



# PROCEDURES FOR TRANSACTIONS WITH RELATED PARTIES

pursuant to Consob resolution no. 17221 of 12 March 2010

approved by the Board of Directors of Davide Campari – Milano S.p.A. on 11 November 2010 and applicable from 1 January 2011.

## Article 1 - Preamble

1. These procedures (the “**Procedures**”) laying down the principles with which the company shall comply in order to guarantee the transparency and substantive and procedural correctness of related party transactions carried out directly or through subsidiary companies have been approved by the Board of Directors (the ‘**Board of Directors**’) of Davide Campari-Milano S.p.A. (the ‘**Company**’), following the favourable opinion of the Committee for Related Party Transactions (the “**RPT Committee**”) referred to in Article 3 below, pursuant to the Regulation on Related Party Transactions (the “**Regulation**”), adopted by Consob resolution no. 17221 of 12 March 2010, as subsequently amended.

2. In particular, the Procedures:

- a) identify transactions of greater importance;
- b) specify the exemptions provided for under Articles 13 and 14 of the Regulation upon which the Company intends to rely;
- c) identify the prerequisites of independence of Directors in accordance with the provisions of Article 3(h) of the Regulation;
- d) lay down the procedures according to which related party transactions are to be prepared and approved and lay down rules to govern situations in which the Company examines or approves transactions with subsidiary companies;
- e) establish the procedures and time-scales according to which information concerning the transactions is to be provided to the independent directors who express opinions on related party transactions as well as to the management and control bodies, along with the relative documentation prior to resolution, and during and after implementation thereof;
- f) indicate the choices made with regard to the transactions other than those indicated under the previous points that are reserved to the discretion of the Company.

## Article 2 - Definitions

1. For the purposes of the Procedures:

- a) ‘**related parties**’ and ‘**related party transactions**’ mean those parties and transactions defined as such in Annex 1 to the Regulation;
- b) ‘**transactions of greater importance**’ mean the related party transactions identified according to the quantitative criteria set out under points 1.1 and 1.2. of Annex 3 to the Regulation.

In the event of transactions concerning the transfer of trade marks or patents, the threshold referred to under points 1.1. and 1.2. of Annex 3 to the Regulation shall be reduced by 20%.

- c) ‘**transactions of lesser importance**’ mean the related party transactions other than transactions of greater importance and transactions for smaller amounts pursuant to Article 11 below;
- d) ‘**ordinary transactions**’ mean transactions carried out in the course of ordinary business and related financial transactions;
- e) ‘**market or standard equivalent terms**’ mean terms similar to those usually applied to unrelated parties for transactions of a corresponding nature, extent and risk, or based on regulated rates or at fixed prices or those applied to persons with which the issuer is obligated by law to contract at a certain price ;
- f) ‘**independent directors**’ mean the members of the Board of Directors who satisfy the independence requirements pursuant to Article 148(3) of Italian Legislative Decree no. 58 of 24 February 1998 (‘**CBL, Consolidated Banking Law**’) and the

Code of Conduct of listed companies issued by the Italian Stock Exchange Company, Borsa Italiana S.p.A., which the Company has endorsed;

- g) **'unrelated directors'** mean the members of the Board of Directors other than the counterparty of a specific transaction and its related parties;
- h) **'unrelated shareholders'** mean those 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 as well as to the company itself;
- i) **'Issuers' Regulation'** means the Regulation adopted by Resolution no. 11971 of 14 May 1999, as subsequently amended.

### **Article 3 – List of Related Parties**

The person responsible for performing the functions of company secretary ("**Company Secretary**") shall draw up and maintain up-to-date the list of the related parties of the Company (the "**List of Related Parties**"), obtaining the necessary information from the interested parties, and shall attend to its internal distribution.

### **Article 4 – Identification of related party transactions**

1. The internal bodies from time to time responsible for conducting a transaction shall immediately verify whether the counterparty is a related party of the Company, consulting the List of Related Parties and, if necessary, requesting support from the Company Secretary.

2. If the transaction concerned is with related parties, the body responsible referred to under the previous sub-paragraph shall without delay send a communication to the Company Secretary containing the principal data and information concerning the transaction, with particular reference to the type, subject-matter and countervalue of the transaction.

3. Within seven days of receipt of the communication referred to above – in the event that the transaction is covered by the Procedures (since the transaction is of greater or lesser importance) – the Company Secretary shall make an appropriate report ("**Report**") to the Chairman of the Board of Directors, and to the Chairman of the committee called upon to express its opinion in accordance with the following Articles (respectively, the RPT Committee for transactions of greater importance, and the Audit Committee or, where appropriate, the committee established on an *ad hoc* basis pursuant to Article 7 for operations of lesser importance) and shall take steps to ensure that the body responsible for the transaction promptly make appropriate contact with the Chairman of the committee.

### **Article 5 – Committee of independent directors**

1. The Board of Directors shall appoint and establish a sub-committee for related party transactions (the "**RPT Committee**"), comprised of three independent directors who, meeting either on a formal or an informal basis:

- a) shall formulate opinions for the Board of Directors on proposals to amend the Procedures;
- b) may propose amendments to the Procedures to the Board of Directors also following legislative or regulatory changes and any amendments to the Company Articles that may be necessary or appropriate in order to implement the Regulation;
- c) shall carry out the functions and exercise the prerogatives which the Regulation confers on a committee comprised exclusively of independent directors.

2. The RPT Committee shall remain in office until renewal of the Board of Directors which established it.

3. The functions of the RPT Committee shall be carried out by the Audit Committee of the Company established pursuant to Article 21 of the Company Articles (the '**Articles**') should the latter be comprised exclusively of independent directors.

#### **Article 6 - Transactions of greater importance**

1. Should they not fall within the remit of the Meeting pursuant to Article 8, transactions of greater importance shall be approved by the Board of Directors according to the procedures specified below.

2. The body responsible for the transaction shall ensure without delay, and in any case within twenty days of the Report,

(i) that adequate and comprehensive information regarding the transaction has been provided to the RPT Committee or, if appropriate, to its individual members granted responsibility thereover (by communication of the Chairman of the RPT Committee previously notified to the Company Secretary and to the body responsible for the transaction);

(ii) that the RPT Committee or, if appropriate, its members granted responsibility are kept informed on an ongoing basis and in a and timely fashion of the development of the negotiations and the information gathering stage of the transaction.

All members of the RPT Committee shall have the right at any time to request information and to make observations to the responsible body, the executive directors and the persons responsible for the conduct of the negotiations or gathering of information and to seek assistance from one or more independent experts of their own choosing, at the expense of the Company.

3. Each member of the Board of Directors and of the RPT Committee shall be provided by the Company Secretary, including by email, with complete and adequate information regarding the transaction at least ten days before the meeting of the Board of Directors called in order to resolve upon the transaction; should the terms of the transaction be defined as equivalent to market or standard terms, the documentation drawn up shall contain objective information corroborating the nature of these terms.

4. The Board of Directors shall approve the transaction subject to a reasoned opinion in favour by the Committee regarding the Company's interest in concluding the transaction and the convenience and substantive correctness of the relative terms.

5. The RPT Committee shall communicate its own opinion to the Chairman of the Board of Directors – who shall take steps to transmit it to each director – at least five days before the meeting of the Board of Directors called in order to resolve upon the transaction.

6. The minutes of the Board meeting approving the transaction shall contain adequate motivation with regard to the interest in concluding the transaction as well as the convenience and substantive correctness of the relative terms.

7. The executive directors shall submit a complete report at least once every quarter to the Board of Directors and the Board of Statutory Auditors of the Company (the '**Board of Statutory Auditors**') on the implementation of each transaction of greater importance previously carried out.

8. Should, on contingent grounds related to the transaction concerned, the RPT Committee not be comprised entirely of unrelated independent directors, it shall be temporarily supplemented by the unrelated independent director with most seniority who is not already a member of the RPT Committee. Should, notwithstanding the above, it not be possible to convene the RPT Committee, the functions carried out by the RPT Committee under the terms of this Article shall be carried out by the Board of Statutory Auditors or, in the event that this is not possible, by an independent expert appointed by the Company.

9. Should the RPT Committee – or the Board of Statutory Auditors or the independent expert, in the situation referred to under the previous sub-paragraph – formulate an

unfavourable opinion on the transaction, the Board of Directors may approve the transaction, subject to authorisation by the Meeting, which shall resolve in accordance with the provisions of Article 8(2) of the Procedures.

10. The terms specified under this Article shall be regarded as non-mandatory and may be departed from where reasonable, taking into account the special circumstances of the specific case.

#### **Article 7 - Transactions of lesser importance**

1. Transactions of lesser importance shall be approved by the competent body, subject to a non-binding opinion on the Company's interest in carrying out the transaction as well as the convenience and substantive correctness of the relative terms, to be issued by a committee, which may also be specifically convened, comprised of three non executive and unrelated directors, a majority of whom shall be independent.

2. This committee shall as a rule coincide with the Audit Committee. Should one or more of the members of the Audit Committee not satisfy the requirements referred to under the previous sub-paragraph, the functions conferred by the Regulation on the Committee referred to in Article 7(1)(a) of the Regulation shall be conferred on the oldest independent unrelated director on the Audit Committee or, in his absence, on the Board of Statutory Auditors or, in the event that this is not possible, on an independent expert appointed by the Company.

3. The body competent to decide on the transaction and the committee referred to in the previous sub-paragraph (or the individual who carries out its functions) shall be provided by the Company Secretary, including by email, with complete and adequate information regarding the transaction at least ten days before the meeting. Should the terms of the transaction be defined as equivalent to market or standard terms, the documentation drawn up shall contain objective information corroborating the nature of these terms.

4. The committee shall communicate its opinion to the competent body at least five days before the decision on the transaction.

5. The committee shall have the right to seek assistance from one or more independent experts of its own choosing, at the expense of the company up to a maximum amount equal to 0.5% of the value of the transaction, unless an exception is granted by the Board of Directors where it is particularly appropriate to do so.

6. Should the transaction fall within the remit of the Board of Directors, the minutes approving the transaction shall contain adequate motivation with regard to the interest in concluding the transaction as well as the convenience and substantive correctness of the relative terms.

7. The executive directors shall submit a complete report at least once every quarter to the Board of Directors and the Board of Statutory Auditors of the Company on the implementation of each transaction of lesser importance previously carried out.

8. Notwithstanding the provisions of Article 114(1) CBL, the Company shall, within fifteen days of closure of each quarter, make publicly available at the registered office of the company in accordance with the procedures indicated in Title II, Chapter I of the Issuers' Regulation a document containing an indication of the counterparty, the subject-matter and value of the transactions approved during the reference quarter in the event that a negative opinion has been expressed in accordance with sub-paragraph 1 above, as well as the reasons why it was decided not to accept that opinion. Within the same time limit, the opinion shall be made publicly available as an annex to the information document or on the Company's website.

9. The terms specified under this Article shall be regarded as non-mandatory and may be departed from where reasonable, taking into account the special circumstances of the specific case.

## **Article 8 – Transactions of greater importance under the competence of the Meeting**

1. When a transaction of greater importance falls under the competence of the Meeting or must be authorised by it, Article 6 except the next to last sub-paragraph shall apply, insofar as compatible, to the negotiation stage, the information gathering stage and the approval stage of the draft resolution to be placed before the Meeting.

2. Should the draft resolution to be placed before the Meeting have been approved by the Board of Directors following a contrary opinion of the RPT Committee or of the other competent bodies in accordance with the last sub-paragraph of Article 4, the draft must contain a provision which subjects its validity and enforceability to approval by the majority of voting unrelated shareholders, pursuant to Article 11(3) of the Regulation. However, implementation of the transaction may be prevented only where the unrelated shareholders present at the Meeting represent a proportion equal at least to 10% of the share capital with voting rights.

## **Article 9 - Transactions of lesser importance under the competence of the Meeting**

1. When an transaction of lesser importance with related parties falls under the competence of the Meeting or must be authorised by it, Article 7 shall apply, insofar as compatible, to the information gathering stage and the stage involving the approval of the draft resolution to be placed before the Meeting.

## **Article 10 - Framework resolutions**

1. Framework resolutions are permitted, pursuant to and in accordance with Article 12 of the Regulation, relating to series of similar transactions with the related parties indicated in Annex 1, point 1, letters (a), (b) and (e) of the Regulation for the following classes of transaction:

- contracts for the supply of goods and the provision of services pertaining to company operations;
- contracts for the sale, lease, rental and loan for use of moveable and immoveable property and businesses;
- contracts for the purchase, sale and licence of trade marks;
- sales of tax credits.

Framework resolutions may not apply for a period exceeding one year and shall relate to sufficiently specific transactions, specifying at least the predictable maximum amount of the transactions to be carried out during the reference period and the reasons for the terms provided for. In the event that a framework resolution is adopted, moreover:

- a) the provisions of Articles 6 and 7 of the Procedures shall be applied, depending on the predictable maximum amount of the transactions covered by the resolution, considered cumulatively;
- c) the directors responsible for its implementation shall provide the Board of Directors with a complete information statement at least once every quarter on the implementation of the framework resolution.

## **Article 11 - Cases of exclusion**

1. The Procedures shall not apply to the transactions expressly excluded under the Regulation as well as to transactions for smaller amounts, the value of which does not exceed € 100,000.00.

2. Without prejudice to the provisions of Article 5(8) of the Regulation, where applicable, the Procedures shall also not apply to:

- a) compensation plans based on financial instruments approved by the Shareholders ' Meeting pursuant to Article 114-bis CBL and its implementing regulations;

- b) resolutions other than those indicated in Article 13(1) of the Regulation in relation to remuneration for directors holding special office, as well as of managers with strategic responsibilities, provided that:
  - i) a remuneration policy has been adopted;
  - ii) the Remuneration and Appointments Committee was involved in the definition of the remuneration policy;
  - iii) a report setting out the remuneration policy has been placed before the Meeting for approval or an advisory vote;
  - iv) the remuneration awarded is consistent with this policy;
- c) ordinary transactions concluded under market or standard equivalent terms. In the event that the disclosure requirements provided for by Article 5(1) to (7) of the Regulation for transactions of greater importance are departed from, without prejudice to the provisions of Article 114(1) CBL:
  - i) the Company shall notify Consob, within the period specified in Article 5(3), of the counterparty, the object and the consideration for the transactions that benefited from the exclusion;
  - ii) [the Company shall indicate] in the interim management report and annual report, within the ambit of the information provided for under Article 5(8) of the Regulation, which of the transactions subject to disclosure requirements specified in that provision have been concluded based on the exclusion provided in this paragraph.
- d) except as provided for under Article 5(8) of the Regulation, transactions with or between subsidiary companies, including under joint control, as well as transactions with associate companies, provided that there are no interests of other related parties to the Company in the subsidiary or associate counterparty companies to the transaction that are classified as significant. The body responsible for the transaction in accordance with Article 4 shall from time to time, with the assistance of the Company Secretary and having obtained, if necessary, the opinion of the RPT Committee, evaluate the existence of any significant interests of other parties related to the Company. It shall be considered, in any case, that there are significant interests of other parties related to the company:
  - (i) where one or more directors or managers with strategic responsibilities of the Company benefit from incentive plans based on financial instruments or otherwise on variable result-based remuneration earned by the subsidiary or associate companies with which the transaction is carried out.
  - (ii) where the party which controls the Company directly or indirectly has a shareholding in the subsidiary or associate company with which the transaction is to be carried out, the effective weight of which is greater compared to the effective weight of the shareholding held by the same party in the Company.

## **Article 12 - Transactions carried out by subsidiary companies and examined or approved by the Company**

Should the conclusion by subsidiary companies of a transaction with parties related to the Company require the prior approval of the Company or an examination – carried out by the Company itself, including through a Company representative – that is capable of having an impact, including of a non-binding nature, on the procedure to approve the transaction by the subsidiary company, the Procedures shall apply to the transaction, without prejudice to the circumstances in which the application of the Procedures is excluded under the terms of the Regulation or of Article 11.