



PROCEDURE GOVERNING
RELATED-PARTY TRANSACTIONS

Approved by the Board of Directors on July 31, 2018

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1. Reference Statutes and Principles

This procedure governing related-party transaction (“Procedure”) was prepared consistent with the requirements of the Regulation setting forth provisions concerning transactions with related parties enacted by the Consob with Resolution No. 17221 of March 12, 2010, as amended (“Consob Regulation”) and in implementation of the requirements of Article 2391-*bis* of the Italian Civil Code, Articles 113-*ter*, 114, 115 and 154-*ter* of Legislative Decree No. 58 of February 24, 1998 as amended (“TUF”) and Consob Communication No. DEM/10078683 of September 24, 2010 (“Consob Communication”). For any issues that are not expressly addressed by this Procedure, reference is hereby made to the provisions of the abovementioned Consob Regulation, specifically regarding the rules governing the public disclosure of related-party transactions. Any amendments that may be made to the Consob Regulation shall be understood to have been automatically incorporated into this Procedure and any provisions that refer to them shall be deemed to have been amended accordingly.

2. Scope of Implementation

The purpose of this Procedure is to define a process for managing related-party transactions executed by Parmalat S.p.A. (“Parmalat” or “Company”) directly or through companies that it controls directly and indirectly, in accordance with Section 6.5 of this Procedure, with the aim of ensuring the transaction’s substantive and procedural transparency and fairness.

Transactions with related parties are particularly relevant with regard to three main issues: the identification of the counterparties, the handling process and the transparency of disclosures.

More specifically, the Procedure defines the rules applicable to two categories of related-party transactions: (i) highly material transactions and (ii) less material transactions, setting forth specific provisions governing the transactions’ due diligence and approval processes.

This Procedure does not apply to certain categories of related-party transactions, as defined in Article 8 of this Procedure.

If a related-party transaction develops or requires multiple steps, these will also be covered by this Procedure, irrespective of their materiality based on individual thresholds, unless these additional steps were expressly and specifically taken into consideration within the framework of the original approval of the related-party transaction. The same treatment shall be applied for any renewals or extensions of contracts to which this Procedure was applied.

3. Definitions

A list of the of the main terms used in this Procedure is provided for the sake of greater reading ease; all capitalized terms and expressions shall have the meaning attributed to them below.

Independent Directors: This expression indicates Directors recognized as independent by the Company in accordance with Article 3 of the Corporate Governance Code published by the Corporate Governance Committee of Borsa Italiana S.p.A. (“Corporate Governance Code of Borsa Italiana S.p.A.”).

Database: This expression indicates the computerized database maintained by Parmalat’s Administration, Finance and Control Department (“AFC Department”) in which Parmalat related parties are listed.

Board of Directors: This expression indicates the Company’s Board of Directors.

Management Committee for Related-party Transactions (“Management Committee”): It is comprised of the Chief Executive Officer and General Manager and the executives who report to him/her directly. It is responsible for reviewing and assessing, on a preliminary basis, the conditions for the review of related-party transactions by the Related-party Transactions Committee (“RPT Committee”), and the completeness of the supporting documents. It is also required to determine whether or not the conditions for exemptions from implementation of the Procedure referred to in Article 8 below (“Waiver Applicability Instances and Options”) can be met. The regulations governing the activities of the Management Committee must be approved by the Company’s Board of Directors

Information Memorandum: It is the document referred to in Annex 4 to the Consob Regulation, which is made available to the public in connection with highly material transaction, including transaction executed by subsidiaries.

Executives with Strategic Responsibilities: This expression indicates the “*executives with strategic responsibilities,*” as defined in the Consob Regulation; for the sake of clarity, please note that these individuals are defined as parties who, directly or indirectly, have the power and responsibilities for planning, managing and controlling the Company’s activities, including the Company’s Directors (executive and non-executive) and its Control entities.

Significant interests: This expression indicates any financial interest, as so determined by the Company, taking into account the recommendations of Chapter 21 of the Consob Communication, with regard to a transaction that could produce a financial benefit for a Company Related Party executed with, or between, subsidiaries.

Subsidiary: This expression indicates a “subsidiary,” as defined in the Consob Regulation.

Associated company: This expression indicates an “associated company,” as defined in the Consob Regulation.

Member of the immediate family: This expression indicates any relative that, conceivably, could influence or be influenced by an interested party in his/her transactions with the company. Examples include:

- a) a spouse who is not legally separated and a domestic partner;
- b) the children or dependents of the interested party, of a spouse who is not legally separated or a domestic partner.

With regard to the definitions of “control,” “joint control,” “significant influence” and “joint venture” and, more generally, any other issue not expressly defined in this Procedure, please refer to Annex 1 “Definitions of related parties and related-party transactions and definitions related to them” in the Consob Regulation.

3.1 Designation of Related Parties

Parmalat’s related parties are the parties defined as such based on the principles and categories set forth in Annex 1 to the Consob Regulation.

More specifically, Parmalat considers a party to be a *related party* if the party in question:

- a) directly or indirectly, including through subsidiaries, nominees, third parties or otherwise:
 - i) controls Parmalat, is controlled by it or is under joint control;
 - ii) holds an equity interest in Parmalat that makes it possible to exercise a significant influence over Parmalat;
 - iii) exercises control over Parmalat jointly with other parties;
- b) is an affiliated company of Parmalat;
- c) is a joint venture in which Parmalat is a venturer;
- d) is one of Parmalat’s Directors or Statutory Auditors;
- e) is one of Parmalat’s General Managers;
- f) is an executive with strategic responsibilities of Parmalat or its controlling company¹;
- g) is a member of the immediate family of one of the parties listed in letters (a) or (d) or (e) or (f);
- h) is an entity over which one of the parties listed in letters (d) or (e) or (f) or (g) exercises control, joint control or a significant influence or holds a significant equity interest, equal to at least 20% of the voting rights;

¹ To that effect, the formal communication issued by the controlling company identifying its strategic executives is taken into account

- i) is a supplemental, collective or individual, Italian or foreign, pension fund established for the benefit of Parmalat's employees or employees of any other entity related to Parmalat¹.

The parties designated by Parmalat as related parties shall be organized and entered into a special Database that Parmalat shall maintain based on the available evidence (direct related parties, based on the equity interest relationships and the role performed within the organization) and affidavits that the related parties listed in letters a), d), e) and f) provide periodically (see form in Annex 13.3 of this Procedure). The abovementioned Database is managed and updated by the AFC Department.

¹ Only funds established or promoted by the Company or funds over which the Company can exercise influence are relevant for the purposes of this Procedure

3.2 Designation of Related-party Transactions

The expression **related-party transaction** shall be understood to mean any transfer of resources, services or obligations between related parties, whether consideration is stipulated or not. Related-party transactions include commercial transactions involving the exchange both of goods and services, financial transactions and transactions involving non-current assets.

Related-party transactions also include:

- mergers, demergers through absorption or straight non-proportional demergers, when executed with related parties;
- any decision involving the award of compensation and economic benefits, in any form, to members of administration and control bodies and to executives with strategic responsibilities;
- any collateral or guarantees provided by Parmalat for the benefit of or in the interest of related parties;
- the assumption/assignment of obligations and commitments.

4. Adoption of the Procedure – General Criteria

Consistent with the principles set forth in the Consob Regulation, the Board of Directors is adopting this Procedure to ensure that related-party transactions are transparent and substantively and procedurally fair.

This Procedure was approved by the Company's Board of Directors on November 11, 2010, and later updated as required by the regulations in effect.

Any amendment shall be submitted for review and issuance of an opinion by the RPT Committee prior to being presented to the Board of Directors for approval.

This Procedure shall be made available to the public on the Company website (www.parmalat.com), without prejudice to the disclosure obligation, which may be provided by reference to the abovementioned website, in the Annual Report on Operations pursuant to Article 2391-*bis* of the Italian Civil Code.

The Company's CEO, through the Corporate Affairs Function, shall forward this Procedure to the relevant corporate functions and the subsidiaries, so that they may become familiar with it and comply with it regarding issues under their jurisdiction.

5. Committee Responsible for Reviewing Related-Party Transactions

The Board of Directors designated the Control and Risk Committee (“CRC”) to serve as the RPT Committee responsible for reviewing related-party transactions; the RPT Committee is comprised of independent Directors and performs the tasks assigned to it pursuant to this Procedure and the Consob Regulation.

If a circumstance should occur in which a member of the RPT Committee were to:

- (i) cease to qualify as independent;
- (ii) cease to be in office;
- (iii) hold an interest with regard to the approval of a transaction with a related party reviewed by the Committee;

the Committee member in question shall be replaced with an independent Director designated by the Board of Directors.

The Committee’s activities are described in Section 6.1.1. “Approval of Highly Material Transactions and role of the RPT Committee” and Section 6.2.1. “Approval of Less Material Transactions and role of the RPT Committee.”

6. Related-party Transactions

6.1 Highly Material Transactions

“Highly material transactions” are transactions that exceed the thresholds set forth in the table provided in Annex 13.1 to this Procedure and, in any case, transactions in which at least one of the materiality indices, computed in accordance with the provisions of Annex 3 to the Consob Regulation (see Annex 13.2 to this Procedure), as applicable to a specific transaction, exceeds the threshold set forth therein.

“Cumulable” transactions, i.e., homogeneous transactions or transactions executed to carry out the same project, which individually do not qualify as highly material transactions but, when viewed cumulatively exceed the materiality thresholds set forth in Annex 13.1 to this Procedure, are also defined as highly material transactions.

6.1.1 Approval of Highly Material Transactions and role of the RPT Committee

Except for situations that fall under the jurisdiction of the Shareholders' Meeting, reviewing and approving highly material transactions, executed through Parmalat subsidiaries, is reserved for the Company's Board of Directors, subject to the binding prior, reasoned, favorable opinion of the RPT Committee.

The RPT Committee shall be allowed to participate in the negotiations and in the due diligence phase for highly material transactions by providing it with a complete and timely flow of information and through its right to request information and make recommendations to the delegated management bodies and the parties responsible for carrying out the negotiations or the due diligence process. As part of this activity, the RPT Committee may delegate this task to one or more of its members, pursuant to Article 8 of the Consob Regulation. Documents shall be reviewed at special meetings held for this purpose, the outcome of which shall be recorded in the minutes.

The Board of Directors shall approve the transaction only after receiving from the Committee a reasoned favorable opinion as to Parmalat's interest in executing the transaction and about the transaction's suitability and the fairness of the transaction's terms. Any Director who may have an interest in the transaction, even if contingent or indirect, shall promptly inform the Board of Directors in detail about the existence of such interest.

In order for an opinion to qualify as "favorable," it must express a full approval of the transaction by the RPT Committee (or by a majority of the members of the RPT Committee) with regard to the implementation of the highly material transaction in question. When the RPT Committee renders a favorable opinion regarding a highly material transaction, it shall prepare a draft of the transaction's Information Memorandum consistent with the outline and content specified in Annex 4 to the Consob Regulation, for the purpose of the transaction's subsequent approval by the Board of Directors

The Board of Directors may approve highly material transactions despite a negative opinion by the Independent Directors, provided that, pursuant to Article 2364, Section 1, Number 5), of the Italian Civil Code, the execution of the transaction is authorized by the Shareholders' Meeting with a resolution approved in accordance with the provisions of Article 11, Section 3, of the Regulation and that a special provision of the Bylaws allows it¹. Consequently, absent an applicable provision of the Bylaws, a negative opinion by the RPT Committee will prevent the Board of Directors from approving and implementing the transaction.

¹ "Whitewash" mechanism, for which, as stated in Section 6.1.2, no provision has been made in the Company Bylaws

An opinion shall be deemed to be a “negative opinion” even if the negative assessment does not apply to the transaction as a whole. Conversely, a conditional positive opinion could be deemed to be “favorable” pursuant to the Regulation, provided the conditions imposed are indeed satisfied. In such cases, evidence of compliance with the relevant conditions shall be provided in the reports on the execution of transactions that must be submitted to the administration and control bodies.

If the Board of Directors is expressly asked to decide whether it should approve a related-party transaction or, alternatively, a competing transaction with a non-related party, this Procedure shall be applied to both transactions submitted to the Board of Directors for the purpose of a more precise comparability of the transactions.

For the purpose of rendering an opinion concerning the execution of a transaction, the Committee, taking into account the nature, value and other characteristics of the transaction in question, may also seek the support of one or more independent experts of its own choosing. The costs incurred for the independent experts shall be borne by the Company.

When selecting an expert, an explicit assessment is required of any transactions that could compromise the expert’s independence, pursuant to Annex 4 to the Regulation.

The opinion rendered by the experts shall be published on the Company website in its entirety, unless there are adequate and detailed reasons requiring the publication of an excerpted version.

The RPT Committee may also rely on the support of the Management Committee during the due diligence phase. For this purpose, the parties in charge of the transaction on each occasion shall promptly prepare an information dossier that will be expeditiously sent first to the RPT Committee and then to the Board of Directors and shall contain as a minimum the following information:

1. the general characteristics of the transaction (namely, its subject, consideration, execution conditions, timing and nature of the correlation);
2. the economic justification for executing the transaction;
3. an overview of the transaction’s foreseeable impact on the income statement, balance sheet and financial position;
4. the method used to determine the transaction’s consideration and an assessment of the consideration’s fairness, based on market values for similar transactions. If the economic terms of the transaction are found to be consistent with market or standard terms, a statement to that effect shall be provided, together with a listing of objective justification elements;
5. an indication of any interest (direct or indirect) that members of the corporate governance bodies may have in the transaction.

The same information, insofar as applicable, shall be included in the dossiers for transactions involving compensation arrangements.

Except for urgent cases, the opinion of the RPT Committee shall be submitted to the members of the Board of Directors at least two days before the date of the Board meeting scheduled to deliberate on the transaction. This document shall set forth in explicit terms whether the Committee supports or rejects the transaction.

If a transaction does not qualify for the exemptions referred to below in Section 8, Letter a), *“Resolutions concerning the compensation¹ of Directors and executives serving in special capacities and managers with strategic responsibilities,”* only in this specific case, the Board of Directors shall designate the Nominating and Compensation Committee as the Committee with jurisdiction over reviewing the compensation referred to in the abovementioned Section, pursuant to this Procedure. This provision shall also apply to Less Material Transactions, as described in Section 6.2 below.

6.1.2 Whitewash Transactions and Urgent Cases, Including Those Arising When a Business Is in a Crisis Situation

At this point, the Company Bylaws do not include a provision pursuant to which, in the event of a negative opinion by the independent Directors regarding a highly material transaction, the transaction may be authorized by the Shareholders' Meeting, nor is the exemption referred to in Article 11, Section 5, of the Consob Regulation applicable.

6.2 Less Material Transactions

Less material transactions are the related-party transactions identified in the table provided in Annex 13.1 to this Procedure.

6.2.1 Approval of Less Material Transactions and Role of the RPT Committee

In the case of less material transactions, the RPT Committee shall preventively render a reasoned, non-binding opinion as to the Company's interest in executing the transaction and about the transaction's suitability and the substantive fairness of the transaction's terms. This opinion shall be recorded in the minutes of the meetings of the RPT Committee.

Except for urgent cases, the opinion of the RPT Committee shall be submitted to the members of the Board of Directors at least two days before the date of the Board meeting scheduled to deliberate on

¹ Please note that, pursuant to the Consob Communication, the compensation amounts in question are valued for the purpose of determining if they qualify as highly material or less material on an individual basis. See Annex 3 to the Regulation to determine the materiality thresholds

the transaction. This document shall set forth in explicit terms whether the Committee supports or opposes the transaction.

In order for the non-binding opinion to qualify as favorable, it must express a full approval of the transaction by the RPT Committee (or by a majority of the members of the RPT Committee) with regard to the implementation of the less material transaction in question. An opinion shall be deemed to be a “negative opinion” even if the negative assessment does not apply to the transaction as a whole. Conversely, a conditional positive opinion could be deemed to be “favorable” pursuant to the Regulation, provided the conditions raised in the opinion are indeed satisfied. In such cases, evidence of compliance with the relevant conditions shall be provided in the reports on the execution of transactions that must be submitted to the administration and control bodies.

In order to properly assess the transactions submitted for its review, the RPT Committee, taking into account the nature, value and other characteristics of the transaction in question, may also seek the support of one or more independent experts of its own choosing. The costs incurred for the independent experts shall be borne by the Company.

When selecting the experts, an explicit assessment is required of any transactions that could compromise the expert's independence, pursuant to Annex 4 to the Regulation.

The RPT Committee may also rely on the support of the Management Committee during the due diligence phase. For this purpose, the parties in charge of the transaction on each occasion shall promptly prepare an information dossier that will be expeditiously sent first to the RPT Committee and then to the Board of Directors, providing, containing as a minimum the following information:

1. the general characteristics of the transaction (namely, its subject, consideration, execution conditions, timing and nature of the correlation);
2. the economic justification for executing the transaction;
3. an overview of the transaction's foreseeable impact on the income statement, balance sheet and financial position;
4. the method used to determine the transaction's consideration and an assessment of the consideration's fairness, based on market values for similar transactions; if the economic terms of the transaction are found to be consistent with market or standard terms, a statement to that effect shall be provided, together with a listing of objective justification elements;
5. an indication of any interest (direct or indirect) that members of the corporate governance bodies may have in the transaction.

When transactions are approved despite a negative opinion by the RPT Committee, without prejudice to the provisions of Article 17 of EU Regulation No. 596/2014, the Company, as required

by the Regulation, shall make available to the public, within 15 days from the end of each quarter of the reporting year, a document listing the name of the counterparty, the subject of the transaction, the consideration involved and the reasons why it did not concur with the Committee's negative opinion.

6.3 Transactions Falling Within the Purview of the Shareholders' Meeting

When highly material transactions approved by the Board of Directors falls within the decision-making purview of the Shareholders' Meeting, the provisions of Section 6.1.1 shall apply, the appropriate adjustments having been made, to the negotiation phase, the due diligence phase and the approval phase of the motion that the Board of Directors will submit to the Shareholders' Meeting (as, for example, in the case of merger transactions).

When, pursuant to law or the Bylaws, the Shareholders' Meeting has jurisdiction over or is required to authorize a less material transaction, the provisions of Section 6.2.1 of this Procedure shall apply to the negotiation and due diligence phases and to the approval of the motion that will be submitted to the Shareholders' Meeting.

6.4 Atypical or Unusual Transactions

Atypical or unusual transactions *with related parties* are transactions that qualify as such pursuant to Consob Communication No. 1025564 of April 6, 2001, i.e., transactions that, because of their materiality/relevance, nature of the counterparties, subject of the transaction (as it relates to the regular course of business), method used to determine the transfer price and timing of execution (proximity to the close of the reporting year), could give rise to doubts with regard to:

- the accuracy/completeness of the information in the financial statements;
- the existence of a conflict of interest;
- protection of the Company's assets;
- protection of minority shareholders.

Extraordinary transactions (mergers, demergers, tender offers, share capital increases and/or reductions, conveyances) do not constitute atypical transactions in of themselves.

The reports provided to the RPT Committee and the Board of Directors shall specify, for each type of related-party transaction, whether the transaction is atypical or unusual.

6.5 Transactions Executed Through Subsidiaries

Pursuant to Article 114, Section 5 of the TUF, transactions executed by subsidiaries with Parmalat related parties that are consistent with the circumstances described above (specifically: individual or cumulative size) will always be included among those subject to the disclosure requirements set forth in Article 5 of the Regulations.

With regard to substantive and procedural fairness, Parmalat, acting pursuant to Article 4, Section 1, Letter d), of the Consob Regulation, shall apply the provisions of this document to transactions executed by subsidiaries with Parmalat related parties, when the transactions are also reviewed and approved by Parmalat consistent with the guidelines of the Consob Communication and if the implementation of the provisions of this paragraph is governed by a specific policy.

Highly material transactions shall be (i) reviewed by the subsidiary's Board of Directors, which can approve them subject to prior approval by Parmalat's Board of Directors; (ii) communicated by the subsidiary's CEO to the Management Committee, which will review the transaction based on the information it received; (iii) reviewed by the RPT Committee, which shall render a binding opinion on the Board of Directors; and (iv) reviewed and approved by Parmalat's Board of Directors.

Less material transactions, i.e. transactions valued between 1 and 100 million euros (valued between 250,000 and 100 million euros, for individuals) or, if executed in the ordinary course of business, valued between 5 and 100 million euros and/or with a duration of more than 12 months shall be: (i) communicated, prior to being executed or when exceeding a significant threshold, by the subsidiary's CEO to the Management Committee, which will review the transaction based on the information it received; (ii) reviewed by the RPT Committee, which shall render a non binding opinion on the Board of Directors; and (iii) reviewed and approved by Parmalat's Board of Directors.

7. Framework Resolutions

Pursuant to Article 12 of the Regulation, the Company may adopt framework resolutions applicable to a series of homogeneous transactions, of a more recurring nature, with certain categories of related parties. Framework resolutions are admissible only if:

- a) transactions are sufficiently identified, indicating, as a minimum, the projected maximum amount of the transactions planned for the reporting period and a justification for the terms of the transactions;
- b) the transactions reflect the characteristics and the amounts set forth in the table provided in Annex 13.1;
- c) the transactions have a maximum duration of 12 months;
- d) The Chief Executive Officer or the person responsible for executing the transaction provides a comprehensive report, at least once every three months, about the implementation of the framework resolutions. More specifically, the CEO shall inform the Board of Directors about transactions executed in implementation of framework resolutions, listing for each transaction: (i) the counterparty with whom the transaction was executed; (ii) a condensed description of the transaction's characteristics, modalities, terms and conditions; (iii) the motivations and rationale for the transaction and its effects from an economic and financial standpoint; (iv) the modalities applied to determine the financial terms applied and (when applicable) a comparison with market standards.

8. Waiver Applicability Instances and Options

This Procedure shall not apply to resolutions approved by the Shareholders' Meeting, pursuant to Article 2389, Section One, of the Italian Civil Code, concerning compensation payable to Directors and members of the Executive Committee or to resolutions concerning the compensation of Directors serving in special capacities, the amount of which is included in the total compensation approved by the Shareholders' Meeting pursuant to Article 2389, Section Three, of the Italian Civil Code.

Moreover, this Procedure shall not apply to the following types of transactions executed by Parmalat directly or through a subsidiary:

- a) resolutions concerning the compensation of Directors and executives serving in special capacities, different from those referred to in Article 13, Section 1, of the Regulation, and resolutions concerning the compensation of managers with strategic responsibilities, provided that, pursuant to the Regulation:
 - the Company adopted a compensation policy;
 - a committee comprised exclusively of non-executive Directors, the majority of whom were independent, played a role in defining the compensation policy;

- a report explaining the compensation policy was submitted to the Shareholders' Meeting for approval or asking for a consultative vote; and
 - the compensation provided is consistent with the abovementioned policy;
- b) compensation plans based on financial instruments approved by the Shareholders' Meeting pursuant to Article 114-*bis* of the TUF and transaction executed to implement them;
- c) transactions executed in the ordinary course of business on terms consistent with market or standard terms, it being understood that these are ordinary transactions, as defined in the Consob Regulation; for the sake of greater clarity of presentation, please keep in mind that the abovementioned Regulation defines ordinary transactions as transactions that are part of a company's ordinary exercise of operating activities and related financial activities. These are routine transactions carried out on terms comparable to those usually applied in transactions of similar nature, amount or risk executed with non-related parties, or transactions based on regulated rates or controlled prices or transactions with counterparties with whom the Company is required by law to stipulate a specific consideration.

More specifically, it is the responsibility of the Management Committee to determine whether or not a transaction was executed as part of regular operating activities or related financial activities. To that effect, the following elements shall be taken into account:

- The subject of a transaction. The fact that the subject of a transaction is extraneous to the Company's regular activities is an anomaly indicator signaling that the transaction is not part of the Company's ordinary activities.
- The recurrence of a type of transaction within the Company's activities. The regular repetition of a transaction by the Company is a significant indicator that the transaction is part of the Company's ordinary activities, unless other indicators point in the opposite direction.
- The size of the transaction. A transaction that is part of the Company's operating activities may not qualify as a transaction executed in the ordinary course of business if it is of unusually large size. However, it must be noted that the waiver in question is also applicable to highly material transactions: the distinguishing factor is whether the amount of a transaction is significantly larger than the amounts that usually characterize similar transactions executed by the Company.
- The contractual terms and conditions, including the characteristics of the consideration. As a rule, transactions that involve a non-monetary consideration are not deemed to be part of the ordinary course of business, even when the consideration is the subject of appraisals by third parties. Likewise, contract clauses that are not consistent with

customary contractual uses and practices could represent a significant indicator that a transaction is not executed in the ordinary course of business.

- The type of counterparty. Transactions subjectively identified as related-party transactions include a subset of transactions that do not qualify as transactions carried out in the ordinary course of the operating activities (or related financial activities) because they are executed with counterparties that present characteristics that are anomalous for the type of transaction in question.

Transactions settled on terms and conditions and/or with methods that are significantly different from those existing in the market and/or the conditions usually applied to transaction with parties that do not qualify as related parties shall not be deemed to be transactions executed in the ordinary course of business. Transactions involving amounts greater than 5 million euros or entailing duration longer than 12 months are included in this category of transactions excluded from the ordinary course of business.

The significance of the information provided shall be assessed specifically taking into account the timing of a transaction's approval and execution. Specifically, when evaluating the indicators showing whether or not a transaction is executed in the course of the Company's operating activities and related financial activities, it is important to keep in mind that an anomaly indicator can have greater weight, in making such a determination, if a transaction is approved near the close of the reporting year of a publicly traded company or its related party.

In determining whether a transaction qualifies as an "ordinary transaction," the type of activity carried out by the company executing the transaction must be taken into account. Therefore, when a transaction is executed by a subsidiary of a publicly traded company, the activity carried out by the subsidiary (or one of the activities carried out in the ordinary course of business) shall be the relevant activity.

The equivalence of a transaction's terms with market or standard terms shall be assessed by the Management Committee.

- d) Intercompany transactions: Intercompany transaction shall be understood to mean transactions with or between subsidiaries, including jointly controlled companies, as well as transactions with associated companies provided that other Parmalat related parties do not hold significant interests in the subsidiaries or associated companies that are transaction counterparties. If the due diligence process should show that a transaction qualifies as an intercompany transaction, the provisions of this Procedure shall not apply, barring the presence of significant interests. Please note that, pursuant to the Consob Communication (Item 21), the mere sharing of one or more Directors or other executives with strategic

responsibilities by a company and its subsidiaries (and, more so, its affiliated companies) does not, in of itself, give rise to interests significant enough to exclude the waiver option.

- e) Transactions of inconsequential amount. Transactions of inconsequential amount are related-party transactions other than highly material and less material transactions.
- f) Urgent transactions, including those arising when a business is in a crisis situation, (when the waiver is permissible pursuant to the Bylaws) that do not fall within the jurisdiction of the Shareholders' Meeting or must be approved by it, when the conditions referred to in the Regulation are applicable.

Lastly, the Regulation's provisions, the provisions of Article 5 notwithstanding, shall not apply to transactions executed in accordance with instructions issued by the regulatory authorities to promote stability nor based on instructions issued by the Group's Parent Company to implement instructions issued by the regulatory authorities to bolster the Group's stability.

9. Reporting Related-party Transactions

Internal reporting of related party transactions

The Chief Executive Officer, with the support of the AFC Department shall provide, on a quarterly basis as a minimum, the Board of Directors, the RPT Committee and the Board of Statutory Auditors with comprehensive and detailed reports about:

- the execution of related-party transactions carried out during the quarter in question and their main characteristics and conditions;
- the implementation of framework resolutions.

Public disclosure of highly material related-party transactions

When it executes highly material transactions, the Company shall prepare an Information Memorandum that, pursuant to the provisions of Annex 4 to the Consob Regulation, provides specific information, such as:

- the transaction's characteristics, method of implementation, terms and conditions;
- the identification of the related party with whom the transaction was executed and the type of correlation;
- an indication of the transaction's economic justification and the benefit that the Company expects from executing the transaction;

- the other information listed in the abovementioned Annex.

The Information Memorandum must be approved by the Board of Directors, with the prior input of the RPT Committee, and shall be made available to the public in accordance within the deadline and with the modalities set forth in Title II, Chapter I, of the Issuers' Regulation.

- a) within seven days from the date when the transaction is approved by the relevant governance body, without prejudice to the provisions of Article 17 of EU Regulation No. 596/2014 (in cases involving the Shareholders' Meeting's jurisdiction or approval, within seven days from the approval of the motion submitted to the Shareholders' Meeting);
- b) within 15 days from the approval of the transaction or the signing of the contract that causes the materiality threshold to be exceeded, when the materiality threshold is exceeded by the cumulative effect of transactions that are homogeneous or carried out in implementation of single plan and executed with the same related party or with parties related to said party or the companies themselves;
- c) within 15 days after receiving from the Company the information that the transaction was approved or the contract determining the transaction's materiality was signed, in those instances in which transactions executed by subsidiaries are the reason for exceeding the threshold. In this regard, subsidiaries are required to promptly provide the information needed to prepare the Information Memorandum.

Concurrently with the public disclosure (publication on the Company website), the Information Memorandum shall also be sent to the Consob, together with the supporting documents and any opinions provided by members of the Board of Directors, Independent Directors, Statutory Auditors and independent experts, in the manner required by Article 5, Section 7, of the Issuers' Regulations.

Public disclosure of less material related-party transactions

When it executes less material transactions approved despite a negative opinion by the RPT Committee, the Company, without prejudice to the provisions of Article 17 of EU Regulation No. 596/2014, shall prepare and make available to the public the Information Memorandum within 15 days from the end of each quarter. Concurrently with its publication, the Information Memorandum shall be sent to the Consob, together with the supporting documents and expert opinions, in the manner required by Article 5, Section 7, of the Issuers' Regulations.

Disclosures in the interim and annual report on operations

As required by Article 154-ter of the TUF and taking into account the recommendations specified in Chapter 10 of the Consob Communication, the Company shall provide in the interim report on operations and the annual report on operations: (i) information about individual highly material transactions executed during the reporting period; (ii) information about other individual related-party transactions executed during the reporting period that had a material impact on the Company's balance sheet or income statement during the reporting period; and (iii) information about any changes or developments affecting related-party transactions described in the most recent annual report that had a material impact on the Company's balance sheet or income statement during the reporting period.

10. Procedure's Publication and Implementation Controls

This Procedure is published by the Legal and Corporate Affairs Department.

Parmalat is committed to implementing all controls before and after the transaction's execution that it may deem necessary to verify the correct implementation of this Procedure. A control is also periodically performed by the RPT Committee, with the support of the Chief Financial Officer and any other corporate functions involved, if applicable. The outcomes of those controls are periodically brought to the attentions of the RPT Committee.

11. Procedure Updates

All amendments to this Procedure shall be approved by the Company's Board of Directors, with the prior favorable opinion of the RPT Committee, except for updates required due to changes made by the Consob to provisions it itself issued.

13. Annexes

1. A table showing the materiality thresholds applicable to related-party transactions (Annex 13.1)
2. Annex 3 to the Regulation: “Designation of Highly Material Related-party Transactions” (Annex 13.2)
3. Affidavit form (Annex 13.3)

13.1 Materiality Thresholds for Related-party Transactions

The table below shows the materiality thresholds applicable to related-party transactions:

THRESHOLDS APPLICABLE TO TRANSACTIONS WITH RELATED PARTIES			
TYPES OF RELATED PARTIES	TRANSACTIONS		
	highly material	less material	of inconsequential amount
Individuals and Professional Associations	Larger than 100 million euros	From 250,000 euros to 100 million euros	Less than 250,000 euros
Legal entities		From 1 million euros to 100 million euros	Less than 1 million euros

13.2 Annex 3 to the Regulation: “Designation of Highly Material Related-party Transactions”

1. Internal procedures shall establish quantitative criteria to identify “highly material transactions,” which shall include, as a minimum, the types of transactions listed below.

1.1. Transactions in which at least one of the following materiality indices, applicable depending on each specific transaction, exceeds the 5% threshold:

a) Consideration materiality index: It is the ratio of the transaction’s consideration to the company’s shareholder’s equity, taken from the most recent published balance sheet (consolidated balance sheet, if available) or, for a publicly traded company, its market capitalization, if larger, computed at the closing on the last stock market trading day in the reporting period covered by the most recent published periodic accounting document (annual or semiannual financial report or interim report on operations). For banks it is the ratio of the transaction’s consideration to total capital taken from the most recent published balance sheet (consolidated balance sheet, if available).

If the transaction’s financial terms are specified, the transaction’s consideration is equal to:

- i) for cash components, the amount paid to/by the contractual counterparty;
- ii) for components consisting of financial instruments, their fair value, determined on the transaction date, in accordance with the international accounting principle adopted with (EC) Regulation No. 1606/2002;
- iii) for financing transactions or transactions involving the provision of guarantees, the maximum disburseable amount.

If the transaction’s financial terms are predicated in whole or in part on quantities that are not yet known, the transaction’s consideration is the maximum amount receivable or payable pursuant to the transaction’s stipulations.

b) Asset materiality index: It is the ratio of the total assets of the entity subject of the transaction to the company’s total assets. The data used must be taken from the company’s most recent published balance sheet (consolidated balance sheet, if prepared). When possible, similar data must be used to determine the total assets of the entity subject of the transaction.

For transactions involving the acquisition or disposal of equity investments that have an impact on the scope of consolidation, the numerator amount is equal to the total assets of the investee company, irrespective of the percentage of share capital that is being disposed of.

For transactions involving the acquisition or disposal of equity investments that have no impact on the scope of consolidation, the numerator amount is equal to

- i) for acquisitions, the transaction’s consideration, plus any liabilities of the acquired company assumed by the acquirer;
- ii) for sales, the consideration received for the sold assets.

For transactions involving the purchase or sale of other assets (different from the acquisition of an equity investment), the numerator amount is equal to:

- i) for acquisitions, the consideration paid or the carrying amount attributed to the acquired assets, whichever is greater;
- ii) for sales, the carrying amount of the assets.

c) Liability materiality index: It is the ratio of the total liabilities of the acquired entity to the company’s total assets. The data used must be taken from the Company’s most recent published

balance sheet (consolidated balance sheet, if prepared). When possible, similar data must be used to determine the total liabilities of the acquired company or business operations.

1.2. Transactions with a publicly traded controlling company or with parties related to it that, in turn, are related to the company, when at least one of the materiality indices referred to in Section 1.1 above exceeds the 2.5% threshold.

1.3. Companies shall determine whether they should establish materiality thresholds that are lower than those set forth in Sections 1.1 and 1.2 above for transactions that could have an impact on the operating independence of an issuer (e.g., sales of intangible assets, such as trademarks or patents).

1.4. In the case of transactions involving multiple cumulative transactions, pursuant to Article 5, Section 2, companies shall determine, first of all, the materiality of each transaction, based on the index or indices set forth in Section 1.1 above that are applicable. To determine whether the thresholds set forth in Sections 1.2, 1.2 and 1.3 above are being exceeded; the results attributable to each index shall be added together.

2. If a transaction or multiple cumulated transactions, pursuant to Article 5, Section 2, qualify as “highly material transactions” based on the indices set forth in Section 1 above and such a finding is patently unjustified in view of special circumstances, the Consob, acting upon a request by the company, may provide alternative methods to compute the abovementioned indices. For this purpose, the company, prior to completing the transaction’s negotiations, shall communicate to the Consob the transaction’s main characteristics and the specific circumstances upon which its request is based.

I further declare, under my personal responsibility, that:

- I control, control jointly, exercise a significant influence over,¹ or hold, directly or indirectly, a significant interest equal to not less than 20% of the voting rights, in the following companies/entities:

Table 2

Company/Entity	Income tax I.D./ VAT No.	Registered office	Type of relationship

- the members of my immediate family listed in Table 1 control, control jointly, exercise a significant influence over or hold, directly or indirectly, a significant interest, equal to not less than 20% of the voting rights, in the following companies/entities:

Table 3

Family member	Company/Entity	Income tax I.D./ VAT No.	Registered office

The undersigned undertakes to promptly inform Parmalat SpA of any future changes in/additions to the information provided above.

The undersigned authorizes Parmalat SpA to process the data and information contained in this affidavit and its annexes, pursuant to EU Regulation 2016/679.

Date Location Signature

¹ For the definitions of control, joint control and significant influence see Annex 1 to the Consob Regulation