorter of the time limits envisaged by each of the applicable provisions. If the above information is published in separate documents, the Company may incorporate the already published information by reference.

#### *7.2 Disclosure to Consob and to the RPT Committee on Major RPTs*

1. At the same time as disclosing it to the public, the Company shall send to Consob, the information document and the opinions referred to above, through connection with the authorised storage mechanism pursuant to Article 65-septies, paragraph 3, of the Issuers' Regulation.
2. With regard to Ordinary Transactions entered into at arm's length or based on standard rates that exceed the major transaction threshold, although excluded from this Procedure pursuant to Article 9, the Company also provides Consob, and the RPT Committee, with the following information, within 7 days from approval or, for contractual offers, from the moment the contract, including preliminary, is entered into:
  - a) the counterparty;
  - b) the subject;
  - c) the consideration of the transaction; and
  - d) the reasons for which it is believed that the transaction is ordinary and entered into at arm's length or based on standard rates, providing objective evidence.

#### *7.3 Disclosure on Transactions with Related Parties in the interim report on operations and the annual report*

1. Pursuant to article 154-ter of TUF, the Company provides the following information in the interim and annual reports on operations:
  - a. individual Major RPTs carried out during the reporting period;
  - b. any other individual Related Party Transactions that have materially affected the financial position or results of the Company;
  - c. any changes or developments in the Related Party Transactions described in the last annual report that have materially affected the financial position or results of the Company during the reporting period.
2. The above mentioned documents also contain information about Major Related Party Transactions with or between subsidiaries, including under common control, and transactions with associates or joint ventures, if in subsidiaries, associates or joint ventures that are counterparties in the transactions there are no Significant Interests of other Related Parties of the Company, pursuant to Article 1.2, although such transactions are excluded from this Procedure pursuant to Article 9.
3. The documents mentioned above also include information on Major RPTs that fall within the Ordinary Transactions entered into at arm's length or based on standard rates, even if excluded from this Procedure pursuant to Article 9.
4. The above information on individual major transactions may be incorporated by reference to the information documents published pursuant to the preceding paragraphs.

#### *7.4 Disclosure in the event of Inside Information*

1. If a Related Party Transaction is disclosed by means of a notice pursuant to Article 17 of Regulation (EU) no. 596/2014, this shall contain at least the following information, in addition to the other information to be published pursuant to the same regulation:
  - a) description of the transaction;
  - b) specification that the counterparty is a related party and description of the nature of the

- relationship;
- c) name of counterparty in the transaction;
  - d) whether the transaction exceeds the materiality thresholds identified in Annex 1 to this Procedure and whether an information document will subsequently be published pursuant to Article 5 of the Consob RPT Regulation;
  - e) the Procedure that has been or will be followed to approve the transaction and, specifically, whether the Company has made use of an exemption as provided by Article 9 of this Procedure;
  - f) approval of a transaction, if any, despite the contrary opinion of the Independent Directors.

#### 7.5 *Public disclosure on Minor RPTs*

1. Within 15 days of the end of each quarter, if a negative opinion of the RPT Committee has been issued, the Company makes available to the public, subject to the provisions set out in Article 114, paragraph 1, of the TUF, at the registered office of the Company and in the manner provided in Part III, Title II, Chapter I of the Issuers' Regulation, a document containing, for each transaction, the details of the counterparty, the subject and amount of the transactions approved in the quarter with an indication of the reasons why it was decided not to abide by such opinion. Within the same time limit, the opinion is made available to the public as an attachment to the document referred to above or on the Company's website.
2. In the cases envisaged in Article 3, the expert's opinion, if against the transaction, is published in conjunction with the above document.

#### 7.6 *Information to the BoD and the Board of Statutory Auditors on Related Party Transactions*

1. The Board of Directors and the Board of Statutory Auditors receive full disclosure from the Administration, Finance and Control Department at least quarterly on the Minor And Major Transactions carried out. To this end the company units involved in the execution of these transactions provide the Administration, Finance and Control Department with a timely flow of information, in line with the requirements for reporting and coordination with administrative and accounting procedures referred to in Article 154-bis of the TUF.

## 8 Framework Resolution

1. A Framework Resolution may be adopted in case a series of similar transactions with the same Related Party are carried out by Acea, directly or through its subsidiaries.

The above is without prejudice to the exclusions envisaged by Article 9 of this Procedure.

2. The same procedures described in the preceding articles 5 and 6 are adopted in the negotiation, preliminary assessment and approval stages of the Framework Resolution. The identification of greater or lesser relevance of cumulative transactions is made on the basis of the expected maximum amount of the transactions, through the calculation of the relevance indicators, as identified in Annex 1.
3. The Framework Resolution is valid for a maximum period of one year and contains at least the expected maximum amount of the RPTs to be carried out in the reporting period and the reasons for the expected conditions.
4. The provisions set out by Articles 5 and 6 of the Acea RPT Procedure do not apply to the individual implementing RPTs of a Framework Resolution.

### 8.1 *Disclosure obligations*

1. Following approval of a Framework Resolution whose expected amount exceeds the materiality threshold, an information document is published pursuant to Article 7.1.1 of this Procedure. In this case, the individual transactions are not counted for the purpose of cumulation set out in Article 7.1.3.
2. The Board of Directors and the Board of Statutory Auditors of Acea receive full disclosure at least quarterly on the implementation of the Framework Resolutions.

## 9 Cases of exclusion

1. This Procedure does not apply to:
  - I. RPTs of Negligible Amount;
  - II. Shareholder's meeting resolutions relating to fees payable to members of the Board of Directors pursuant to Article 2389, first paragraph, of the Italian Civil Code;
  - III. resolutions regarding the remuneration of directors holding special offices included in the total amount previously approved by the Shareholders' Meeting in accordance with Article 2389, third paragraph, of the Italian Civil Code;
  - IV. Shareholders' Meeting resolutions relating to fees payable to members of the Board of Statutory Auditors, pursuant to Article 2402 of the Italian Civil Code.
2. Without prejudice to disclosure requirements, the following transactions are also excluded from the application of this Procedure:
  - a) Ordinary RPTs entered into at arm's length or based on standard rates as defined in Article 1.2i above (for details see Annex 2);
  - b) transactions with or between subsidiaries, including under joint control, and transactions with associated companies or joint ventures, if in the subsidiaries, associates or joint ventures that are counterparties to the transaction there are no Significant Interests of other Related Parties of Acea, as defined in the preceding Article 1.2;
  - c) share-based compensation plans approved by the Shareholders' Meeting in accordance with Art. 114-bis of the TUF and the subsequent implementing transactions;
  - d) resolutions concerning the remuneration of directors holding special offices and other executives with strategic responsibilities, provided that:
    - (i) the Company has adopted a remuneration policy, approved by the Shareholders' Meeting;
    - (ii) a committee exclusively made up of non-executive directors, the majority of whom is independent, has been involved in the definition of the remuneration policy;
    - (iii) the remuneration granted is identified in accordance with such policy and quantified on the basis of criteria with no discretionary assessments;
  - e) transactions to be carried out pursuant to measures from the judicial authority or other public authorities, or on the basis of instructions issued by supervisory authorities to safeguard stability or based on instructions issued by Acea for the execution of instructions given by supervisory authorities in the interest of Group stability.
  - f) Transactions aimed at shareholders. The provisions of the Acea RPT Procedure do not apply to the transactions approved by the Company and aimed at all shareholders under equal conditions, including:
    - (i) capital increases using options, including to service convertible bonds, and free capital increases envisaged by Article 2442 of the Italian Civil Code;
    - (ii) total or partial demergers in a strict sense, with proportional allotment of shares;
    - (iii) share capital decreases through reimbursement to shareholders set out by Article 2445 of the Italian Civil Code and purchases of treasury shares pursuant to Art. 132 of the TUF.
3. The Legal and Corporate Affairs Department ensures that the RPT Committee members are sent:

- a) within the time limit indicated in Article 5, paragraph 3 of the Consob RPT Regulation (namely within seven days from the approval of the RPT or, if the competent body resolves to present a contract proposal, when the contract is concluded), the information set out by Article 7.2 above (counterparty, the objective, the consideration of the transactions that benefited from the exclusion, as well as the reasons why it is considered that the RPT is Ordinary and entered into at arm's length or at standard rates);
- b) by the end of March of each year, information regarding the application of the cases of exemption as per Art. 9 of this Acea RPT Procedure with reference to Major RPTs only.

The RPT Committee verifies the correct application of the conditions of exemption to the Major RPTs defined as Ordinary RPTs entered into at arm's length or at standard rates as per letter (a) and, as regards those under letter (b), examines the information received.

## 10 Urgent transactions<sup>8</sup>

1. Without prejudice to the public disclosure obligations under Article 7, and the jurisdiction reserved for the Board of Directors for Major RPTs, in case of urgency, the RPTs that do not fall within the responsibility of, nor are subject to authorisation by the Shareholders' Meeting, may be carried out also by departing from Articles 5 and the other provisions of Article 6 of this Procedure provided that:
  - (i) the Chairman of Acea's Board of Directors promptly is informed of the reasons of urgency prior to completing the transaction, if the transaction falls within the responsibility of the CEO or the General Manager;
  - (ii) such transactions are subsequently submitted to the non-binding resolution of the next ordinary shareholders' meeting, without prejudice to their effectiveness;
  - (iii) in convening the Shareholders' Meeting, the Board of Directors prepares a report containing adequate reasons for the urgency. The Board of Statutory Auditors reports to the Shareholders' Meeting on the reasons for urgency;
  - (iv) the reports of the Board of Directors and the assessments of the Board of Statutory Auditors referred to in point (iii) above are made available to the public at least 21 days before the date set for the Shareholders' Meeting, at the registered office and in the manner specified by the Issuers' Regulation. These documents may be included in the information document referred to in Article 7;
  - (v) the Company makes available to the public, within the day immediately following the Shareholders' Meeting, information on voting results, especially with regard to the number of votes cast by Unrelated Shareholders, in the manner prescribed by the Issuers' Regulation.
2. The optional exemption for urgent transactions specified above is also applicable to the transactions carried out by subsidiaries.

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<sup>8</sup> This Article shall only apply after the powers envisaged by the Articles of Association have become effective.

# 11 Final provisions

## *11.1 Approval and revision of the Procedure*

1. This Procedure and any amendments thereto are approved by the Board of Directors, subject to prior favourable opinion of the RPT Committee. Any changes to the Procedure made to reflect changes in Acea internal organizational structure are not considered as amendments to the Procedure. Any amendment to or substitution of the Appendix to this Acea RPT Procedure, including in order to take account of any new developments in the international accounting standards, does not constitute an amendment to this Acea RPT Procedure, for which approval from the Board of Directors is required, following an opinion issued by the RPT Committee.
2. This above opinion must also be obtained in case the Board of Directors, following a review of the Procedure, to be performed at least every three years, assesses that there is no need to revise it.
3. The Procedure and the amendments thereto shall be published without delay on the Company's website, subject to the requirement to disclose them in the annual report on operations, including by reference to the website.

## *11.2 Monitoring compliance with the Procedure*

1. The Board of Statutory Auditors oversees compliance of the Procedure with the principles indicated in Consob RPT Regulation, as well as compliance with the Procedure, and reports to the Shareholders' Meeting in accordance with Article 2429, second paragraph, of the Italian Civil Code or Article 153 of the TUF.

## *11.3 Verification that the Procedure complies with Article 154-bis of the TUF*

1. The Financial Reporting Officer ensures the coordination of the Procedure with the administrative and accounting procedures referred to in Article 154-bis of the TUF.

## Annex 1 - Quantitative criteria for the identification of Major RPTs

1. As per instructions contained in Annex 3 to the Consob Regulation, “Major Related Party Transactions” are those in which at least one of the following indicators, applicable depending on the specific transaction, exceeds the 5% threshold:

- a. Value relevance ratio: the ratio of the transaction value to the shareholders’ equity as taken from the most recent Acea consolidated statement of financial position or, if greater, the capitalisation at the closing of the last trading day comprised in the reference period of the most recently published financial report (annual or financial report or additional periodic financial information, where prepared).

If the financial terms of the transaction are determined, the transaction value is:

- i. for the cash components, the amount paid to/by the contractual counterparty;
- ii. for the financial instruments component, the fair value determined at the - transaction date;<sup>9</sup>
- iii. for funding transactions or the granting of guarantees, the maximum amount payable.

If the financial terms of the transaction depend wholly or partly on amounts not yet known, the transaction value is the maximum amount receivable or payable under the agreement.

- b. Asset relevance ratio: the ratio of the total assets of the entity involved in the transaction to the total assets of Acea. The data to be used must be taken from the most recent consolidated statement of financial position published by Acea; where possible, similar data should be used for the determination of the total assets of the entity involved in the transaction.

If the transaction is the acquisition/disposal of shares in companies that have an impact on the scope of consolidation, the value in the numerator is the total assets of the subsidiary as per the consolidated financial statements, regardless of the percentage of capital involved in the transaction.

If the transaction is the acquisition/disposal of shares in companies that have no effect on the scope of consolidation, the value in the numerator is:

- i. for acquisitions, the transaction value plus the liabilities of the acquired company assumed by the buyer, if any;
- ii. for disposals, the price of the asset sold.

For transactions involving the acquisition and disposal of other assets (that is, other than investments), the numerator value is:

- i. for acquisitions, the greater of the consideration and the book value that will be attributed to the asset;
- ii. For disposals, the book value of the asset.

- c. Liabilities relevance ratio: the ratio of total liabilities of the entity acquired and the total assets of Acea. The data to be used must be taken from the most recent consolidated statement of financial position published by Acea; where possible, similar data should be used for the determination of the total liabilities of the entity or business unit acquired.

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<sup>9</sup> Fair value is calculated in accordance with international accounting standards adopted by Regulation (EC) No.1606/2002

2. The same parameters are used to evaluate the relevance of the transactions entered into between subsidiaries.
3. In the case of multiple cumulative transactions, the significance of each transaction on the basis of the applicable indicator(s) is first assessed, then the results of each indicator are summed together.
4. If one or more transactions combined with each other are identified as “Major Related Party Transactions” and this result is manifestly unreasonable in view of special circumstances, Consob may be asked to indicate alternative methods for the calculation of the indicators; in this case, the essential features of the transaction and the specific circumstances on which the request is based must be provided to Consob, before the conclusion of negotiations.
5. For transactions carried out with the listed parent company or with parties related to it which are in turn related to the Company, transactions are considered as “Major RPTs” when at least one of the parameters mentioned above is greater than the 2.5% threshold.
6. Also in consideration of their strategic relevance or likelihood to affect the managerial autonomy of the Company or its subsidiaries, the Board of Directors may also decide to apply the regulations envisaged for Major RPTs, with the exception of the preparation of the information document set out by Article 5, paragraph 1 of the Consob RPT Regulation, to transactions that, due to their value, can be qualified as Minor RPTs. For reasons of clarity, the regulation on Major RPTs is applied starting from the date of the Board of Directors’ decision.

## Annex 2 - Identification of Ordinary Transactions

1. Given their routine nature, Ordinary Transactions entered into at arm's length or based on standard rates are excluded from the scope of the Procedure.
2. Ordinary transaction means any transaction that falls within the ordinary course of operations or related financial activities, including those carried out by subsidiaries.
3. A transaction is an ordinary transaction if it meets both of the following criteria:
  - a. the transaction must be attributable to operations, or related financial activities, of the entity whose procedures apply.

Operations refer to the main revenue-generating activities for the company and all other activities not classifiable as "investment" or "financial activities".

Financial activities are those that produce changes in the size and composition of paid up equity or of financing obtained by the company (such as loans or capital contributions obtained from banks). Financial activities may qualify as ordinary transactions if they are ancillary to the conduct of operations (such as a loan obtained to carry out ordinary activities);

- b. the transaction must be part of the ordinary business. To determine whether transactions are part of the ordinary business, the company should take the following elements into account:
  - i. purpose of the transaction: if the purpose of the transaction is unrelated to the activities typically performed by the company, this may be an anomaly indicator suggesting it is not an ordinary transaction;
  - ii. recurrence of that type of transaction as part of the company activities: the regular recurrence of a transaction in the company is a significant indication of its ordinariness, in the absence of other indicators to the contrary;
  - iii. size of the transaction: the transaction should not be significantly larger than similar transactions carried out by Acea or its subsidiaries;
  - iv. contractual terms and conditions, including those relating to characteristics of the consideration: in the absence of contrary indicators, transactions for which a non-monetary consideration is envisaged, including if subject to prior appraisal by third parties, are usually considered as non-ordinary. Similarly, contractual clauses that diverge from trading uses and negotiation practices typical of the company can be a significant indicator that the transaction is non-ordinary;
  - v. type of counterparty: in order for transactions to be defined as ordinary, they have to be carried out with counterparties whose characteristics justify their involvement in those activities (i.e. they should not have anomalous characteristics with respect to the type of transaction carried out).

## Appendix to the Acea RPT Procedure

### DEFINITIONS OF RELATED PARTIES AND RELATED PARTY TRANSACTIONS AND USEFUL DEFINITIONS ACCORDING TO INTERNATIONAL ACCOUNTING STANDARDS

#### A) Introduction

This Appendix to the Acea RPT Procedure contains a summary of the definitions of “Related Party” and “Related Party Transactions” or “RPTs”, in addition to the main useful definitions. The content of this document has been prepared for information purposes only and, as such, is not intended to substitute or supplement in any way the provisions of the international accounting standards that govern the aforementioned definitions and to which the Consob RPT Regulation makes explicit reference.

#### B) Definitions of Related Parties and Related Party Transactions according to International Accounting Standards

For the purposes of the Acea RPT Procedures, the definitions contained in the international accounting standards apply, as shown below:

*Related Parties:* a *related party* is a person or entity that is related to the entity that is preparing its financial statement.

- a) A person or a close relative 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 one of the executives with strategic responsibilities of the reporting entity or of its parent company.
- b) An entity is related to a reporting entity if any of the following conditions applies:
  - (i) the entity and the reporting entity are part of the same group (which means that each parent company, subsidiary and group company is related to the others);
  - (ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is part);
  - (iii) both entities are joint ventures of the same third counterparty;
  - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
  - (v) the entity is represented by a post-employment benefit plan in favour of employees of the reporting entity or an entity related to it;
  - (vi) the entity is controlled or jointly controlled by a person identified in point (a);
  - (vii) a person identified in point (a)(i) has significant influence over the entity or is one of the executives with strategic responsibilities of the entity (or of its parent company) [IAS 24, paragraph 9].

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

*Related Party Transactions:* a *related party transaction* is a transfer of resources, services or

obligations between a company and a related party, regardless of whether a price is charged [IAS 24, paragraph 9].

### C) Useful definitions for those of “related parties” and “related party transactions”

Without prejudice to the fact that the concepts of Executives with Strategic Responsibilities, Close Relatives, Control, Joint Control, Significant Influence, Associates and Joint Ventures are those from time to time defined by the international accounting standards adopted according to the procedure set out by Article 6 of Regulation (EC) no. 1606/2002, for ease of reference, a summary of the respective definitions is provided below.

*Executives with strategic responsibilities: executives with strategic responsibilities* are those persons who have the power and responsibility, directly or indirectly, for planning, directing and controlling activities of the company, including directors (whether executive or otherwise) of the company [IAS 24, paragraph 9].

*Close Relatives: the close relatives of an individual are those family members* who may be expected to influence or be influenced by that person in their dealings with the company, including:

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

*Control: pursuant to international accounting standards (see in particular IFRS 10), control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.*

It is assumed that control exists when a person owns, directly or indirectly through subsidiaries, more than half of the voting rights of an entity unless, in exceptional cases, it can be clearly demonstrated that such ownership does not constitute control.

Control also exists when a person owns half or less of the voting rights exercisable at shareholders' meeting if they have:

- a) control of more than half of the voting rights by virtue of agreement with other investors;
- b) the power to govern the financial and operating policies of the entity under a statute or agreement;
- c) the power to appoint or remove the majority of the members of the board of directors or equivalent body of corporate governance, and control of the entity is held by that board or body;
- d) the power to cast the majority of the voting rights at meetings of the board of directors or equivalent body for corporate governance, and control of the entity is held by that board or body.

*Joint control: pursuant to international accounting standards [see in particular IFRS 11], joint control is the contractually agreed sharing of control over an economic activity.*

*Significant influence: pursuant to international accounting standards [see in particular IAS 28], significant influence is the power to participate in the determination of financial and operating policies of an entity without having control. Significant influence may be gained through share ownership, provisions in the Articles of Association or agreements.*

If an entity, directly or indirectly (e.g. through subsidiaries) owns 20% or more of the voting rights of the investee, such entity is presumed to have significant influence, unless the contrary can be clearly demonstrated. Conversely, if an entity, directly or indirectly (e.g. through subsidiaries) owns less than

20% of the voting rights of the investee, such entity is presumed not to have significant influence, unless such influence can be clearly demonstrated. The circumstance that an entity owns the absolute or relative majority of voting rights does not necessarily preclude another entity from having significant influence. The existence of significant influence is usually evidenced in one or more of the following circumstances:

- a) the entity is represented on the board of directors, or equivalent governing body of the investee;
- b) the entity participates in decision making, including in decisions concerning dividends or other types of profit distributions;
- c) the entity carries out significant transactions with the investee;
- d) the exchange of managerial personnel;
- e) the sharing of essential technical information.

*Associate:* pursuant to international accounting standards [see in particular IAS 28], an associate is an entity over which an investor has significant influence.

*Joint Venture:* pursuant to international accounting standards [see in particular IAS 28], a joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

#### **D) Principles of interpretation of the definitions**

*D.1* In considering each possible related party relationship, attention is directed to the substance of the relationship and not merely the legal form [IAS 24, paragraph 10].

*D.2* The definitions shown briefly above – as mentioned, for illustration purposes only – should be interpreted with reference to all the international accounting standards adopted according to the procedure set out by Article 6 of Regulation (EU) no. 1606/2002.