



**AMPLIFONS.P.A.**

**REGULATION ON RELATED PARTY TRANSACTIONS**

**JULY 26, 2018**

## INTRODUCTION

This regulation (the “**Amplifon Regulation**” or “**Regulation**”) approved by the Board of Directors of Amplifon S.p.A. (“**Amplifon**” or the “**Company**”) on July 26, 2018, supersedes the regulation concerning the Related Party Transactions adopted by the Board of Directors of the Company on July 27, 2016.

The Amplifon Regulation was prepared and approved in accordance with Article 4 of the regulation adopted by Consob with resolution no. 17221 dated March 12, 2010 (the “**OPC Regulation**”), after having obtained the favorable opinion of the Committee (as defined below).

The purpose of the Amplifon Regulation is to define the rules governing the identification, review, approval and execution of the Related Party Transactions entered into by the Company, either directly or through its direct or indirect, Italian or foreign, Subsidiaries (as defined below).

Without prejudice to the provisions of Articles 2343-*bis*, 2358, 2373, 2391 and the provisions of Articles 2497, 2497-*septies* of the Italian Civil Code, as well as to the accounting and financial disclosure requirements and the administrative and accounting procedures set forth by the Italian Civil Code and the Consolidated Law on Finance (the “**TUF**”), the provisions of the Amplifon Regulation are designed to ensure the transparency, as well as the substantial and procedural fairness of the Related Party Transactions, in compliance with the OPC Regulation.

## DEFINITIONS

For the purposes of this Regulation, the following terms shall have the meanings set out below:

<b>Affiliate</b>	a Legal Entity in which another Legal Entity or Natural Person is able to exercise, either directly or indirectly, a significant influence <sup>1</sup> .
<b>Amplifon or the Company</b>	Amplifon S.p.A.
<b>Amplifon Regulation or Regulation</b>	this regulation setting forth the rules governing the identification, review, approval and execution of the Related Party Transactions entered into by the Company, either directly or through its Subsidiaries.
<b>Close Family Member</b>	<p>a family member who can influence, or be influenced by, the Related Parties mentioned in the definition of Related Party under points (1) and (4) below.</p> <p>In addition, a Close Family Members may include: (i) the spouse that is not legally separated or the common law partner (<i>convivente</i>); and (ii) the children and the persons supported by one of the Related Parties mentioned in the definition of Related Party under points (1) and (4) below or by the spouse who is not legally separated or by the common law partner (<i>convivente</i>).</p>
<b>Committee</b>	the Committee, made up exclusively of Unrelated Directors with respect to the specific Transaction, non-executive, (i) a majority of independent Directors, in the case of transactions of Minor Importance, or (ii) only independent Directors in the case of transactions of greater importance, appointed within the Board of Directors of the Company.
<b>Executives with Strategic Responsibilities</b>	the members of the Board of Directors/managing body of the Company or the Parent Company, the standing members of the Board of Statutory Auditors/control body of the Company or the Parent Company and the executives with strategic responsibilities of the Company or the Parent Company <sup>2</sup> having, either directly or indirectly, strategic responsibilities as to the planning, managing and controlling of the activities of the Company.
<b>Independent Director</b>	a member of the Board of Directors of the Company meeting the independence requirements set forth by the TUF and by the Borsa Italiana Regulation.
<b>Independent Expert</b>	an individual or a corporate entity holding the requisites of professional skills, integrity and independence requested by the nature of the office conferred. The existence of the independence requisite is assessed by the corporate body or by the Natural Person conferring the mandate, in particular taking into account any possible economic, equity and financial relations between the expert and (i) Amplifon, (ii) the Parent Company, the Subsidiaries or the

<sup>1</sup> Please refer to note no. 3.

<sup>2</sup> As of the date of the Amplifon Regulation, the executives of the Company and the Parent Company having strategic responsibilities as to the planning, managing and controlling of the activities of the Company are the executives being the members of the Executive Leadership Team, as identified by the Board of Directors of the Company.

Affiliates; and (iii) the directors of one of the Legal Entities under points (i) or (ii) above, and it is confirmed by a declaration that the expert issues on assignment of the mandate.

<b>Legal Entity</b>	any foundation, trust, company, corporation, partnership, firm, association or any other entity, with or without legal personality.
<b>MAR Regulation</b>	the Regulation (EU) no 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse.
<b>Natural Person</b>	any individual or natural person.
<b>OPC Regulation</b>	the regulation adopted by Consob with resolution no. 17221 dated March 12, 2010.
<b>Ordinary Transaction</b>	Transaction that is part of the ordinary activities of the Company or of its Subsidiaries or of the financial activities connected to it, provided it has been carried out at conditions that are equivalent to the market or standard ones, meaning by this statement: contracts for the provision of services (including contracts for the supply of IT services), contracts for the provision of hearing aids, financial contracts connected to the ordinary course of business and any further Transaction being part of the ordinary operational activities of the Company or its Subsidiaries and/or being part of the related financial activities (including cash pooling transactions).
<b>Parent Company</b>	the Legal Entity or the Natural Person (as the case may be) controlling <sup>3</sup> , either directly or indirectly, Amplifon.
<b>Privacy Code</b>	Legislative Decree no. 196 June 30, 2003.
<b>Related Parties Database</b>	has the meaning set out in Article 2 below.
<b>Related Party</b>	one of the following:  (1) a Legal Entity or a Natural Person, as the case may be, either directly or indirectly, also through Subsidiaries, trustees or nominees:  (i) controlling Amplifon <sup>4</sup> ; (ii) being controlled by Amplifon; (iii) being controlled by the Parent Company; (iv) holding Amplifon's shares so as to be able to exercise a significant influence <sup>5</sup> on Amplifon; (v) jointly controlling Amplifon

<sup>3</sup> Please refer to note no. 2.

<sup>4</sup> "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 it has: (a) the control of more than half of the voting rights by virtue of an agreement with other investors; (b) the power to govern the financial and operating policies of the entity under the By-Laws or an agreement; (c) the power to appoint or remove the majority of the members of the Board of Directors or equivalent corporate governance body and the control of such entity is held by that Board or body; (d) the power to cast the majority of the voting rights at the meetings of the Board of Directors or equivalent corporate governance body, and control of the entity held by that Board or body.

<sup>5</sup> "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 By-Laws or agreements. The

- (2) a Legal Entity being an Affiliate of Amplifon;
- (3) a joint venture in which Amplifon participates;
- (4) an Executive with Strategic Responsibilities;
- (5) a Close Family Member of one of the Natural Persons referred to under point (1) or the Natural Persons referred to under point (4) above;
- (6) a Legal Entity: (i) being controlled by or (ii) being jointly controlled by or (iii) being an Affiliate of or (iv) whose corporate capital being held for at least 20%<sup>6</sup>, either directly or indirectly, by, one of the Related Parties referred to under points (4) or (5) above;
- (7) a complementary retirement fund provided as benefit for the Company's employees or for any other Legal Entity/Natural Person related to the Company.

<b>Related Party Transaction</b>	a Transaction entered into by Amplifon, either directly or through its Subsidiaries, with a Related Party.
<b>Subsidiary</b>	a Legal Entity controlled <sup>7</sup> , either directly or indirectly, by another Legal Entity or Natural Person.
<b>Transaction</b>	any transfer, either incoming or outgoing, of resources, services or acquisition of obligations, regardless of whether a sale price has been agreed on, carried out by Amplifon either directly or through its Subsidiaries. In any case, such Transactions shall include: (i) mergers, spin-offs by incorporation or strictly non-proportional spin-offs; and (ii) every decision on the assignment of remuneration and economic benefits, in any form, to the Executives with Strategic Responsibilities.
<b>Transaction of Minor Importance</b>	a Related Party Transaction other than a Transaction of Significant Importance having an overall value exceeding € 500,000.
<b>Transaction of Significant Importance</b>	a Related Party Transaction that is so identified pursuant to Annex 3 of the OPC Regulation, as attached as <u>Annex A</u> to the Amplifon Regulation.
<b>Transaction of Small Amount</b>	a Related Party Transaction having an overall value not exceeding € 500,000, which, in the light of the Company's size, does not involve any appreciable risk for the protection of investors and for the Company; should an agreement be executed with a duration longer

presence of a person in possession of absolute or relative majority of voting rights does not necessarily preclude another person from having significant influence. If a person owns, directly or indirectly (e.g., through the parent company) at least 20% of the voting power of the investee, it is presumed that it has significant influence, unless such influence cannot be clearly demonstrated. For this purpose, one or more of the following circumstances have demonstrative value: (i) representation on the Board of Directors of the investee; (ii) participation in the decision making process, including participation in decisions about the dividends or other distribution of profits; (iii) the presence of significant transactions between the investor and the investee; (iv) exchange of managerial personnel; (v) the provision of essential technical information.

<sup>6</sup> Such percentage shall be calculated taking into account the shares having voting rights attached to them.

<sup>7</sup> Please refer to note no. 2.

than one year or providing for the payment of different instalments, the possible overrun of the threshold of € 500,000 will have to be assessed by reference to the price to be paid during the overall effective term of the agreement (in any case, without taking into account any possible renewal or extension of the term of duration) or the price as resulting from the sum of all the different instalments shall be considered.

**TUF**

the legislative decree no. 58 dated February 24, 1998.

**Unrelated Director**

a director of Amplifon other than the counterparty of a specific Transaction and of its related parties.

**Unrelated Shareholder**

a Legal Entity or a Natural Person (as the case may be) having voting rights other than the counterparty of a specific Transaction which is not a Related Party of the Company or of the counter party in a specific Transaction.

## **1. SCOPE OF APPLICATION**

The Amplifon Regulation shall apply to the Related Party Transactions entered into by Amplifon, either directly or through its direct or indirect, Italian or foreign, Subsidiaries, unless one of the exclusion cases under Article 4 below shall apply.

As far as the Company's Subsidiaries are concerned, a suitable and timely flow of information is ensured between the top management of any Subsidiary and Amplifon; in particular, the top management of any Subsidiary is required to timely notify the Legal and Corporate Affairs Office of Amplifon, which in turn shall report to the CEO, of the approval or execution of any Related Party Transaction to be entered into by the relevant Subsidiary.

## **2. IDENTIFICATION OF THE RELATED PARTIES OF THE COMPANY**

The Related Parties of the Company are recorded in a specific database created, managed and updated, in compliance with the Privacy Code and the laws applicable in each instance, by the Legal and Corporate Affairs Office of the Company, with the cooperation of the Group Accounting Office and the Group Risk and Compliance Office (the "**Related Parties Database**"). The Related Parties Database is created on the basis of the declarations issued periodically by the Related Parties, as well as on the basis of the public information and the documentation available to the Legal and Corporate Affairs Office<sup>8</sup>.

The Related Parties Database is updated once a year by the Legal and Corporate Affairs Office of the Company, as well as at any time upon the initiative by any of the Related Parties in the event of a change in the information lastly provided by the relevant Related Party.

## **3. PROCEDURAL REQUIREMENTS AND DISCLOSURE OBLIGATIONS**

### **3.1. Transaction of Minor Importance**

As far as a Related Party Transaction other than a Transaction of Significant Importance having an overall value exceeding € 500,000 (i.e. a Transaction of Minor Importance) is concerned, the following procedure shall be carried out:

- (1) before the approval of a Transaction of Minor Importance, for the purpose of the issue of the opinion contemplated under point (2) below, the Legal and Corporate Affairs Office of the Company shall transmit to the Committee, well in advance, a full report describing the Transaction.
- (2) save for Ordinary Transactions not requiring the issue of an opinion by the Committee, as soon as possible before the approval of the Transaction, the Committee shall express a non-binding motivated opinion on the Company's interest in the execution of the Transaction and on the appropriateness and fairness of the Transaction's main terms and conditions.
- (3) the Committee may require to be assisted, at the Company's expense, by one or more Independent Experts of its own choice with proven professionalism and expertise in the areas of interest. The expenditure ceiling that the Company will pay in relation to the use of Independent Experts shall be benchmarked to the value of the Transaction (within the maximum expenditure amount of 10% of

<sup>8</sup> The public information and the documentation available to the Legal and Corporate Affairs Office shall consist of: (i) the so-called "Acquisition File" prepared in compliance with the Reporting Code of the Company, (ii) the information published in accordance with Articles 120 and 122 of the TUF and (iii) the minutes of the Shareholders' Meetings and the Board of Directors' meetings of the Company.

the value of the same) and in any case should never be more than € 250,000 (two hundred fifty thousand euros) for each individual Transaction.

- (4) the opinion of the Committee shall be communicated to the Legal and Corporate Affairs Office and the latter shall then notify such opinion to the corporate body or officer (as the case may be) having the responsibility to resolve upon the relevant Related Party Transaction, together with the information listed under point (1) above;
- (5) the minutes of the meeting whereby the execution of the Related Party Transaction is approved (if any) shall indicate adequate motivation regarding the Company's interests in the execution of the Related Party Transaction and on the appropriateness and fairness of the Related Party Transaction's main terms and conditions.
- (6) without prejudice to the disclosure obligations set forth by Article 17 of the MAR Regulation and Article 5 of the OPC Regulation, if a Related Parties Transaction is carried out in spite of the Committee's negative opinion, a document shall be published in compliance with the applicable laws and regulations within 15 calendar days of the end of each quarter indicating: (i) the counter-party, (ii) the subject matter, (iii) the price (if any) of such Related Party Transaction, as well as (iv) the reasons on the basis of which the unfavorable opinion issued by the Committee was disregarded. Within the same term, the opinion is made available to the public as an annex to the above document or on the Company's web site.

If the opinion expressed by the Committee (or by the Unrelated Independent Director or by the Board of Statutory Auditors of the Company, as the case may be) upon the Related Party Transaction's completion is unfavorable:

- (i) a decision may be made not to continue with the relevant Related Party Transaction, or
- (ii) in any case, the relevant Related Party Transaction may still be authorized. In this case:
  - (a) if the relevant Related Party Transaction has to be approved by the shareholders' meeting, the procedural rules outlined above shall apply; in particular, the minutes of the shareholders' meeting shall refer to the Company's interest in the execution of the Related Party Transaction and on the appropriateness and fairness of the Related Party Transaction's main terms and conditions;
  - (b) if the relevant Related Party Transaction has to be approved by the board of directors of the Company, the latter shall explain in detail - in the resolution approving the Transaction - the reasons underlying the decision, having taken into account the Company's interest in the execution of the Related Party Transaction and on the appropriateness and fairness of the Related Party Transaction's main terms and conditions, also attaching to the meeting's minutes the Committee's (or the other responsible body's) opinion;
  - (c) if the Related Party Transaction has not to be approved by the Company's Shareholders' Meeting or by the Board of Directors, the Legal and Corporate Affairs Office of Amplifon shall inform the CEO of the Company, who in turn shall provide the Board of Directors and the Board of Statutory Auditors of the Company with the information listed under Article 8, paragraph (1) of this Regulation.

In any event, the disclosure obligations described under Article 9 of this Regulation shall apply.



### **3.2. Transactions of Significant Importance**

As far as Transactions of Significant Importance are concerned, in addition to what is already provided for in Article 3.1, paragraphs 1, 3, 4, 5, Article 7 and Article 9 of this Regulation, the following procedure shall be carried out:

- (1) the decision on the execution of the Related Party Transaction shall be adopted through a resolution taken by the Board of Directors of Amplifon, it being understood that such power may not be delegated to one or more Directors or to an internal committee.
- (2) the Committee or one or more of its members, delegated by the Committee, shall be involved in the negotiation phase and in the examination phase by receiving a complete and immediate information flow, with the power to request information from and to address observations to the delegated bodies and the subjects in charge of the negotiations or the enquiries;
- (3) the Board of Directors of Amplifon shall approve the Related Party Transaction only after receiving the Committee's motivated favorable opinion on the Company's interest in the execution of the Related Party Transaction and on the appropriateness and fairness of the Related Party Transaction's main terms and conditions.

### **3.3 Framework resolutions**

The Board of Directors may approve framework resolutions for series of homogeneous Transactions to be carried out with specific categories of Related Parties.

In this case, framework resolutions shall:

- (i) not be effective for more than one year;
- (ii) refer to sufficiently determined Transactions;
- (iii) report the expected maximum amount of the Related Party Transactions to be completed during the reference period and the reasons for the expected conditions.

Full disclosure, at least on a quarterly basis, shall be made to the Board of Directors on the implementation of the framework resolutions.

In case of individual transactions concluded in execution of a framework resolution, the provisions set forth under Article 3 of this Regulation shall not apply, as such provisions will be applied with reference to the applicable framework resolution.

Should an Information Document be published in connection with a framework resolution (on the basis of the foreseen maximum amount of the Transactions contemplated in the relevant framework resolution), the Related Party Transactions completed in the implementation of such a framework resolution shall not be counted for the purpose of the accumulation principle set forth in the OPC Regulation.

## **4. EXCLUDED RELATED PARTY TRANSACTIONS**

- (1) The procedures and the disclosure obligations indicated in Articles 3 and 8 of this Regulation, in accordance with Article 13 of the OPC Regulation, shall not apply to:
  - (a) Shareholders' Meeting resolutions referred to in Article 2389, paragraph 1, of the Italian Civil Code relating to the compensation of the members of the Company's Board of Directors or the Executive Committee (if any);

- (b) resolutions for the allocation of emoluments as well as the resolutions, other than those specified in subparagraph (a) above, regarding the compensation for Directors holding special offices included within the total amount already allocated by Shareholders' Meeting resolution pursuant to Article 2389, paragraph 3, of the Italian Civil Code;
  - (c) Shareholders' Meeting resolutions referred to in Article 2402 of the Italian Civil Code relating to the compensation of the members of the Board of Statutory Auditors.
- (2) Without prejudice to the financial and accounting disclosure obligations set forth by the applicable laws and regulations, the procedures and the disclosure obligations referred to in this Regulation shall not apply in the following cases:
  - (a) compensation plans based on financial instruments approved by the Shareholders' Meeting pursuant to Article 114-*bis* of the TUF;
  - (b) any resolutions, other than those indicated in the preceding paragraph, regarding the remuneration of the members of the Board of Directors, the Directors holding special offices and the Executives with Strategic Responsibilities, provided that: (i) the Company has adopted a remuneration policy; (ii) the compensation committee has been involved in the definition of the remuneration policy; (iii) a report setting out the remuneration policy has been submitted to the shareholders' meeting for approval or for advisory vote; and (iv) the remuneration assigned is consistent with the said policy;
  - (c) Ordinary Transactions carried out "at equivalent to the market" or standard conditions. In such a case, without prejudice to the provisions set forth by Article 17 of the MAR Regulation, should a transaction under this letter (c) be qualified as a Transaction of Significant Importance, the Company shall: (i) notify Consob – within 7 days of the date of approval – about the counter party, the subject and the consideration of the transaction that benefited from the exclusion; (ii) indicate in the interim and annual management reports, as part of the information requested for periodic transparency purposes, which – among the transactions subject to informative obligations included therein – were carried out with the exclusion clause established under this letter (c);
  - (d) the transactions between the Company and its Subsidiaries or among Subsidiaries, even jointly owned by the Company, as well as transactions with Affiliates, provided that no other Related Parties of the Company has significant interests in the involved Subsidiary/Subsidiaries or Affiliate(s). For the purposes of the Amplifon Regulation, a significant interest exists in all those cases where there is a situation capable of conditioning the transparency and essential correctness of the decision-making process. Interests deriving from the mere sharing of one or more Executives with Strategic Responsibilities between the Company and its Subsidiaries or Affiliates are not considered to be significant interests;
  - (e) Transactions to be carried out on the basis of instructions having objectives of stability issued by supervisory authorities;
  - (f) Transactions of Small Amount.
- (3) In cases where the Transaction is not within the competence of the Shareholders' Meeting and do not need to be authorized, where expressly permitted by the By-Laws, in urgent cases, without prejudice to Article 5 of the OPC Regulation, where applicable, Related Parties Transactions may be concluded in

derogation of the provisions in Article 3 of this Regulation, as well as Annex 2 to the OPC Regulation, provided that:

- (a) if the Transaction to be made falls within the responsibility of an executive director or member of the Executive Committee, the Chairman of the Board of Directors is to be informed of the reasons for the urgency before the completion of the Transaction;
- (b) these transactions are subsequently subject, without prejudice to their effectiveness, to a non-binding resolution by the first ordinary Shareholders' Meeting;
- (c) the body that convenes the Shareholders' Meeting prepares a report containing adequate justification of the reasons for the urgency. The control body reports to the Shareholders' Meeting its assessment on the existence of the reasons for urgency;
- (d) The report and the assessments referred to in letter c) are made available to the public at least twenty-one days before the date set for the Shareholders' Meeting at the registered office and in the manner specified in Title II, Chapter I, of the Issuers' Regulation. These documents may be contained in the information document referred to in Article 5, paragraph 1, of the OPC Regulation;
- (e) within the day following the day of the meeting, the Company makes available the information on voting results to the public in the manner specified in Title II, Chapter I, of the Issuers' Regulation, particularly with regard to the number of votes cast by unrelated shareholders.

## **5. TRANSACTIONS WITHIN THE REMIT OF THE SHAREHOLDERS' MEETING**

### **5.1. Transactions of Minor Importance**

When a Transaction of Minor Importance is within the remit of the Shareholders' Meeting or must be authorized by it, the provisions set forth in Article 3 of this Regulation are applied during the preparatory stage and the stage of approval of the proposed resolution to be submitted to the Shareholders' Meeting.

### **5.2. Transactions of Significant Importance**

- (1) When a Transaction of Significant Importance has to be approved by the Shareholders' Meeting as set forth by the applicable law provisions or the By-Laws, (i) the minutes of the Shareholders' Meeting shall refer to the Company's interest in the execution of the Related Party Transaction and on the appropriateness and fairness of the Related Party Transaction's main terms and conditions;
- (ii) the proposal to be submitted to the Shareholders' Meeting shall be adopted through a resolution taken by the Board of Directors, it being understood that such power may not be delegated to one or more Directors or to an internal Board committee; (iii) the Committee or one or more of its members, delegated by the Committee, shall be involved in the negotiation phase and in the examination phase by receiving a complete and immediate information flow, with the power to request information from and to address observations to the delegated bodies and the subjects in charge of the negotiations or the enquiries; and (iv) should the Committee issue a non-favorable opinion on the Transaction, the resolution of the shareholders' meeting shall be approved in accordance with Article 11, paragraph 3, of the OPC Regulation.

In particular, in the event of a Transaction of Significant Importance being under the responsibility of the Company's shareholders' meeting and the Committee delivers an unfavorable opinion to the completion of the Related Party Transaction, such a Related Party Transaction may not be approved if the majority of the Unrelated Shareholders votes against the Related Party Transaction, provided that the Unrelated Shareholders attending the relevant shareholders' meeting represent at least 10% of the share capital.

For the purpose of the above-mentioned mechanism ("*whitewash*"), the proposal to the Shareholders' Meeting shall expressly indicate that the resolution will be conditional upon the abovementioned quorum having been met.

- (2) Where expressly permitted by the By-Laws, in urgent cases related to corporate crises, without prejudice to the provisions in Article 4, where applicable, Related Party Transactions may be concluded in derogation of the provisions of the preceding paragraph, provided that at the Shareholders' Meeting the following provisions are applied:
- (a) the body that convenes the Meeting prepares a report containing adequate justification of the reasons for the urgency. The Committee reports to the Shareholders' Meeting its assessment on the existence of the reasons for urgency;
  - (b) The report and the assessments referred to in point a) are made available to the public at least twenty-one days before the date set for the Shareholders' Meeting at the registered office and in the manner specified in Title II, Chapter I, of the Issuers' Regulation. These documents may be contained in the information document referred to in Article 2, paragraph 1, of the Guidelines.

## **6. EQUIVALENT PROTECTIONS**

- (1) In the event that one or more members of the Committee prove to be Related Parties with respect to a Transaction on which the Committee is called upon to express an opinion, and in any case it is not possible to set up a Committee in accordance with the rules of composition under the Definitions in this Regulation, or if there is a deadlock in the vote, one of the following Equivalent Protections is to be adopted:
- a) if one of the Committee members is a Related Party, the Committee's decision is to be adopted by the majority of the remaining members of the Committee who are unrelated parties, provided that the majority of them are Independent Directors; or,
  - b) the opinion referred to in Article 3 of this Regulation shall be issued by two Independent Directors or, as long as within the Board of Directors only one Director can be qualified as a Unrelated Independent Director, by the only Unrelated Independent Director, provided that a majority of Independent Directors, or the only Independent Director, is not a Related Party with respect to the specific Transaction; or,
  - c) the opinion referred to in Article 3 of this Regulation is issued by the Board of Statutory Auditors, provided that the majority of the members of the same are not Related Parties with respect to the specific Transaction; or,
  - d) the opinion referred to in Article 3 of this Regulation is issued by an independent expert selected from among persons of recognized standing and competence in the matters concerned, after having evaluated the independence and freedom from conflicts of interest.
- (2) In the event of an appeal to one of Equivalent Protections referred to in this Article 6, the provisions relating to the rules provided about the procedure which has to be followed by the Committee for Transactions with Related Parties shall apply, *mutatis mutandis*.

## **7. RELATED PARTY TRANSACTIONS THROUGH SUBSIDIARIES**

1. This Regulation shall also apply, *mutatis mutandis*, to the Related Party Transactions carried out through Subsidiaries.
2. In this case, the power to approve the Transaction is reserved for the competent bodies of the Subsidiary.

3. In order to allow the involvement of the Committee, the Subsidiary must promptly send all the information and documentation required to the Legal and Corporate Affairs Office of the Company.
4. If the Transaction is approved, the execution of the same must have full disclosure at least quarterly to the Board of Directors and the Board of Statutory Auditors.

## **8. INFORMATION ON TRANSACTIONS WITH RELATED PARTIES**

### **8.1 Internal information on Transactions with Related Parties**

In any case, the Board of Directors and the Board of Statutory Auditors of the Company shall at least quarterly receive from the CEO or other delegated body, full information on the execution of each Related Party Transaction completed or approved in the reference quarter (both those whose execution is approved by the Board of Directors of the Company or the Shareholders' Meeting and those whose execution is resolved upon by a corporate body or officer duly empowered to do so), with specific indication of the following: (i) the Transaction type (that is, whether it is (a) Transaction of Small Amount, (b) Transaction of Minor Importance, (c) Transaction of Significant Importance or (d) Transaction concluded in the implementation of framework resolutions under Article 3.3 of this Regulation) and (ii) each Related Party Transaction concluded in the presence of a negative opinion of the Committee and the reasons therefore.

### **8.2 Public Disclosure of Transactions of Significant Importance**

Without prejudice to the disclosure obligations set forth by Article 17 of the MAR Regulation and Article 5 of the OPC Regulation, in connection with each Transaction of Significant Importance the company shall publish an information document prepared in accordance with Annex 4 to the OPC Regulation. In this regard, Article 5 of the OPC Regulation shall apply accordingly.

### **8.3 Periodic disclosure**

Pursuant to Article 154-ter of the TUF, the Board of Directors provides disclosure in the Interim Management Report and in the Annual Report:

- a) about individual Transactions of Significant Importance concluded during the reporting period;
- b) any other individual Related Party Transaction, as defined pursuant to Article 2427, paragraph 2 of the Italian Civil Code, concluded in the reporting period, that have significantly affected the financial position or results of the Company;
- c) any change or development of Transactions with Related Parties described in the last Annual Report that had a significant effect on the financial position or results of the Company during the reporting period.

**9. OBLIGATIONS OF DISCLOSURE FOR INSIDE INFORMATION PURSUANT TO ARTICLE 17 OF THE MAR REGULATION, IN CONNECTION WITH RELATED PARTY TRANSACTIONS**

If a Transaction with Related Parties, even when concluded through its Subsidiaries, is also subject to the reporting requirements under Article 17 of the MAR Regulation, the statement to be disclosed to the public shall contain, in addition to other information to be published pursuant to the aforesaid article, the following information:

- a) an indication that the Transaction counterparty is a Related Party and a description of the nature of the relationship;
- b) the name or the company name of the counterparty in the Transaction;
- c) whether the Transaction exceeds or not the significance thresholds under Annex A to this Regulation and the indication of any subsequent publication of an information document in accordance with Article 5 of the Regulation;
- d) the procedure which has been or will be followed for approving the Transaction and, in particular, whether the Company has made use of an exclusion under this Regulation in accordance with Articles 13 and 14 of the OPC Regulation;
- e) any Transaction which is approved against the advice of the Committee.

**10. ENTRY INTO FORCE, MONITORING AND ADJUSTMENT OF THE AMPLIFON REGULATION**

The Amplifon Regulation shall enter into force on July 26, 2018 and any subsequent amendment shall be approved by the Company's Board of Directors, following the reasoned and favorable opinion of the Committee, and shall be published on the Company's website.

To guarantee coordination with the administrative and accounting procedures pursuant to Article 154-*bis* of the TUF, the information relating to Related Party Transactions shall also be provided to the officer responsible for drawing up the corporate accounting records on a regular basis.

The Board of Statutory Auditors shall monitor the compliance of the Amplifon Regulation with applicable law, as well as the compliance by the addressees with the Amplifon Regulation and shall report on these matters to the Shareholders' Meeting pursuant to Article 2429, paragraph 2, of the Italian Civil Code or Article 153 of the TUF. In particular, the Board of Statutory Auditors shall assess the compliance with the OPC Regulation and the Amplifon Regulation when examining or approving any Related Party Transaction.

The Amplifon Regulation shall be reviewed at least once every 3 years, also in consideration of the ownership and organizational structure of the Company.

The opinion of the Committee shall be required even when, after the review, it is decided not to amend the Amplifon Regulation in any way.

## ANNEX A – CRITERIA FOR IDENTIFYING A TRANSACTION OF SIGNIFICANT IMPORTANCE

1. Transactions in which, at least one of the following relevance indexes, applicable depending on the specific transaction, is higher than the 5% threshold:

- a) **Equivalent-value relevance ratio**: the ratio between the equivalent transaction and the net equity drawn from the latest published balance sheet (consolidated, if so prepared) by the company or, for listed companies, if greater, the capitalization of the acquired firm at the end of the last trading day included in the period covered by the latest accounting periodical published document (or semi-annual financial report or the interim financial report). For banks, is the ratio between the equivalent value of the transaction and the regulatory capital drawn from the latest published balance sheet (consolidated, if so prepared).

If the economic conditions of the transaction are determined, the value of the transaction shall be:

- i) for the cash component, the amount paid to or by the contract counterparty;
- ii) for the component in financial instruments, the fair value determined at the date of the transaction, in accordance with international accounting standards adopted by Regulation (EC) No. 1606/2002;
- iii) for funding transactions or grant of guarantees, the maximum amount payable.

If the economic conditions of the operation depend, in whole or in part, of magnitudes as yet unknown, the value of the transaction is the maximum admissible or payable value under the Agreement.

- b) **Asset relevance ratio**: the ratio between the total assets of the entity in the transaction and the total assets of the company. Data to be used shall be obtained from the most recently published balance sheet (consolidated, if so prepared) by the company; whenever possible, similar data should be used for determining the total assets of the entity involved in the transaction.

For transactions involving the acquisition and sale of shares in companies that have an impact on the area of consolidation, the value of the numerator is the total assets of the investee, regardless of the percentage of capital being available.

For transactions of acquisition and divestment of holdings in companies that have no effect on the consolidation perimeter, the value of the numerator is:

- i) in the case of acquisitions, the counter operation plus the liabilities of the company acquired eventually assumed by the purchaser;
- ii) in case of supplies, the consideration of the divested business.

For transactions of acquisition and disposal of other assets (other than the purchase of a stake), the value of the numerator is:

- i) in case of acquisitions, the greater of the consideration and the carrying amount that will be attributed to the asset;
- ii) in case of supplies, the book value of the assets.

- c) **Liabilities relevance ratio**: Description of characteristics, rules, terms and conditions of the transaction. Data to be used must be derived from the most recently published balance sheet (consolidated, if so prepared) by the company; whenever possible, similar data should be used for determining the total liabilities of the company or company branch acquired.

2. Transactions with the parent company listed or subjects that are related to the latter in turn related to companies where at least one indicator of significance in subsection 1 higher than the threshold of 2.5%.
3. In the case of overlapping of multiple transactions pursuant to Article 5, subsection 2, of the OPC Regulation companies shall determine in the first place, the relevance of each individual transaction on the basis of the ratio or ratios, as prescribed in subsection 1, thereto applicable. To verify whether the thresholds specified in subsections 1 and 2 are exceeded, the results for each indicator are added together.
4. Where a transaction or several transactions that are accumulated under article 5, subsection 2, of the OPC Regulation are identified as “of Significant Importance” according to the indices established in paragraph 1 and this result is manifestly unreasonable in view of special circumstances, Consob may indicate, at the request of the company, alternative arrangements to be followed in determining these indices. To this end, the company announced to Consob the essential characteristics of the transaction and the special circumstances upon which the request prior to the conclusion of the negotiations was based.