

PROCEDURE REGARDING RELATED PARTIES TRANSACTIONS

Index of Revisions

REV.	Date	Subject	Compiled	Approved
0	27.03.2020	First issue	Company Secretary	Board of Directors
1	29.05.2020	Second Issue	Company Secretary	Board of Directors

1. SCOPE OF THE PROCEDURE

This procedure (“RPT Procedure”) sets out guidelines to regulate the processes through which Kedrion SpA (hereinafter the Company) identifies, approves and manages transactions with related parties, entered into either directly or through its controlled companies (hereinafter “Subsidiaries”), pursuant to art. 2359 of the Italian Civil Code, in order to ensure transparency and substantial and procedural fairness of related party transactions. The RPT Procedure is inspired by best practices of the most important Italian companies as well as primary sources of law and self-regulatory codes envisaged for listed companies.

The RPT Procedure was approved by the Board of Directors of Kedrion SpA on 27.03.2020, following the favourable opinion of the Related Parties Transactions Committee and subsequently amended and approved by the Board of Directors on 29.05.2020.

The RPT Procedure, and its amendments, is published on the company website www.kedrion.com.

2. DEFINITIONS

2.1. In this Procedure, the term “Related Party” is defined in article 3.1(a) of the Regulation containing provisions relating to transactions with related parties established by the Consob with Resolution n. 17221 of 12 March 2010, and later amended (hereinafter “Consob Regulation”)¹

2.2. This Procedure shall apply the meaning to the terms, “related party transactions” “Control”, “Joint control”, “Significant influence”, “close family”, “Managers with strategic responsibilities”, “Subsidiary”, “related company” and “Joint venture” in compliance with principles established by in the Consob Regulation.

3. REGISTER OF RELATED PARTIES

3.1. Kedrion will keep a register of related parties of the Company that are identified pursuant to the Consob Regulation (hereinafter “Related Parties Register”)². Legal Affairs/Corporate Secretary Department (hereinafter “Function Responsible”) are responsible for maintaining and updating it on an annual basis, if necessary availing of the support of other functions in the company.

3.2. The Function Responsible shall give notice in writing to the Directors and Managers with strategic responsibilities, to the Board of Statutory Auditors of Kedrion, or to whomever exercises control of Kedrion, of the registration of a Related Party in the Register, at the same time requesting each related party to complete and sign the questionnaire indicated in Annex 3.2 of the RPT Procedure, returning it to the Function Responsible; each related party has the obligation to timely disclose to the Function Responsible any significant updates to the information previously provided during the financial accounting period, submitting an updated version of the questionnaire.

¹ in accordance with the definition of related party as expressed in the ByLaws of Kedrion SpA, the following are to be considered as excluded: transactions with a) Subsidiaries that are controlled 100% by the Company; and/or (b) Subsidiaries where the Company holds less than 100% of voting rights; and/or (c) with associated companies; on the condition that in hypothesis (b) and (c) the other shareholders are not related parties.

² subject to the guidelines in note 1

4. PROCEDURE FOR RELATED PARTY TRANSACTIONS (HEREINAFTER “RPT”)

4.1. The RPT procedure referred to in art. 4.2. applies to related party transactions that have a value or involve taking on an obligation exceeding euro 25.000 per transaction, as well as a series of homogeneous transactions (with a value less than euro 25.000) and with a single design which, cumulatively for each financial year on a consolidated basis, exceed euro 75.000 (hereinafter “RPT of greater importance”). When identifying the “level of importance” the company takes into account that the exemption is dictated by the logic of excluding transactions that do not involve potential risks to the interests of the investors and minority shareholders, albeit being a related party transaction.

Although this qualification shall take into consideration the size of the Company, the Company has deemed necessary the determination of specific threshold values using absolute values instead of percentage thresholds.

4.2. the procedure shall foresee:

(a) before initiating the negotiation phase, the competent company functions who intend to perform a transaction shall ascertain whether the counterparty to the transaction is or is not a related party, by referring to the Register of Related Parties with the support of the Function Responsible. If the counterparty leading the transaction is acting on behalf of a third party, the competent company functions, with the support of the Function Responsible, shall check whether the ultimate beneficiary of the transaction is or is not a related party.

(b) If the counterparty of the transaction is confirmed as being a related party, the competent company functions shall timely inform the Function Responsible who shall inform the CEO of the necessity to conduct negotiations related to the transaction. The communication document shall contain the following information:

(i) identification details of the counterparty and the description of the nature of the relationship based on the information contained in the Register of Related Parties;

(ii) description of the type of transaction, economical conditions and estimated timing of the transaction;

(iii) reasons for the transactions;

(iv) whether there have been other transactions concluded with the same related party or with associated related parties.

If the on-going negotiations do not allow a timely and detailed communication of the requested information, the competent function that intends to complete the transaction may provide the information at a later stage.

(c) on receipt of the information document referred to in letter (b) and on confirmation of the existence of a relationship with the counterparty of the transaction, the Function Responsible, shall refer to the CEO, and with the support of the competent company functions, shall perform all necessary evaluations and controls to assess whether the proposed transaction (a) is a significant transaction; or whether (b) it falls within the exemption criteria as provided in the following article 5, in which case, the Function Responsible shall save the information collected on a dedicated electronic filing system.

(d) The Function Responsible, with the support of the competent company functions, shall assess whether, pursuant to article 7 of the EU Regulation No. 596/2014 of the European Parliament and Council, Market Abuse Regulation (hereinafter “MAR”), the completion of the transaction shall have a significant influence on the price of the financial instruments issued by the Company and if the conditions warrant the application of the “Procedure of public disclosure of Inside Information” and of the

“Procedure for the management of the Register of people with access to inside information” adopted by the Company pursuant to articles 17 and 18 of “MAR”

(e) If, following the assessment provided for in the preceding point (c) there is a RPT of greater importance, the company function in charge of the transaction, through the Function Responsible, shall submit in a timely manner and before the date of approval of the transaction by the Related Parties Transactions Committee, the information received and all the available documentation related to the RPT of greater importance. The Related Parties Transactions Committee may in any case request further information.

(f) the Related Parties Transactions Committee shall have to express a reasoned and non-binding opinion on the interest of the Company in the completion of the transaction and on the convenience and substantial correctness of the underlying terms. This opinion shall be attached to the minutes of the Committee meeting. If one or more of the members of the Committee is a related party to the specific transaction, the resolutions relating to the approval of the transactions with related parties shall be approved, subject to the favourable opinion of two other Directors present, or in their absence, subject to a non-binding opinion of the Board of Statutory Auditors or of a designated independent expert. The Related Parties Transactions Committee reserves the right to be assisted, at the Company’s expense, by one or more independent experts of its choice, through a commissioned report and /or fairness and/or legal opinion.

(g) The Board of Directors is the competent body to resolve on the RPT of greater importance, with the majority required pursuant to art. 23.2 of the Company Bylaws. The Board of Directors’ resolutions approving the transactions shall bear adequate reasons with regard to the interest of the Company in the completion of the transaction, on the convenience and substantial correctness of the underlying terms, as well as show evidence of the main elements of the reasoned opinion of the Related Parties Transactions Committee.

5. CASES OF EXCLUSION

5.1. the provisions of the RPT Procedure shall not apply to:

(a) the Shareholders’ Meeting resolutions pursuant to article 2389, first subsection, of the Italian Civil Code, relating to fees payable to members of the Board of Directors of Kedrion, nor to the resolutions relating to remuneration of Directors holding particular offices included in the total amount determined in advance by the Shareholders’ Meeting pursuant to article 2389, third subsection, of the Italian Civil Code and Bylaws of Kedrion, nor to the Shareholders’ meeting resolutions pursuant to art. 2402 of the Italian Civil Code, on remuneration for members of the Board of Statutory Auditors of Kedrion.

(b) transactions with related parties that do not fall into the category of RPT of greater importance in accordance with provisions in the preceding art. 4.1.

6. REPORT ON RELATED PARTIES TRANSACTIONS

The CEO, availing of the support of the Function Responsible and company functions involved in the transaction, shall submit to the Board of Directors of the Company, on a six-monthly basis a report containing (i) the RPT of greater importance, (ii) transactions with related parties that are exempted pursuant to preceding article 5.1 (b) as well as transactions conducted by the Subsidiaries (even if these are not subject to approval by the Board of Directors of the Company) concluded in the period of

reference. The information document shall also include transactions with related parties approved with resolution of the Board of Directors of the Company of 15 November 2019, and still in place at the date of the report.

7. APPROVAL AND DISCLOSURE OF THE RPT

7.1. the RPT Procedure and subsequent amendments are approved by the Board of Directors of Kedrion, subject to favourable opinion of the Related Parties Transactions Committee. The Related Parties Transactions Committee shall make periodic assessments and, in any case shall make quarterly assessments as to whether to proceed with a revision of the current RPT Procedure taking into account amongst others, legislative and regulatory modifications, any modifications to the Company's Shareholding structure, as well as the effectiveness of the procedure in its application within the Group.

7.2. the Function Responsible shall transmit the current RPT Procedure, together with the Register of Related Parties, to the main company functions and to the Board of Statutory Auditors of the Company.

7.3. the RPT Procedure shall also be distributed by the Function Responsible to the members of the Board of Directors and (where applicable) to the Supervisory/Management Boards of the Subsidiaries and to their main functions, for review and each function according to the specific competences, shall comply with the regulations set out in the Procedure. To this end the controlling bodies of the Subsidiaries shall distribute a communication, signed by the CEO of the company, which contains instructions relating to the main obligations to be adopted by the Subsidiaries in order to guarantee the effective compliance with the processes regulated by the RPT Procedure within the Kedrion Group.

The controlling bodies of the Subsidiaries shall send a signed communication to the Company (to the attention of the CEO and Function Responsible) in which they declare to accept the received instructions and shall undertake to comply with the regulations set out in the RPT Procedure, each function in accordance with their respective competences, and to circulate the same Procedure within the company and to any other associated company over which the Subsidiary may exercise control pursuant to article. 2359 of the Italian Civil Code.

§Annex 3.2

Questionnaire related to the Procedure on Related Parties Transactions of Kedrion SpA

Questionnaire

Personal information

First and Last name	
Date and place of birth	
Home address	
Tax code	
Position	

1 – Close family

Determination of a related party of Kedrion S.p.A. pursuant to Annex 1, subsection 1, letter (e) of the Consob Regulation n. 17221/2010, as subsequently amended (hereinafter the “Consob Regulation”)

1) Spouse not legally separated or partner

Name	Residence	Tax code

2) Children

Name	Residence	Tax Code

3) any dependent persons

Name	Residence	Tax Code

4) children of spouse not legally separated or of a partner

Name	Residence	Tax Code

5) any dependent persons of the spouse not legally separated or of a partner

Name	Residence	Tax Code

6) Other close family that may influence you or be influenced by you in your relations with Kedrion S.p.A.

Name	Residence	Tax Code

[Full name]

Note

The Definitions of “control”, “joint control”, “significant influence” pursuant to Annex 1 of the Consob Regulation, are as follows:

Note 1 – Definition of Control (Annex 1, subsection 2 of the Consob Regulation)

Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

It is assumed that control exists when a person owns, directly or indirectly, through subsidiaries more than half of the voting rights of an entity unless, in exceptional cases, it can be clearly demonstrated that such ownership does not constitute control. Control also exists when a person owns half of less of the voting rights exercisable at shareholders’ meeting if they have:

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

Note 2 – Definition of Joint Control (Annex 1, subsection 2 of the Consob Regulation)

Joint control is the contractually agreed sharing of control over any economic activity.

Note 3 – Definition of Significant Influence (Annex 1, subsection 2 of the Consob Regulation)

Significant influence is the power to participate in the determination of financial and operating policies of an entity without having control. Significant influence may be gained through share ownership, statute provisions or agreements.

If a person owns, directly or indirectly (eg through subsidiaries), 20% or more of the voting power exercisable in the shareholders’ meetings, it is presumed to have significant influence, unless it can be clearly demonstrated otherwise.

Conversely, if the person owns, directly or indirectly (eg through subsidiaries) less than 20% of the voting power exercisable in the shareholders’ meeting, it is presumed that the investor does not have significant influence, unless such influence cannot be clearly demonstrated. The presence of a person in possession of absolute or relative majority of voting rights does not necessarily preclude another person from having significant influence.

The existence of significant influence is usually evidenced in one or more of the following circumstances:

- (a) representation on the Board of Directors or equivalent governing body of the investee,
- (b) participation in decision making, including participation in decisions about dividends or other distribution of profits;
- (c) the presence of significant transactions between investor and investee:
- (d) exchange of managerial personnel;
- (e) the provision of essential technical information.