

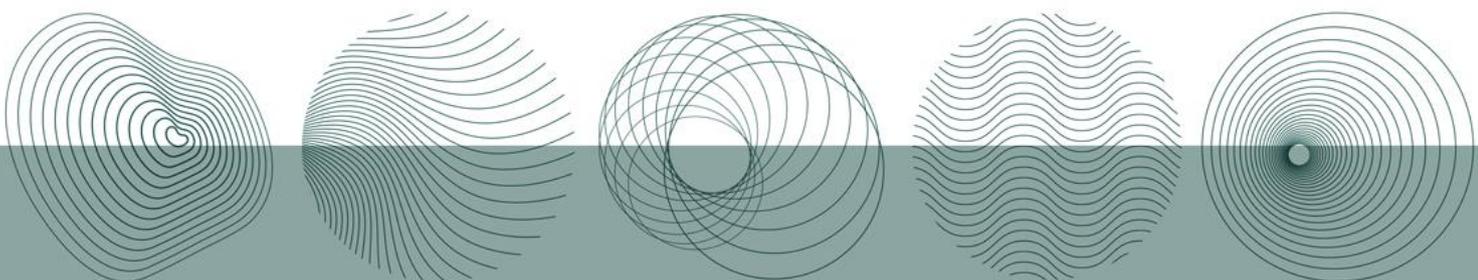


**PURE POWER TO GROW**

## **PROCEDURE FOR RELATED PARTY TRANSACTIONS**

ADOPTED PURSUANT TO ART. 4 OF CONSOB REGULATION NO. 17221 OF 12 MARCH 2010, AS  
AMENDED

**Approved by the Board of Directors on 23 June 2021**



FALCK RENEWABLES  
[www.falckrenewables.com](http://www.falckrenewables.com)

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## Art. 1 - Introduction and scope of application

Italian Legislative Decree no. 310 of 28 December 2004 regarding «*Additions and corrections to the system of corporate law and to the consolidated law on banking and credits*» introduced, in art. 2391-*bis*<sup>1</sup> of the Italian Civil Code, specific rules for related party transactions performed by companies that make use of the risk capital market<sup>2</sup>, delegating Consob to use its regulatory powers to establish some "general principles", on the basis of which the management bodies of the aforementioned companies must adopt procedures able to regulate the transactions in question, in terms of their transparency and substantial and procedural fairness.

Acting on the aforementioned mandate, on 12 March 2010, Consob approved, with resolution no. 17221, the regulation on related party transactions, subsequently amended and supplemented (the "**Regulation**").

The provisions of the aforementioned Regulation, which seek to regulate the transparency of disclosures to the market and the principles of transparency and both substantial and procedural fairness when carrying out related party transactions, are flanked, on one side, by the general principles on the duties of directors with conflicts of interest contained in art. 150 of Italian Legislative Decree no. 58 of 24 February 1998 ("**TUF**") and by the principles of procedural fairness contained in the Corporate Governance Code of listed companies and, on the other side, by the accounting disclosure obligations envisaged, for this type of transaction, by the provisions on financial statements contained in the Italian Civil Code (articles 2423 and foll.) and in articles 77 and foll., as also referred to by the subsequent art. 96 of the Regulation approved by Consob resolutions 11971 of 14 May 1999, as amended (the "**Issuers' Regulation**").

The primary purpose of the Regulation is to enhance the protection of minority shareholders and of other stakeholders by combating any abuse that may result from transactions with potential conflicts of interest carried out with related parties. The Regulation envisages a comprehensive set of rules containing:

- the principles relating to the procedures that companies must adopt to ensure fair conditions in the entire process of carrying out related party transactions;
- the obligations in terms of market disclosure for this type of transaction.

In light of the above, the Board of Directors of Falck Renewables S.p.A. ("**Falck Renewables**" or the "**Company**") at a meeting held on 12 November 2010, in accordance with that envisaged by article 4 of the Regulation, adopted this procedure (the "**Procedure**") to regulate - in compliance with the provisions of art. 2391-*bis* of the Italian Civil Code and of the Regulation and subsequent amendments - the related party transactions entered into directly by the Company or through subsidiaries, to ensure the transparency and the substantial and procedural fairness of said transactions<sup>3</sup>. At a meeting held on 23 June 2021, the Board of Directors of Falck Renewables, after obtaining the opinion of the

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<sup>1</sup> In particular, art. 2391-*bis* of the Italian Civil Code ("Related Party Transactions") envisages the following:

*"1. In accordance with the general principles set forth by Consob, the management bodies of companies that make use of the risk capital market adopt rules that ensure the transparency and substantial and procedural fairness of related party transactions and disclose such in the management report; to this end, they may request the assistance of independent experts, depending on the nature, the value and the characteristics of the transaction.*

*2. The principles set forth in the first paragraph apply to transactions entered into directly or through subsidiaries and regulate the transactions in question in terms of decision-making power, grounds and documentation. The board of auditors oversees compliance with the rules adopted according to the first paragraph and reports on the same to the shareholders' meeting".*

<sup>2</sup> Pursuant to art. 2325-*bis* of the Italian Civil Code, companies that make use of the risk capital market refer to the Italian companies listed on regulated markets or whose shares are widely distributed among the public.

<sup>3</sup> See article 2 of the Regulation.

Committee (as *defined* below) issued on 11 June 2021, recently updated this procedure to incorporate the amendments introduced by Consob resolution no. 21624 of 10 December 2020.

## Art. 2 - Definitions

**2.1** In addition to the terms defined in other articles of this Procedure and in Annex 1 below, the terms listed below have the meaning specified thereof:

**“Directors involved in the Transaction”**: directors who have an interest in the Transaction, on their own behalf or on behalf of third parties, that conflicts with that of the Company;

**“Independent Directors”**: directors recognised as such by the Company in application of the principles and criteria envisaged by art. 148, paragraph 3, TUF and by the corporate governance code for listed companies drawn up by the Corporate Governance Committee, which Falck Renewables S.p.A. applies pursuant to art. 123 - *bis* TUF;

**“Unrelated Directors”**: Independent Directors other than the counterparty of a particular Transaction and its Related Parties;

**“Shareholders' Meeting”**: The Meeting of the shareholders of Falck Renewables;

**“Committee”**: the committee tasked with expressing an opinion on the Related Party Transactions referred to in article 6 of this Procedure, comprising three Independent Directors;

**“Terms Equivalent to those that prevail in Arm's Length Transactions or Standard Terms”**: terms similar to those usually charged to unrelated parties for transactions of a corresponding nature, extent and risk, or based on regulated rates or at fixed prices or those charged to persons with which the Company is obligated by law to contract at a certain price;

**“Board of Statutory Auditors”**: the board of statutory auditors of Falck Renewables;

**“Board of Directors”**: the board of directors of Falck Renewables;

**“Key management personnel”**: in light of the functional definitions indicated in Annex 1 to the Procedure, referring to those persons having authority and responsibility for planning, directing, and controlling the activities of the Entity, directly or indirectly, including any directors (whether executive or otherwise) of the Entity;

**“Falck Renewables Group”**: the group of companies reporting to Falck Renewables;

**“Related Party Transactions”**, **“Transaction”** or **“Transactions”**: the transactions defined as such pursuant to article 4 of the Procedure;

**“Transactions of Limited Value”**: the Transactions identified as such pursuant to article 12, paragraph 1, letter (e) of the Procedure;

**“Less Significant Transactions”**: Transactions that fall below the threshold of the More Significant Transactions identified pursuant to article 5, paragraph 1 of the Procedure, as well as Transactions other than Transactions of Limited Value;

**“Regular Transactions”**: Related Party Transactions that are considered regular, subject to the exemption referred to in article 12, paragraph 1, lett. (i) below, which are carried out in the course of

the regular business and related financial activities, provided that they are concluded at Terms Equivalent to those that prevail in Arm's Length Transactions or Standard Terms;

“**More Significant Transactions**”: the Related Party Transactions identified as such pursuant to article 5 of this Procedure;

“**Related Parties**”: the parties identified as such pursuant to article 3 of this Procedure;

“**Unrelated Shareholders**”: the parties which hold the right to vote other than the counterparty in a particular Transaction and subjects related to both the counterparty in a particular Transaction or to the Company;

“**Articles of Association**”: the articles of association of Falck Renewables.

### **Art. 3 - Identifying Related Parties**

**3.1** In light of the definition of Related Parties indicated in Annex 1 to the Procedure, the Company has identified the following types of Related Party:

- a) a person or a close family member of that person, if said person:
  - (i) controls or jointly controls the Company;
  - (ii) has significant influence over the Company; or
  - (iii) is one of the Key Management Personnel of Falck Renewables or of Falck S.p.A., the parent company of Falck Renewables;
  
- b) an entity is a Related Party of the Company if any one of the following conditions applies:
  - (i) the entity and the Company are part of the Falck Renewables Group (which means that each parent company, subsidiary and company of the Falck Renewables Group is a related Party to the others);
  - (ii) the entity is an associate or a joint venture of the Company (or an associate or a joint venture belonging to the Falck Renewables Group);
  - (iii) the entity and the Company are joint ventures of the same third party;
  - (iv) one entity is a joint venture of a third entity and the Company is an associate of the third entity;
  - (v) the entity is a post-employment defined benefit plan for the benefit of employees of the Company or of an entity associated with it;
  - (vi) the entity is controlled or jointly controlled by a person identified in (a);
  - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the Key Management Personnel of the entity (or of a parent of the entity).

In the definition of Related Party, an associated company includes the subsidiaries of the associated company and a joint venture includes the subsidiaries of the joint venture.

For the purpose of this definition, the notions of “control”, “joint control”, “significant influence” and “close family members” contained in Annex 1 to this Procedure are valid.

**3.2** In considering each possible Related Party relationship, attention should be directed to the substance of the relationship and not merely the legal form [IAS 24, paragraph 10].

**3.3** The master data identification of Related Parties, in accordance with the provisions of paragraphs 3.1 and 3.2 above, and the update of the same, is guaranteed by a "Related Parties" database stored in electronic format, held and updated by the Company's Legal & Corporate Affairs department.

**3.4** The Company's Legal & Corporate Affairs department registers Related Parties on the basis of the information and documentation available to the Company and, to identify Related Parties indirectly, directly asks all Related Parties to provide the information needed to complete the "Related Parties" database.

**3.5** Related Parties have a direct obligation to promptly inform Legal & Corporate Affairs of any addition, amendment or update of the data previously submitted.

**3.6** The Company's Legal & Corporate Affairs department will therefore provide for the appropriate updates to be made to the "Related Parties" database, which in any event is reviewed at least annually by directly asking the Related Parties to confirm the information previously submitted, also with regard to indirect Related Parties, or to advise of any changes.

**3.7** The Company's Legal & Corporate Affairs department makes the "Related Parties" database available to all company departments, (including Internal Audit), the Committees, the Board of Statutory Auditors, also advising the latter in writing of any change and/or update of the "Related Parties" database.

#### **Art. 4- Identifying Related Party Transactions**

**4.1** In light of the definition of Related Party Transactions indicated in Annex 1 to the Procedure, the Company has identified Related Party Transactions as transfers of resources, services, or obligations between Falck Renewables and one or more Related Parties, regardless of whether a price is charged. The following are considered included:

- merger transactions, spin-offs by incorporation or strictly non-proportional spin-offs, if carried out with Related Parties;
- any decision on the allocation of wages and economic benefits, in whatever form, to members of the management and control bodies and Key Management Personnel.

**4.2** Each relevant departmental manager of Falck Renewables first checks, by consulting the "Related Parties" database, whether the counterparty of the Transaction is a Related Party. If the counterparty is found to be a Related Party, the department responsible for examining or approving the Transaction informs the Company's Legal & Corporate Affairs department as soon as possible on the characteristics of the Transaction and the minimum available information relating to the Transaction in question.

**4.3** As soon as Legal & Corporate Affairs has received the report referred to in article 4, paragraph 2 above, it conducts the checks envisaged by this Procedure, examining, by way of example, whether the Transaction falls within the scope referred to in articles 7, 8, 10 or 12 below. If the Transaction is not considered to qualify as a case for exclusion as outlined in article 12 below, the Legal & Corporate Affairs department notifies the Board of Directors, the Committee and,

where applicable, the board of directors of the subsidiary in question that Related Party Transactions may have been carried out.

**4.4** If a Transaction, which qualifies as a case for exclusion as referred to in article 12 below insofar as a Regular Transaction, is a More Significant Transaction, Legal & Corporate Affairs promptly provides all of the information available on the More Significant Transaction to the Committee, so that the Committee can ensure the correct application of the conditions of exemption for More Significant Transactions defined as Regular Transactions and concluded at Terms Equivalent to those that prevail in Arm's Length Transactions or Standard Terms. The Committee must give its approval within 5 days of the notification and in any event within a reasonable period to enable the Company to comply with the disclosure obligations referred to in article 12, paragraph 1, letter i) below. At least once a year, Legal & Corporate Affairs informs the Board of Directors on the application of the exemption criteria with regard to More Significant Transactions.

## **Art. 5 - Identifying More Significant Transactions**

**5.1** More Significant Transactions, for the purposes of this Procedure, are considered those in which at least one of the following relevance ratios, applicable depending on the specific Transaction, is higher than the threshold of 5%:

**a) *Counter-value relevance ratio:*** the ratio between the counter value of the Transaction and net equity, drawn from the most recent consolidated balance sheet published by the Company, or, if higher, the Company's capitalisation calculated at the end of the last trading day in the reference period of the most recent periodical accounting document published (annual or interim financial statements or interim report on operations);

If the economic conditions of the Transaction are not determined, the counter value of the Transaction is:

- i)** for the cash component, the amount paid to/by the contractual 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 grants of guarantees, the maximum amount payable.

If the economic conditions of the Transaction depend, in whole or in part, on magnitudes not yet known, the counter 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 Company's total assets; The data to be used is drawn from the most recent consolidated balance sheet published 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 disposal of shareholdings in companies that have an impact on the scope of consolidation, the value of the numerator is the total assets of the investee, regardless of the percentage of available capital.

l. For Transactions involving the acquisition or disposal of shareholdings in companies that have no effect on the scope of consolidation, the value of the numerator is:

- i)** in the case of acquisitions, the counter value of the Transaction plus the liabilities of the company acquired that may have been transferred to the purchaser;
- ii)** in the case of disposals, the consideration of the divested business.

For Transactions involving the acquisition or disposal of other assets (other than the acquisition of a shareholding), the value of the numerator is:

- i) in the case of acquisitions, the higher between the consideration and the book value that will be attributed to the asset;
- ii) in the case of disposals, the book value of the asset.

**c) *liability relevance ratio*:** the ratio between the total liabilities of the entity acquired and the Company's total assets. The data to be used must be drawn from the most recent consolidated balance sheet published by the Company; whenever possible, similar data should be used for determining the total liabilities of the company or the business division acquired.

**5.2** Where several Transactions are accumulated in view of article 13, paragraph 2 of this Procedure, the relevance of each Transaction is assessed on the basis of the ratio or ratios envisaged by article 5, paragraph 1 above, that are applicable to the same. To verify whether the above indicated thresholds have been exceeded, the results for each ratio are therefore added together. To calculate the cumulative amount, pursuant to article 13, paragraph 2 of this Procedure, the Transactions excluded pursuant to article 12 of this Procedure are not considered.

**5.3** If a Transaction or Several Transactions accumulated pursuant to article 13, paragraph 2 are identified as More Significant Transactions according to the ratios envisaged in paragraph 1 and according to the provisions of paragraph 2 of this article 5, and this result appears to be clearly unjustified in consideration of specific circumstances, the Company may ask Consob to provide alternative procedures to calculate the above-mentioned ratios. To this end, the Company communicates to Consob the essential characteristics of the Transaction and the specific circumstances on which the request is based prior to the conclusion of the negotiations.

## **Art.6 – Committee and equivalent procedures**

**6.1** Falck Renewables has identified the Company's Control and Risks Committee, established in compliance with the corporate governance code in force for listed companies drawn up by the Corporate Governance Committee, with which the Company complies pursuant to art. 123 – *bis* TUF, as the competent Committee for the purposes of this Procedure. Comprised exclusively by Non-Executive Independent Directors, the purpose of this Committee - in accordance with the provisions of this Procedure - is to issue the opinions envisaged by articles 7, 8, 10, 12 and 15 of this Procedure and, generally, with regard to the relevant aspects relating to compliance with the Procedure.

**6.2** If, with regard to a specific Transaction, whether a Less Significant Transaction or a More Significant Transaction, one or more members of the Committee are identified as a Related Party, the following equivalent procedures are adopted to protect the substantial fairness of the Transaction in the following order:

- (i) if one of the Committee members is identified as a Related Party, the opinion pursuant to article 7 below is issued by the remaining Unrelated Directors, who are Committee members;
- (ii) if one of the Committee members is identified as a Related Party, the opinion pursuant to article 8 below is issued by the Committee comprising the remaining Unrelated Directors, who are members, and by the oldest Unrelated Board Director;
- (iii) if two of the Committee members are identified as a Related Parties, the opinion pursuant to article 7 below and the opinion pursuant to article 8 below are issued by the Committee comprising the remaining Unrelated Director, who is a member, and by the two oldest Unrelated Board Directors;

- (iv) if the procedures referred to in the previous points (i), (ii) and (iii) are not applicable, the opinion referred to in articles 7 and 8 of this Procedure is issued by the Board of Statutory Auditors.

## **Art. 7. - Rules applicable to Less Significant Transactions**

**7.1** If the Company intends to carry out a Less Significant Transaction with a Related Party, in compliance with the provisions of article 4, paragraph 3 above, Legal & Corporate Affairs promptly informs the Board of Directors and the Committee.

**7.2** With the exception of that envisaged in article 10 below, Less Significant Transactions may be reserved to the Board of Directors, or may be delegated.

**7.3** If the Less Significant Transaction is reserved to the Board of Directors, the Directors Involved in the Less Significant Transaction abstain from voting on the same.

**7.4** Before the Transaction is approved, the Committee must express a justified non-binding opinion on the Company's interest in carrying out the Transactions, as well as on the expediency and on the substantial fairness of the relative terms, but may not express any opinion on other aspects and, in particular, on the management decisions, which are solely reserved to the discretionary power of the executive directors. Said opinion is attached to the minutes of the Committee meeting. If one or more Committee members are identified as Related Parties with regard to a Less Significant Transaction, the equivalent procedures indicated in article 6, paragraph 2 above of this Procedure are applied.

**7.5** For the above-cited purposes, the Committee and the body with the power to approve the Less Significant Transaction, may request the assistance of one or more independent experts, selected by the same, the expense of which is borne by the Company. The Committee must verify the independence of said experts in advance, taking into account the economic, equity and financial relations between said independent experts and: (i) the Related Party, the companies controlled by the latter, the parties that control it, the companies under Joint control as well as the directors of the aforementioned companies; (ii) the Company, the companies controlled by the latter, the parties that control it, the companies under Joint control as well as the directors of the aforementioned companies, taken into consideration to qualify the expert as independent and the grounds on which said relations are considered irrelevant to the assessment of independence. The information on any relations may be provided by attaching a statement of the same independent experts. With the exception of an express waiver, issued on a case-by-case basis by the Company's Chief Executive Officer, the cost of any work carried out by the independent experts must not, in any event, exceed 2% of the counter value of the individual Transaction.

**7.6** To implement the above, the Committee and the body with the power to resolve on the Less Significant Transaction, must receive complete and suitable information on the Less Significant Transaction reasonably in advance, and in any event no less than 15 calendar days from the date envisaged for the relative resolution or decision by the competent body. The information pertaining to the Less Significant Transaction includes, inter alia, the grounds for the Less Significant Transaction. The Committee submits its opinion within 7 calendar days from the time it received the full and appropriate information on the Less Significant Transaction, or within 10 calendar days if the assistance referred to in paragraph 5 above has been requested.

**7.7** If the terms of the Less Significant Transaction are defined as Terms Equivalent to those that prevail in Arm's Length Transactions or Standard Terms, the documentation prepared shall be objectively substantiated.

**7.8** Where the Board of Directors or another collective body has decision-making powers, the minutes of the resolutions to approve Less Significant Transactions by the body with the power to resolve on the Less Significant Transaction, must state adequate grounds as regards the Company's interest in carrying out the Less Significant Transaction, as well as the expediency and the substantial fairness of the relative terms.

**7.9** The managing director or a person appointed for this purpose, shall make a full report to the Board of Directors and the Board of Statutory Auditors, on at least a quarterly basis, on the performance of Less Significant Transactions.

**7.10** Without prejudice to the provisions of article 17 of Regulation (EU) no. 596/2014, for the Less Significant Transactions referred to in this article 7, within fifteen days from the end of each quarter, the Company shall deposit a document indicating the name of the counterparty, the subject and the amount of the Less Significant Transactions approved in the quarter in question, in the event of a negative opinion expressed pursuant to article 7, paragraph 4 of this Procedure, as well as the grounds on which said opinion has not been shared, making the same available to the public at the registered office, in accordance with the procedures indicated in Part III, Title II, Chapter I of the Issuers' Regulation. Within the same term, the opinion shall be made available to the public as an attachment to the disclosure document or on the Company's website.

## **Art. 8- Rules applicable to More Significant Transactions**

**8.1** If the Company intends to carry out a More Significant Transaction with a Related Party, in compliance with the provisions of article 4, paragraph 3 above, Legal & Corporate Affairs promptly informs the Board of Directors and the Committee.

**8.2** Without prejudice to the provisions of article 10 below of the Procedure, More Significant Transactions are exclusively reserved to the decision-making powers of the Board of Directors.

**8.3** In addition to that envisaged in article 7 paragraphs 3, 5, 6, 7, 8 and 9, the Committee, or one or more members delegated by the same, must be promptly involved in the negotiations and in the inquiry through the receipt of a complete and updated information flow, and have the power to request information and to make observations to the delegated bodies and to the parties in charge of conducting the negotiations or inquiry.

**8.4** The Board of Directors may approve the More Significant Transaction only after receiving a justified favourable opinion of the Committee on the Company's interest in carrying out the More Significant Transaction, as well as on the expediency and substantial fairness of the relative terms. Said opinion is attached to the minutes of the Committee meeting. If one or more Committee members are identified as related to a More Significant Transaction, the equivalent procedures indicated in article 6, paragraph 2 above of this Procedure are applied.

**8.5** The Committee submits its opinion within 10 calendar days from the time it received the full and suitable information on the More Significant Transaction, or within 15 calendar days if the assistance referred to in article 7, paragraph 5 of the Procedure, as referred to in article 8, paragraph 3 above, has been requested.

**8.6** The Board of Directors may approve a More Significant Transaction even with the unfavourable opinion of the Committee, on condition that:

- (i) where envisaged by the Articles of Association, the performance of said More Significant Transaction is authorised by the Shareholders' Meeting;

- (ii) the quorums to convene a Shareholders' Meeting and pass resolutions envisaged by the Articles of Association have been reached;
- (iii) the Unrelated Shareholders attending the Shareholders' Meeting represent at least 10% of share capital with voting rights;
- (iv) the majority of Unrelated Shareholders with voting rights vote in favour of the Transaction.

**Art. 9 - Rules applicable to Transactions performed by subsidiary companies pursuant to art. 2359 of the Italian Civil Code**

**9.1** In the event that Falck Renewables examines or approves Transactions carried out by subsidiaries in advance, they must be submitted to the non-binding prior opinion of the Committee.

**9.2** In view of the provisions of this article, the party with the power to examine or approve the Transaction first checks the "Related Parties" database to establish whether the counterparty of the Transaction is a Related Party.

**9.3** If the counterparty is found to be a Related Party, the department responsible for examining or approving the Transaction informs the Company's Legal & Corporate Affairs department as soon as possible on the characteristics of the Transaction and the minimum available information relating to the Transaction in question, so that the above-cited Company's Legal & Corporate Affairs department can proceed with the checks referred to in this procedure and, if necessary, involve the Committee.

**9.4** The Committee issues its opinion in good time to enable the competent body to authorise or examine or assess the Transaction. The Committee also arranges for the opinion and the disclosure of the Transaction to be sent to the Company's Legal & Corporate Affairs department, which, in turn, sends them to the competent body for the examination or approval of the Transaction.

**9.5** After the Transaction has been approved or carried out, the competent body for the examination or approval of the Transaction, with the assistance of the relevant functions of the subsidiary company:

- i) will promptly provide the Company's Legal & Corporate Affairs department with the necessary information, so that the Company may comply with the disclosure obligations referred to in this Procedure, where applicable;
- ii) will promptly provide the Administration and Control Department with the necessary information for the purpose of this Procedure;
- iii) will prepare a specific disclosure for the next Board of Directors' meeting.

**Art. 10 - Transactions reserved to the Shareholders' Meeting.**

**10.1** Except for the cases indicated in article 8.6 above, (a) when a Less Significant Transaction is reserved to the Shareholders' Meeting or must be authorised by the same, in compliance with the provisions of the law or of the Articles of Association, during the inquiry stage of the Transaction and at the time of the approval of the proposed resolution to be submitted to the Shareholders' Meeting, the provisions of article 7 are applied and (b) when a More Significant Transaction is reserved to the Shareholders' Meeting or must be authorised by the same, in compliance with the provisions of the law or of the Articles of Association, during negotiations, the inquiry stage of the Transaction and at the time of the approval of the proposed resolution to be submitted to the Shareholders' Meeting, the provisions referred to in article 8 paragraphs 1, 2, 3, 4 and 5 are applied.

**10.2** The proposed resolutions relating to More Significant Transactions to be submitted to the Shareholders' Meeting may be approved even with the unfavourable opinion of the Committee, on condition that, at the Shareholders' Meeting convened to resolve on the More Significant Transaction:

- (i) the quorums to convene a Shareholders' Meeting and pass resolutions envisaged by the Articles of Association have been reached;
- (ii) the Unrelated Shareholders attending the Shareholders' Meeting represent at least 10% of share capital with voting rights;
- (iii) the majority of Unrelated Shareholders with voting rights vote in favour of the Transaction.

**10.3** In view of paragraph 10.2 above, the status of Unrelated or related Shareholder shall be stated by the Chairman of the Shareholders' Meeting, based on available information- The minutes of the Shareholders' Meeting must indicate the voting procedures and results, and must enable, even by way of attachment, the identification of shareholders who voted in favour, abstained or voted against. As indicated above, the Chairman of the Shareholders' Meeting shall also identify Unrelated and related Shareholders.

**10.4** Where there are important updates to be made to the disclosure document published pursuant to article 13, by the twenty-first day before the Shareholders' Meeting, the Company must make a new version of the document available to the public at the registered office, in accordance with the procedures indicated in Part III, Title II, Chapter I, of the Issuers' Regulation. The Company may include, by way of reference, the information already published.

**10.5** Where expressly permitted by the Articles of Association, in urgent circumstances caused by situations of company crises, without prejudice to the provisions of articles 13 and 14 of this Procedure regarding disclosures to the public, where applicable, Related Party Transactions may be carried out, as an exception to the provisions of paragraphs 1 and 2 above, on condition that:

- (a) the Board of Directors that convenes the Shareholders' Meeting, prepares a report containing adequate grounds for the urgent circumstances;
- (b) the Board of Statutory Auditors gives the Shareholders' Meeting its evaluation as to the effective presence of the urgent circumstance;
- (c) the report and the assessment referred to in letters (a) and (b) 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 accordance with the procedures indicated in Part III, Title II, Chapter I, of the Issuers' Regulation. These documents may be contained in the disclosure document referred to in article 13, paragraph 1 of this Procedure<sup>4</sup>.

**10.6** If the assessment of the Board of Statutory Auditors pursuant to paragraph 5, letter b) above, is negative, the Shareholders' Meeting resolves according to the procedures referred to in paragraph 2 above; otherwise, by the day after that of the Shareholders' Meeting, the Company shall make the information on the outcome of the vote, with specific regard to the total number of votes made by Unrelated Shareholders, available to the public, in accordance with the procedures indicated in Part III, Title II, Chapter I, of the Issuers' Regulation.

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<sup>4</sup> With regard to capital strengthening operations, resolution no. 21396 of 10 June 2020 temporarily suspended, from 20 June 2020 to 30 June 2021, the application of the provisions contained in articles 11, paragraph 5, and 13, paragraph 6, of the Regulation (respectively, articles 10, paragraph 5, and 12, paragraph 2 of this Procedure) where it is envisaged that, to exercise the right of exemption for urgent circumstances, said right must be included in the procedures adopted pursuant to article 4, paragraph 1 of the Regulation, as well as in the company's articles of association.

## **Art. 11 - Framework - resolutions**

**11.1** In accordance with the provisions of articles 7 and 8, the Board of Directors may adopt framework-resolutions for a series of similar Transactions with certain categories of Related Parties, specified on each occasion by the Board of Directors.

**11.2** Framework-resolutions shall not be effective for more than one year and must:

- (a)** refer to sufficiently detailed Transactions, indicating at least the foreseeable maximum amount of the Transactions to be performed during the reporting period and the grounds of the envisaged terms;
- (b)** envisage full disclosure to the Board of Directors, on at least a quarterly basis, on the implementation of the framework-resolutions.

**11.3** Upon approval of a framework-resolution, the Company shall publish a disclosure document pursuant to article 13 of this Procedure whenever the foreseeable maximum amount of the Transactions subject to said resolution exceeds the significant reporting threshold identified pursuant to article 5, paragraph 1, of this Procedure.

**11.4** The provisions envisaged in articles 7 and 8 shall not apply to individual Transactions performed by adopting framework-resolutions. Transactions performed by adopting framework-resolutions that are described in a disclosure document published pursuant to paragraph 3 above shall not be included in the cumulative amount envisaged in article 5, paragraph 3 of this Procedure.

## **Art. 12 - Cases of exclusion**

**12.1** The provisions of this Procedure do not apply:

- (a)** to the resolutions of Shareholders' Meetings relating to remuneration due to members of the Board of Directors, pursuant to article 2389, paragraph one, of the Italian Civil Code;
- (b)** to resolutions relating to the remuneration of directors with special duties, included in the total amount previously determined by the Shareholders' Meeting pursuant to article 2389, paragraph three, of the Italian Civil Code;
- (c)** to resolutions of Shareholders' Meetings relating to remuneration due to members of the Board of Statutory Auditors pursuant to article 2402, of the Italian Civil Code;
- (d)** to Transactions approved by the Company and addressed to all shareholders at equal terms, including:
  - i)** share capital increases under option, also to serve convertible bonds, and the share capital increases without payment envisaged by article 2442 of the Italian Civil Code;
  - ii)** total or partial spin-offs in the strict sense, with the criterion of proportional share allocation;
  - iii)** share capital reductions through repayment to shareholders envisaged by article 2445 of the Italian Civil Code and acquisitions of treasury shares pursuant to article 132 of the TUF;
- (e)** to Transactions of Limited Value, meaning those that have a negligible impact on the profit and loss, equity or financial situation of the Falck Renewables Group. The Board of Directors has identified these Transactions as those whose counter value, for each single Transaction, or for several similar Transactions, or performed for a single purpose with the same Related Party,

is no higher than 300,000 Euro (three hundred thousand/00) both in the case that the Related Party is a legal entity and in the case that the Related Party is a natural person;

- (f) without prejudice to the disclosure obligations envisaged at the time of the publication of the interim report on operations and the annual report on operations, to Transactions with or between the subsidiaries or associates of Falck Renewables, periodically indicated in the scope of consolidation contained in the interim balance sheets approved quarterly by the Board. This exclusion applies when the subsidiaries or associates that are the counterparties of the Transaction do not have interests that are considered significant. If one or more directors or Key Management Personnel are merely shared between the Company and its subsidiaries or associates, this does not give rise, per se, to what may be considered significant interests that would waive this exemption;
- (g) to remuneration plans based on financial instruments approved by the Shareholders' Meeting pursuant to article 114-*bis* of the TUF and the relative executive transactions, without prejudice to the provisions of article 13, paragraph 8 of the Procedure;
- (h) without prejudice to the provisions of article 13, paragraph 8 of the Procedure, to resolutions, other than those indicated in letter (b) above, on the remuneration of directors and directors with special duties as well as other Key Management Personnel, on condition that:
  - i) the Company has adopted a remuneration policy approved by the Shareholders' Meeting;
  - ii) the Committee was involved in drawing up the remuneration policy;
  - iii) the remuneration awarded has been identified in accordance with said policy and quantified on the basis of criteria that do not entail discretionary assessments;
- (i) to Regular Transactions that are performed at Terms Equivalent to those that prevail in Arm's Length Transactions or Standard Terms. In the event of exemption from the communication obligations envisaged for More Significant Transactions by article 13, paragraphs 1 to 7 of this Procedure, without prejudice to the provisions of article 17 of Regulation (EU) no. 596/2014, the Company fulfils the following disclosure obligations:
  - i) informs Consob and the Independent Directors who express an opinion on Transactions, within the term indicated in article 13, paragraph 3, of the counterparty, the subject and the amount of Transactions that benefited from the exclusion, as well as the grounds on which the Transaction is considered a Regular Transaction performed at Terms Equivalent to those that prevail in Arm's Length Transactions or Standard Terms, objectively substantiated;
  - ii) indicates in the interim report on operations and in the annual report on operations, as part of the information envisaged by article 13, paragraph 8 of this Procedure, which of the Transactions subject to disclosure obligations indicated in said latter provision were performed under the exclusion envisaged in this letter (i);
- (l) without prejudice to the provisions of article 13, to Transactions to be performed on the basis of instructions made with a view to stability issued by Supervisory Authorities, or on the basis of provisions issued by the Company to implement the instructions received from Supervisory Authorities in the interests of the stability of the Falck Renewables Group.

**12.2** Where envisaged by the Articles of Association, if the Transaction is not reserved to the Shareholders' Meeting and is not required to be authorised by the same, in urgent circumstances, without prejudice to the provisions of article 13 and the decision-making power reserved to the Board of Directors pursuant to article 8, paragraph 2 applicable to More Significant Transactions, Related Party Transactions may be performed derogating from the provisions of articles 7 and 8, on condition that:

- a) if the Transaction to be performed falls within the responsibility of a managing director or, where appointed, the executive committee, the chairman of the Board of Directors is promptly informed of the grounds for the urgency, or in any event, before the Transaction is performed;
- b) Said Transactions are subsequently submitted, notwithstanding their effectiveness, to a non-binding resolution of the next ordinary Shareholders' Meeting;
- c) the Board of Directors that convenes the Shareholders' Meeting prepares a report containing adequate grounds for the urgent circumstances. The Board of Statutory Auditors gives the Shareholders' Meeting its evaluation as to the effective presence of the urgent circumstance;
- d) the report and the assessment 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 accordance with the procedures indicated in Part III, Title II, Chapter I, of the Issuers' Regulation. These documents may be contained in the disclosure document referred to in article 13, paragraph 1;
- e) within one day of the Shareholders' Meeting, the Company makes the information on the outcome of the vote, with specific regard to the total number of votes made by Unrelated Shareholders, available to the public, in accordance with the procedures indicated in Part III, Title II, Chapter I, of the Issuers' Regulation.<sup>5</sup>

### **Art. 13. - Disclosure to the public on Related Party Transactions**

**13.1** In the case of More Significant Transactions, to be carried out also by Italian or foreign subsidiaries, pursuant to article 114, paragraph 5 of the TUF, the Company prepares a disclosure document, drawn up in accordance with Annex 4 of the Regulation.

**13.2** The disclosure document indicated in paragraph 1 is also required when, during the course of the year, the Company performed similar Transactions or performed them for a single purpose, with the same Related Party, or with parties related both to the latter and to the Company itself, which, although not classified individually as More Significant Transactions, surpass, when considered cumulatively, the relevance thresholds identified pursuant to article 5, paragraph 1. For the purposes of this paragraph, also Transactions performed by Italian or foreign subsidiaries are included, while any Transactions that are excluded pursuant to article 12 above are not included.

**13.3** Without prejudice to article 17 of Regulation (EU) no. 596/2014, the Company shall make the disclosure document referred to in paragraph 1 available to be public, at its registered office, through publication on its website, transmission to Borsa Italiana [Italian Stock Exchange] and by sending a press release to at least two press agencies and to Borsa Italiana, within **seven days** of the approval of the Transaction by the competent body or, if the competent body resolves to submit a contractual proposal, from the time when the contract, even if preliminary, is concluded on the basis of the applicable laws. If reserved to the approval or authorisation of the Shareholders' Meeting, said disclosure document shall be made available within seven days from the approval of the proposal to be submitted to the Shareholders' Meeting.

**13.4** If the reason that the relevance threshold is surpassed is due to the accumulation of the Transactions envisaged by paragraph 2, the disclosure document shall be made available to the public within fifteen days from the approval of the Transaction or from the conclusion of the contract that resulted in the relevance threshold being surpassed, and shall contain information, also on an aggregate

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<sup>5</sup> With regard to capital strengthening operations, resolution no. 21396 of 10 June 2020 temporarily suspended, from 20 June 2020 to 30 June 2021, the application of the provisions contained in articles 11, paragraph 5, and 13, paragraph 6, of the Regulation (respectively, articles 10, paragraph 5, and 12, paragraph 2 of this Procedure) where it is envisaged that, to exercise the right of exemption for urgent circumstances, said right must be included in the procedures adopted pursuant to article 4, paragraph 1 of the Regulation, as well as in the company's articles of association.

basis for similar Transactions, on all the Transactions considered for the purpose of the cumulative amount. Where the More Significant Transactions that led to the relevance threshold being surpassed were performed by subsidiaries, the disclosure document shall be made available to the public within fifteen days from the time Falck Renewables is advised of the approval of the Transaction or the conclusion of the contract that resulted in the relevance threshold being surpassed. Pursuant to article 114, paragraph 2 of the TUF, the Company may also issue express provisions to its subsidiaries, so that the same may provide the information needed for the preparation of the document. The subsidiaries shall promptly send said information.

**13.5** Within the terms envisaged by paragraphs 3 and 4, as an attachment to the disclosure document referred to in paragraph 1 or on the website, the Company Board of Directors shall make any opinions of the Committee and of the independent experts chosen pursuant to article 7, paragraph 5 of this Procedure and the opinions issued by any independent experts that may have assisted the Board of Directors, available to the public. With reference to the aforementioned opinions of independent experts, the Company may publish just the elements indicated in Annex 4 of the Regulation, justifying said decision.

**13.6** If, with regard to a More Significant Transaction, the Company is also obliged to prepare a disclosure document pursuant to articles 70, paragraphs 4 and 5, and 71 of the Issuers' Regulation, it may publish a single document that contains the information required by paragraph 1 and by the same articles 70 and 71. In this case, the document is made available to the public at the registered office, through publication on the Company's website, transmission to Borsa Italiana and by sending a press release to at least two press agencies and to Borsa Italiana, within the shortest term between those envisaged for each of the applicable provisions. If the Company publishes the information referred to in this paragraph in separate documents, the same may include, by way of reference, the information already published.

**13.7** In parallel to the disclosure to the public, the Company shall send to Consob the documents and the opinions indicated in paragraphs 1, 2, 5 and 6 by means of a link to an authorised storage mechanism pursuant to article 65-*septies*, paragraph 3, of the Issuers' Regulation.

**13.8** Pursuant to article 154-*ter* of the TUF, the Company provides information, in the interim report on operations and in the annual report on operations:

- a) on separate More Significant Transactions performed during the reporting period;
- b) on any other separate Related Party Transactions performed during the reporting period, which had a significant effect on the Company's financial position or profit and loss;
- c) on any change or development of the Related Party Transactions illustrated in the last annual report on operations, which had a significant effect on the Company's financial position or profit and loss in the reporting period.

**13.9** For the purposes of paragraph 8, the information on separate More Significant Transactions may be included by way of reference to the disclosure documents published pursuant to paragraphs 1, 2 and 6, reporting any significant updates.

#### **Art. 14 - Related Party Transactions and disclosures to the public**

**14.1** If a Related Party Transaction is divulged by way of a disclosure pursuant to article 17 of Regulation (EU) no. 596/2014, the latter must include, in addition to the information to be published pursuant to the aforementioned regulation, at least the following information:

- a) a description of the Transaction;
- b) an indication that the counterparty to the Transaction is a Related Party and a description of the nature of the relationship;

- c) the company name or the name of the counterparty to the transaction;
- d) whether or not the Transaction surpasses the relevance thresholds identified pursuant to art. 5, paragraph 1 of this Procedure and an indication of any subsequent publication of a disclosure document pursuant to article 13 of this Procedure;
- e) the procedure that was or will be implemented for the approval of the Transaction and, in particular, whether the Company exercised an exclusion as envisaged by article 12;
- f) any Transaction approved notwithstanding the negative opinion of the Committee.

#### **Art. 15 - Monitoring and amending the Procedure**

**15.1** This Procedure and any amendments to the same are approved by the Board of Directors, following the prior justified opinion of the Committee.

**15.2** The Board of Statutory Auditors oversees compliance of the Procedure with the applicable laws and regulations, as well as observance of the Procedure and reports on the same to the Shareholders' Meeting pursuant to article 2429, paragraph 2, of the Italian Civil Code, or art. 153 of the TUF.

**15.3** This Procedure and the relative amendments are published, without undue delay on the Company's website, without prejudice to the publication obligation, also by means of reference to said website, in the annual report on operations pursuant to article 2391-bis of the Italian Civil Code. The opinions expressed by the Committee regarding the proposed first-time adoption of this Procedure, as well as subsequent proposals to amend the same are published within the same terms and adopting the same procedures.

#### **Art. 16 - Link with the administrative and accounting procedures referred to in art. 154 bis TUF**

**16.1** In collaboration with the Financial Reporting Officer, Legal & Corporate Affairs guarantees the coordination between the Procedure and the administrative-accounting procedures referred to in art. 154-*bis* of the TUF.

**16.2** More specifically, these departments will periodically check the consistency of accounting information and the information relating to Transactions carried out with Related Parties, also with a view to ensuring the completeness and reliability of the periodic accounting disclosure on Related Party Transactions.

## ANNEX 1 - Definitions of related parties and related party transactions and functional definitions to the same according to international accounting standards.

### 1. Definitions of related parties and of related party transactions according to international accounting standards

For the purposes of article 3, paragraph 1, letter a), of the Regulation, the definitions contained in international accounting standards, referred to below, are considered valid.

**Related Parties:** means a person or an entity related to the reporting entity.

- (a) A person or a close family member of that person are related to the reporting entity if said person:
- (i) has control or joint control over the reporting entity;
  - (ii) has significant influence over the reporting entity; or
  - (iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.
- (b) An entity is related to a reporting entity if any of the following conditions applies:
- (iv) the entity and the reporting entity are members of the same group (which means that each parent, subsidiary and group company is related to the others);
  - (v) 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 a member);
  - (vi) both entities are joint ventures of the same third party;
  - (vii) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
  - (viii) the entity is a post-employment defined benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity;
  - (ix) The entity is controlled or jointly controlled by a person identified in (a);
  - (x) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity) [IAS 24, paragraph 9].

In the definition of related party, an associated company includes the subsidiaries of the associated company and a joint venture includes the subsidiaries of the joint venture. Therefore, for example, a subsidiary of an associated company and an investor who has significant influence over the associated company are related to one another [IAS 24, paragraph 12].

**Related Party Transactions:** means 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]<sup>6</sup>.

### 2. Definitions of "Related Parties" and "Related Party Transactions" according to international accounting standards

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

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

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<sup>6</sup> Said transactions include:

- merger transactions, spin-offs by incorporation or strictly non-proportional spin-offs, if carried out with Related Parties;
- decisions on the allocation of wages and economic benefits, in whatever form, to members of the management and control bodies and key management personnel.

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

- (a) the individual's domestic partner and children;
- (b) the children of the individual's domestic partner;
- (c) dependants of the individual or the individual's domestic partner [IAS 24, paragraph 9].

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

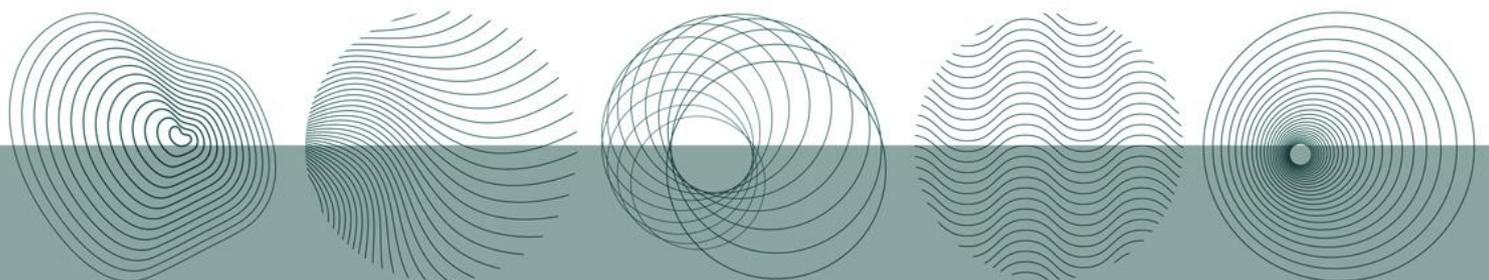
**3.1.** In considering each possible related party relationship, attention should be directed to the substance of the relationship and not merely the legal form [IAS 24, paragraph 10].

**3.2.** The interpretation of the above-indicated definitions was made by making reference to the set of international accounting standards adopted according to the procedure referred to in article 6 of Regulation (EC) no. 1606/2002.



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