

CASTA DIVA GROUP S.P.A.



PROCEDURE FOR RELATED PARTY TRANSACTIONS

Introduction

This procedure (the “**Procedure**”) has been prepared pursuant to article 13 of the AIM Italia Issuer Regulation (the “**AIM Rules for Companies**”) according to which the provisions in article 10 of the CONSOB Regulation adopted with resolution no. 17221 of 12 March 2010 (the “**CONSOB Regulation**”) apply to transactions with related parties.

Without prejudice to the rest of this Procedure, the Board of Directors is responsible for its proper and constant application.

Furthermore, pursuant to article 4(6) of the CONSOB Regulation, the Board of Statutory Auditors is responsible for overseeing the conformity of this Procedure to the principles of the CONSOB Regulation, as well as compliance with the Procedure.

1. Definitions

For the purposes of this Procedure, the capitalized terms shall have the meaning defined below:

- a) **Independent Directors** means the directors who possess the independence requirements provided in article 148(3) of the TUF and article 3 of the Corporate Governance Code of Borsa Italiana.
- b) **Committee for Related Party Transactions or Committee** means the committee established from time to time, comprising three non-executive and unrelated directors, who are for the most part independent, although if the Board of Directors has only one independent director the Committee shall be deemed to be validly constituted even if only the Independent Director is present. However, the Equivalent Internal Controls referred to in article 4 hereof shall continue to apply.
- c) **Market or Standard Terms** means conditions similar to those usually applied to parties other than Related Parties for transactions of an equivalent nature, entity and risk. This category also includes the conditions based on the regulated tariffs or fixed prices, or those applied to parties with which the Company is obliged by law to agree to a certain consideration.
- d) **Chief Executive Officer** means the chief executive officer of the Company or each of the directors to whom the Board of Directors has delegated its powers.
- e) **AIM Rules for Related Transactions** means the applicable AIM Italia Rules (Related Party Transactions 2012).
- f) **Responsible Function** means the function that is responsible for carrying out the single transactions with the Related Parties, in accordance with the internal regulations of the Company or, lacking which, the outsourced body or party. In the event of transactions carried out through a subsidiary, the Responsible Function is the function of the company in charge of carrying out a preliminary examination or the prior approval of the transaction that the subsidiary is expected to carry out.
- g) **Significant Interests** means, for the purposes of this Procedure, the evaluation of the significance of the interests of a Related Party, in respect of a transaction, in consideration of its nature, amount and any other element deemed useful for valuation purposes. The valuation is carried out by the Chief

Executive Officer, who may request the assistance of the Committee or, if necessary, of specifically appointed independent experts. The interests arising from the mere sharing by one or more directors, or other managers with strategic responsibilities between the Company and its subsidiaries or associates, are not viewed as significant interests. A significant interest may also exist if, in addition to the mere sharing by one or more directors or other managers of the strategic responsibilities, these parties also benefit from incentive plans based on financial instruments that significantly depend on the results achieved by the subsidiaries or associates with which the transaction has been carried out. The assessment of its significant nature should be effected in the light of the weight assumed by the remuneration directly dependent on the performance of the subsidiary – including the above mentioned incentive plans – compared to the total remuneration of the director or of the manager with strategic responsibilities.

- h) Transaction with Related Parties or Transaction** means any transfer of resources, services or obligations between the Company and one or more Related Parties, regardless of whether or not a consideration has been agreed to. The term also includes: (i) any merger or demerger, by amalgamation or strictly speaking in a non-proportional manner, if involving Related Parties; (ii) capital increases, excluding the option rights towards a Related Party; (iii) any decision relating to the assignment of remuneration or economic benefits of any kind, to the members of the management and supervisory bodies and the managers with strategic responsibilities, except as set out in section 16 below. The definition of Transaction with Related Parties does not include any transactions indifferently involving all the members, at equal conditions (such as, by way of example only, mergers of a strictly proportional nature and capital increase options).
- i) Transactions of Limited Value** means any transactions not exceeding EUR 100,000.
- j) Major Transactions** means the “Major Transactions” as defined in Schedule 2 to the AIM Italia Rule for Related Party Transactions.
- k) Minor Transactions** means all Transactions with Related Parties other than the Major Transactions and the Transactions of Limited Value.
- l) Ordinary Transactions** means the transactions included in the routine business of the Company and its related financial activities.
- m) Related Parties**, for the purposes of this Procedure, a party is defined as a “Related Party” if: (a) directly or indirectly, also through subsidiaries, trust companies or go-betweens, it: (i) controls the company, or is controlled by it or is subject to common control; (ii) holds a stake in the company such as to allow a considerable influence over the company itself; (iii) exercises joint control over the company with other parties; (b) is an associate of the company; (c) is a joint venture of which the company is a member; (d) is a director or one of the managers with strategic responsibilities of the company or a parent company; (e) is a close relative of one of the parties referred to in points (a) or (d); (f) is an entity featuring the involvement of any of the parties referred to in points (d) or (e), which controls, jointly controls or exercises a significant influence over it, directly or indirectly holds a

significant share of the voting rights (in any case, no less than 20%) in it; (g) is a complementary pension scheme, whether collective or individual, established in Italy or elsewhere, for the benefit of the company's employees or any other related entities.

- n) Direct Related Parties** means the Related Parties referred to in points (a) and (d).
- o) Equivalent Internal Controls** means the measures specified in section 4 below, to be adopted in order to safeguard the material fairness and correctness of a Transaction, if – in relation to a certain transaction – it is not possible to set up a Committee according to the specific membership rules.
- p) CONSOB Regulation** means Regulation No 11971 adopted by the CONSOB (the Italian Securities & Exchange Commission) on 14 May 1999, as amended.
- q) AIM Italia Rules for Companies** means the Rules applicable to the Alternative Capital Market of 29 July 2013, as amended.
- r) TUF** means Legislative Decree 58/1998, as amended.

All the capitalized terms not otherwise defined in this Procedure shall have the meaning attributed to them in the CONSOB Regulation.

2. Identifying the Related Parties

In order to facilitate the Company's monitoring and control activities, the Direct Related Parties are required, also in relation to their related parties, to provide to the Chief Executive Officer, in writing, the data and information suited to enabling the prompt identification of all the existing Related Parties, and to update all the information thus provided on a regular basis.

The Chief Executive Officer shall keep an updated list of the Related Parties, assisted in this task by an ad hoc Company function, and shall refer any doubts and/or disputes, in relation thereto, to the Board of Statutory Auditors, for the resolution thereof and the identification of any Related Parties.

Each Direct Related Party is required to provide prior notice to the Chief Executive Officer, in the event that it, or its own Related Parties, intend to directly or indirectly carry out any transactions involving a significant amount of money with the Company or its subsidiaries.

In the performance hereof, the Chief Executive Officer may also require the assistance of an ad hoc Company function.

3. Transactions with Related Parties Committee

The Committee shall meet at the request of the Chair of the Board of Directors, or of the Chief Executive Officer in the cases referred to in section 5 below. The request shall specify: (i) the members of the Committee, in accordance with the membership rules referred to in section (1)(1)(b) above, and (ii) the deadline within which the Committee shall issue an opinion, in accordance with section 6 below.

The parties defined as members of the Committee shall promptly declare any relationship they may have with the specific Transaction for which the Committee has been called, to ensure the application of the Equivalent Internal Controls referred to in section 4 below.

The Committee meeting may also be held by teleconference/audio link or written consultation procedure, provided that each member received sufficient information on the nature of the business to be transacted and is also able to actively participate in the decision-making process. All decisions shall be adopted by a majority of attending members, in writing.

4. Equivalent Internal Controls

In the event that it proves impossible to set up a Committee, as a collegial group, the opinion shall be provided by any attending unrelated Independent Directors or, if none are present, by: (i) the Chair of the Board of Statutory Auditors, provided that he or she is not a Related Party, in relation to the specific Transaction, or (ii) an independent expert designated by the Board of Directors, from among acknowledged and competent professionals in the matters at hand, who must be independent and have no conflicts of interest, with respect thereto.

5. Preliminary investigation regarding Transactions with Related Parties

Before carrying out any Transaction, the Responsible Function shall assess whether or not the party involved in the Transaction is a Related Party.

If it decides that the Transaction is a Transaction with Related Party, the Responsible Function shall notify to the Chief Executive Officer the details of the relevant Transaction, so that he or she can make the necessary checks, as to whether the Transaction:

- a) can be exempted;
- b) is part of a Framework Resolution; or
- c) is a Major Transaction or a Minor Transaction.

If the Transaction is covered by points (a) and (b) of section 5 above, the Chief Executive Officer shall inform the Responsible Function to this effect, which shall then notify the Chief Executive Officer of its completion, once concluded.

If the Transaction is not covered by points (a) and (b) of section 5 above, the Chief Executive Officer shall promptly refer the Transaction to the Committee, providing all the information in his or her possession and indicating, if necessary, the deadline within which the Committee will be required to express an opinion. The Committee shall then meet and assess the Transaction, in accordance herewith.

In the event of any doubts regarding the nature of the Transactions, i.e. as to whether or not it is covered by points (a) and (b) above, the Chief Executive Officer shall submit the matter to the Committee for an assessment, providing all the information in his or her possession.

To enable the Committee to issue a reasoned opinion, (a) the Chief Executive Officer, acting with the support of the Responsible Function, shall provide to the Committee – with sufficient notice – full and appropriate information relating to the specific Transaction with Related Parties; (b) if it is believed that the conditions of the Transaction reflect the Market or Standard Terms, the Chief Executive Officer, with the support of the Responsible Function, shall provide objective evidence, with respect thereto.

6. The Committee's opinion on Transactions with Related Parties

Once the Committee has received the relevant information from the Chief Executive Officer, in time for the approval of the Transaction, and in any case no later than the deadline indicated by the Chief Executive Officer, pursuant to paragraph four of section 5 above, it shall promptly provide to the body responsible for approving the Transaction adequate information on the preliminary investigation conducted on the Transaction to be approved and issue a reasoned opinion, with regard to the Company's interest in the Transaction and the convenience and substantial fairness of the relevant conditions.

If the Committee for Transactions with Related Parties deems necessary or expedient, it may request the assistance and support – at the Company's expense – of one or more independent consultants of its own choosing. The decision as to the choice of the consultants shall in any case take into account their acknowledged professional standing and competence, with regard to the matters of interest, including their independence and the lack of any conflicts of interest.

The information provided by the Committee shall specify the reasoning behind the decision taken and, at least, the nature of the relation, the purpose, principal terms, including the economic terms, conditions and execution procedures of the Transaction, as well as any risks involved for the Company or its subsidiaries. The Committee shall also fully transmit any other opinions issued in respect of the Transaction, to the body that is responsible for deciding on the Transaction, including any opinions by independent experts.

7. Approval of Transactions with Related Parties

Consistently with the combined provisions of article 13 of the AIM Rules for Companies and article 10 of the CONSOB Regulation, the Company may apply to any Major Transactions with Related Parties the procedures laid down for the Minor Transactions with Related Parties.

The body responsible for deciding on the Transaction with Related Parties shall base its decision on the non-binding opinion by the Committee, issued in accordance with section 6 above.

If the Transaction is the responsibility of the shareholders' meeting, the minutes of the approval resolution of each Transaction with Related Parties shall provide a suitable motivation, with respect to the Company's interest in the performance of the Transaction, as well as the convenience and substantial fairness of the related conditions.

After taking a decision on the Transaction, the competent body shall promptly notify its decision to the

Chief Executive Officer and the Responsible Function.

8. Transactions within the remit of the shareholders' meeting

If a Transaction falls within the remit of the shareholders' meeting or needs to be authorized by the latter, the provisions relating to the preliminary investigation, assessment and approval of the Transactions with Related Parties set out herein shall also apply to the negotiations, preliminary investigation and approval of the proposed resolution to be submitted to the meeting.

Having regard to a Major Transaction regarding which an Independent Director has expressed a negative opinion, without prejudice to articles 2368, 2369 and 2373 of the Civil Code and subject to the provisions of the articles of association required by the law, the Shareholders' Meeting shall not approve the resolution if a majority of unrelated voting shareholders votes against the Transaction, provided that the unrelated shareholders attending the meeting represent at least 10% of the share capital.

If there are significant updates to be made to the Information Document (as defined herein), published pursuant to section 13 below, the Company shall make available to the public an updated version of the said Information Document, at its headquarters and according to the procedures set out in article 17 of the AIM Rules for Companies, within the twenty-first day before the General Meeting.

The already published information may only be referred to in the new document, with reference to what has already been published.

9. Approval of Framework Resolutions

The Board of Directors may adopt Framework Resolutions that provide for the completion by the Company, either directly or through any subsidiaries, of sets of uniform Transactions with certain categories of Related Parties identified, on a case-by-case basis, by the Board of Directors (the "**Framework Resolutions**").

Framework Resolutions shall be approved according to the procedure provided for the approval of single Transactions with Related Parties and shall refer to certain specific Transactions, providing at least the following information:

- a) the term of the Framework Resolution, which cannot exceed one year;
- b) the relevant amount, in euros, of the Transactions, as a whole, included in the Framework Resolution;
- c) the maximum number of Transactions to be carried out in the term and the reasons for the expected conditions;
- d) the commitment by the Board of Directors to provide full information on the implementation of the Framework Resolutions, on a quarterly basis at least.

If it is expected that the maximum amount of the Transactions exceeds the threshold established for the determination of the Major Transactions, pursuant to Schedule 2 of the AIM Rule for Related Party Transactions, the Company – at the approval of the Framework Resolution – shall be required to publish an Information Document pursuant to section 13 below.

The provisions herein relating to the preliminary investigation, assessment and approval of Transactions shall not apply to the single Transactions involved in the implementation of a Framework Resolution.

10. Subsidiaries and associates: management and coordination

The AIM Italia Rule for Related Party Transactions, as a result of the provisions herein, shall not apply to the Transactions with or between subsidiaries or associates, provided that other Related Parties of the Company do not hold Significant Interests in the said subsidiaries or associates involved in the Transaction.

If the Company is subject to management and coordination, the opinion referred to in section 6 above, with regard to the Transactions with Related Parties affected by such activities, shall accurately specify the reasons for and convenience of the Transaction, if necessary also in the light of the overall results of the management and coordination activities, or of Transactions aimed at entirely remedying the damage arising from a single Transaction with Related Party.

11. Transactions with Related Parties through subsidiaries

This procedure shall also apply to the Transactions carried out through subsidiaries, trust companies or go-betweens.

Before carrying out a Transaction, the subsidiary, acting through its internal organization, shall verify whether the opposite party is included among the parties defined as Related Parties.

If none of the cases for exclusion apply, the subsidiary shall promptly notify the Chief Executive Officer, transmitting to him or her the necessary information and documents provided for herein, who shall then assess, if necessary, whether or not to initiate the procedure set out in sections 6, 7 and 8 above.

After the approval – or completion – of the Transaction, the subsidiary shall promptly deliver to the Chief Executive Officer the necessary information for allowing the Company to comply with its disclosure requirements herein, and prepares a specific disclosure for the next Board of Directors meeting of the Company.

12. Periodical disclosures within the Company

The Chief Executive Officer shall provide to the Board of Directors and the Board of Statutory Auditors, on a quarterly basis, full information on the Transactions with Related Parties carried out.

13. Disclosures to the public on the Transactions with Related Parties

Having regard to the Major Transactions – even if carried out by Italian or foreign-based subsidiaries – the Company shall present an information document pursuant to article 2 and Schedule 3 of the AIM Rule for Related Party Transactions (the “**Information Document**”).

The Company shall prepare the Information Document even if, during the financial period, it completes with the same Related Party, or any parties related to both the latter and the Company itself, various uniform Transactions, or which a part of a single scheme, which, although not individually classifiable as Major Transactions nevertheless exceed – as a whole – the thresholds set out in Schedule 2 of the AIM Rule for Related Party Transactions. This paragraph also applies to Transactions carried out by Italian or foreign-based subsidiaries, but does not cover any Transactions excluded in accordance with this Procedure.

Without prejudice to article 11 of the AIM Rules for Companies, the Company shall make the Information Document available to the public at its headquarters, in accordance with the procedures set out in article 17 of the AIM Rules for Companies, within seven days from the approval of the Transaction by the competent body, or, if the competent body resolves to present a draft contract, from the date on which the contract, including a preliminary contract, is completed in accordance with the applicable regulations. In the case of matters falling within the remit of the shareholders’ meeting, or that require the latter’s approval, the Information Document shall be made available within seven days from the approval of the proposal to be submitted to the shareholders’ meeting.

If the significant thresholds are exceeded by the cumulative Transactions referred to in paragraph 2 of this section, the Information Document shall be made available to the public within fifteen days from the approval of the Transaction, or the conclusion of the contract determining the exceeding of the significant threshold, and shall contain information – also on an aggregate basis, in the case of uniform Transactions – on all the Transactions taken into account for the cumulating purposes. If the Transactions determining the exceeding of the significant thresholds are carried out by subsidiaries, the Information Document shall be made available to the public within fifteen days from the date on which the Company receives notice of the approval of the Transaction or the conclusion of the contract determining its significance.

In the same terms as provided in paragraphs 3 and 4 of this section, the Company shall make available to the public, as an attachment to the Information Document or on its website, any opinion received by independent directors and/or consultants. With regard to the opinions by independent consultants, the Company may disclose only the elements indicated in Schedule 3 of the AIM Rule for Related Party Transactions, motivating this choice.

If, in relation to a Major Transaction, the Company is also required to prepare an information document pursuant to articles 12, 14 and 15 of the AIM Rules for Companies, it may publish a single document containing the information provided in paragraph 1 of this article and articles 12, 14 and 15 of the AIM Rules for Companies. In this case, the document is made available to the public at the Company’s headquarters, according to the procedure indicated in article 17 of the AIM Rules for Companies, in the

shortest of the deadlines provided by each of the applicable provisions. If the Company publishes the information herein in separate documents, reference can be made simply to the information already disclosed and published.

Without prejudice to article 11 of the AIM Rules for Companies and to article 114(1) of the TUF, within fifteen days from the end of each quarter of the financial period, the Company shall make available to the public, at its headquarters and according to article 17 of the AIM Rules for Companies, a document containing the indication of the other party involved in the Transaction with Related Parties, as well as its subject-matter and the consideration involved, approved in the quarter of reference, in the presence of a negative opinion expressed according to section 6 hereof, and of the reasons for which it has been deemed not to share this opinion. Within the same deadline, the opinion is disclosed to the public as an attachment to the document herein or posted in the Company's website.

14. Information disclosed pursuant to article 11 of the AIM Rules for Companies

If a Transaction with Related Parties is also subject to the disclosure requirements referred to in article 11 of the AIM Rules for Companies, the disclosure to the public shall contain – alongside the information to be published in pursuance of the said provisions – the following information as well:

- a) the indication that the other party involved in the Transaction is a Related Party and a description of the nature of the relationship;
- b) the other party's name;
- c) the indication as to whether the Transaction exceeds the significant threshold referred to in Schedule 2 to the AIM Rule for Related Party Transactions, as well as the indication relating to the subsequent publishing of an Information Document, pursuant to section 13 above;
- d) the procedure adopted in connection with the approval of the Transaction and, in particular, whether the Company has applied any of the cases for exclusion referred to in section 16 below;
- e) the approval of the Transaction despite the contrary opinion of the independent directors or advisors.

15. Information in the reports on operations

The Company, in its interim report on operations and its annual report, shall provide information on:

- a) the single Major Transactions completed in the reference period;
- b) the other single Transactions with Related Parties, within the meaning of 2427(2) of the Civil Code, completed in the reference period, significantly affecting the equity or operating results of the Company;
- c) any other changes to or developments in the Transactions with Related Parties described in the annual report and significantly affecting the Company's equity or operating results in the reference period.

For the purposes of this section, the information on the single Major Transactions may be included by making reference to the Information Documents published in accordance with section 13 above, reporting any significant updates.

16. Exclusions and exemptions

Pursuant to article 13 of the CONSOB Regulation, the provisions herein shall not apply to:

- a) the resolutions by the shareholders' meeting referred to in article 2389(1) of the Civil Code, with regard to the remuneration determined for the members of the board of directors and the executive committee, and to the resolutions relating to the remuneration of any directors appointed to specific positions included in the overall amount previously determined by the shareholders' meeting pursuant to article 2389(3) of the Civil Code;
- b) the resolutions by the shareholders' meeting referred to in article 2402 of the Civil Code, with regard to the remuneration determined for the members of the board of statutory auditors;
- c) the Transactions of Limited Value, as identified pursuant to section 1(i) of this Procedure.

Without prejudice to section 15 above, where applicable, this Procedure does not cover the following:

- a) any resolutions, other than those specified in section 16(a) above, regarding the remuneration of directors appointed to specific positions, and other managers with strategic responsibilities, provided that: (i) the Company has adopted a remuneration policy; (ii) the definition of the remuneration policy involved a committee consisting exclusively of a majority of independent non-executive directors; (iii) a report illustrating the remuneration policy has been submitted for approval by, or in an advisory capacity; (iv) the assigned remuneration is consistent with this policy;
- b) the Ordinary Transactions concluded at Market or Standard Terms. In this case, since the disclosure requirements provided for Major Transactions in section 13 above are excluded, however without prejudice to article 11 of the AIM Rules for Companies, the Company, (i) shall indicate, in its interim report on management, in connection with the information provided in section 15 above, which of the Transactions subject to the disclosure requirements specified in the latter provision, have been concluded subject to the exclusion provided for herein; (ii) where the Company is classifiable as a company with a significant amount of shares held by the general public, in its report on operations it shall also indicate the other party involved in, the subject-matter and the consideration of the Major Transactions concluded in the period subject to the exclusion herein;
- c) the Transactions to be carried out on the basis of instructions aimed at ensuring stability issued by the Supervisory Authorities, or on the basis of provisions issued by the parent company for the implementation of the instructions issued by the Supervisory Authorities in the interest of the group's stability;
- d) Transactions with or between subsidiaries, jointly or otherwise, and Transactions with related parties, if other Related Parties of the Company do not have Significant Interests in the subsidiaries

or associates involved in the Transaction. The provisions in section 14 above shall apply.

17. Final Provisions

This Procedure shall be subject to revision on an at least three-yearly basis and, in any case, if there are significant changes to the shareholder structure of the Company or if any defects in the application of this Procedure are detected.