

PROCEDURE FOR TRANSACTIONS WITH
RELATED PARTIES OF RACING FORCE S.P.A.

RACING
FORCE
GROUP



*Document approved by the Board of
Directors on October 29th, 2021, as
subsequently updated on March 29th, 2023*

Foreword

This procedure (the **RPT Procedure**) is aimed at identifying the procedure relating to the management of transactions with related parties carried out by Racing Force S.p.A. (**Company** or **RF**) directly or through its Subsidiaries (as defined below), in order to ensure their transparency and substantial and procedural correctness, following the admission of the Company's financial instruments on Euronext Growth Milan, multilateral trading facility, organized and managed by Borsa Italiana S.p.A. (**EGM**).

The procedure was approved by the Company's Board of Directors, for the first time, on October 29th, 2021 and updated on March 29th, 2023, following RF's obtaining the status of issuer of financial instruments widely distributed among the public, pursuant to Article 116 of Legislative Decree No. 58 of February 14, 1998 (**TUF**) and Article 2 bis of Consob Regulation 11971/99 (**Issuers' Regulation**), subject to the favorable opinion of the RPT Committee (as defined below).

In compliance with the provisions of art. 2391-bis of the Civil Code and art. 13 of the EGM Issuers' Regulations (the **EGM Issuers' Regulations**), the RPT Procedure is adopted pursuant to articles 2 and 4 of the Regulation on "Related Party Transactions", issued by Consob by means of resolution no. 17221 of March 12th, 2010, as subsequently amended and supplemented (the **Regulation**).

The RPT Procedure governs the identification, approval and management of RF transactions with related parties, carried out directly by the Company or through its Subsidiaries (as defined below). In particular, the RPT Procedure:

- governs the methods for identifying related parties, defining the methods and timing for preparing and updating the list of related parties and identifying the corporate functions responsible for this purpose;
- identifies the rules for identifying transactions with related parties prior to their conclusion;
- regulates the procedures for carrying out transactions with related parties by the Company, also through subsidiaries pursuant to art. 93 TUF or otherwise subject to management and coordination activities (the **Subsidiaries** or, individually, the **Subsidiary**);
- establishes the methods and timetable for fulfilling disclosure obligations towards corporate bodies and the market.

The Procedure contains the rules applicable to two categories of transactions with related parties: (i) Major Transactions with Related Parties (as defined below) and (ii) Minor Transactions with Related Parties (as defined below), providing for specific provisions regarding their preparation and approval.

This RPT Procedure is valid as an instruction given by RF to all its Subsidiaries pursuant to and for the purposes of art. 114, paragraph 2, of the TUF.

The Company applies the RPT Procedure also taking into account Consob Communication no. DEM/10078683, published on September 24th, 2010, containing "Indications and guidelines for the application of the Regulation on transactions with related parties adopted by resolution no. 17221 of March 12th, 2010 as subsequently amended" (the **Applicative Communication**).

For any matter not expressly governed by the Procedure, reference is made to the provisions of the Regulation (as applicable to the Company in compliance with the provisions of the EGM Issuers' Regulation) and the Provisions in force from time to time. Any amendments that may be made to the Provisions (as defined below) and to the Regulation (as applicable to the Company in compliance with the

provisions of the EGM Issuers' Regulation) - in particular with reference to the definitions of "Transactions with Related Parties", "Transactions of Greater Relevance" and "Related Parties" - shall be deemed to be automatically incorporated in this Procedure, and the provisions that refer to them shall be amended accordingly.

Without prejudice to the provisions of the following paragraphs of this Procedure, the main person responsible for its correct and constant application is the Board of Directors.

The RPT Procedure is published without delay, no later than the date on which the Company's financial instruments are admitted to trading on EGM, and, thereafter, upon any subsequent amendment by the Board of Directors, on the Company's website www.racingforce.com, in the "Investor Relations" section, also by reference to the same site, in the annual management report, pursuant to art. 2391-bis of the Civil Code, where information on transactions with related parties is also provided.

SUMMARY

GENERAL PROVISIONS	5
Article 1 - Definitions	5
Article 2 – Approval of and Amendments to the RPT Procedure	7
Article 3 – Identification of Related Parties	8
Article 4 – Preparation and approval of RPTs	9
Article 5 – Procedure for Transactions with Related Parties	10
Article 6 – Transactions carried out through Subsidiaries	13
Article 7 - Approval of Framework Resolutions	13
Article 8 – Cases of exemption ex art. 13 of the Regulation.....	14
Article 9 – Public disclosure of Related Party Transactions	18
Article 10 – Confidentiality	20
Article 11 – Entering into force of the RPT Procedure	20
ANNEX A	22
NOTES	27

GENERAL PROVISIONS

Article 1 - Definitions

For purposes of the RPT Procedure, capitalized terms and expressions, unless otherwise specified, shall have the meanings set forth below:

"Board of Directors" means the Board of Directors of the Company from time to time in office.

"Board of Statutory Auditors": means the Board of Statutory Auditors of the Company, from time to time in office.

"Conditions Equivalent to Market or Standard Conditions": means conditions similar to those usually applied to unrelated parties for transactions of a corresponding nature, size and risk, or based on regulated tariffs or imposed prices, or those applied to parties with whom the issuer is obliged by law to contract at a certain price.

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

"Equivalent Safeguards": the safeguards indicated in Article 6 of this Procedure to be adopted by the Company for the purposes of the operation of this Procedure if - in relation to a specific Related Party Transaction - it is not possible to set up the Related Party Committee according to the relevant rules of composition.

"Executive with Strategic Responsibilities": means those individuals who have the power and responsibility, directly or indirectly, for planning, directing and controlling the activities of the Company, including the directors (whether executive or otherwise) of the Company.

"Independent Directors": means the directors who meet the independence requirements set out in article 148, paragraph 3, of the TUF.

"International Accounting Standards": shall mean the international accounting standards adopted according to the procedure set out in art. 6 of Regulation (EC) no. 1606/2002.

"MAR": the EU Regulation No. 596/2014 of the European Parliament and of the Council of April 16th, 2014, as subsequently amended and supplemented.

"Materiality Indices": as set forth in Annex 3 to the Regulations and in the Application Notice.

"Procedure for the Disclosure of Price Sensitive Information": means the procedure for the disclosure of price sensitive information approved by the RF Board of Directors on October 29th, 2021.

"Provisions": the Provisions on related parties issued by Borsa Italiana S.p.A. in the version in force at the time and applicable to companies issuing shares admitted to trading on EGM.

"Related Party": for the purposes of this RPT Procedure, the notion of "related parties" and the related notions of "control", "joint control", "significant influence", "close family members", "Executives with Strategic Responsibilities", "subsidiary", "associated company" and "joint venture" have the same meaning given to them by the International Accounting Standards and, therefore, by the IAS 24 in force at the time.

On the basis of the definitions in the International Accounting Standards - which shall be considered as amended from time to time in case of amendments to the same - and taking into account the indications

provided by the Application Communication, a related party is a person or entity that is related to the entity that prepares the financial statements.

- a. A person or a close family member of that person is related to an entity if that person:
 - i. has control or joint control over the entity;
 - ii. has significant influence over the entity; or
 - iii. is one of the Executives with Strategic Responsibilities of the entity or a parent of the entity.
- b. An entity is related to an entity if any of the following conditions apply:
 - i. the entity and the reporting entity are part of the same group (meaning that each parent, subsidiary and group company is related to the others);
 - ii. one entity is an associate or joint venture of the other entity (or an associate or joint venture that is part) of a group to which the other entity belongs;
 - iii. both entities are joint ventures of the same third counterparty;
 - iv. one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - v. the entity is represented by a post-employment benefit plan for the benefit of employees of the reporting entity or an entity related to it. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity;
 - 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 one of the Executives with Strategic Responsibilities of the entity (or a parent of the entity).

"Related Party Transaction" or "RPT": means *"a transfer of resources, services or obligations between a company and a related party, regardless of whether a consideration has been agreed"* within the meaning of International Accounting Standards.

This definition also includes transactions which, although carried out by Subsidiaries, are attributable to the Company itself by virtue of prior examination or approval by the latter, as indicated in paragraph 7 of the Application Communication, to which reference should be made.

"Related Party Transactions Committee" or the "RPT Committee": shall mean the committee composed and operating in accordance with the provisions of Article 5 of the RPT Procedure.

"Responsible Function": means the function responsible for the individual transaction with Related Parties in accordance with the provisions of the Company's internal regulations or, failing that, the body or person delegated if no internal Company structure is used. With specific reference to transactions carried out through Subsidiaries, the Responsible Function is that function of the Company competent for the prior examination or approval of the individual transaction that the Subsidiary intends to carry out.

"RPTs of Greater Relevance": RPTs entered into by RF directly or through Subsidiaries, in which the Significance Indexes are higher than the threshold of 5% (five percent), as better defined and detailed in Annex 3 to the Rules and in the Applicative Communication, to which reference should be made.

"RPT of Smaller Amounts": means (i) transaction with Related Parties, whether natural persons or legal entities, the value of which does not individually exceed the amount of € 100,000 (if the counterparty is a legal entity) or € 50,000 (if the counterparty is a person, including professional associations of which the

Related Party is a member or companies referable to the same) or (ii) several homogeneous Transactions or Transactions carried out in execution of a unitary plan which, considered cumulatively, do not exceed during a single financial year the amount of Euro 100,000 if the counterparty is a legal person or Euro 50,000 if the counterparty is a natural person (including professional associations of which the Related Party is a member or companies referable to the same).

"RPTs of Lesser Relevance": this refers to Related Party Transactions other than RPTs of Greater Relevance and RPTs of Smaller Amounts.

"Significant Interests": interests are deemed to be such by the Board of Directors on the basis of the indications provided by Consob in the Applicative Communication, it being understood that interests deriving from the mere sharing of one or more directors or other Executives with Strategic Responsibilities between the Company and its Subsidiaries or associated companies are not considered significant interests, and it being understood that, in any case, there are significant interests of other related parties of the Company (i) if one or more directors or managers with strategic responsibilities of the Company benefit from incentive plans based on financial instruments or, in any case, on variable remuneration depending on the results achieved by the Subsidiaries or associated companies with which the Transaction is carried out and (ii) if the person who, even indirectly, controls the Company holds in the Subsidiary or associated company with which the Transaction is carried out an equity investment whose actual weight is greater than the actual weight of the equity investment held by the same person in the Company, without prejudice to the obligations under art. 9 of this Procedure.

"TUF": means Legislative Decree No. 58 of February 24th, 1998 (Consolidated Law on Financial Intermediation), as amended.

"Unrelated Directors": means the directors of the Company other than the counterparty of a given transaction and the counterparty's related parties.

Article 2 – Approval of and Amendments to the RPT Procedure

The RPT Procedure and related amendments are approved by the Board of Directors, subject to the favorable opinion of the RPT Committee.

The RPT Committee shall meet in good time in advance of the Board of Directors' meeting called to approve the RPT Procedure or the amendments thereto. The OPC Committee's opinion is forwarded to the Board of Directors at least 3 (three) days before the meeting.

The Board of Directors evaluates annually whether to revise the RPT Procedure, considering, inter alia, any legislative and regulatory changes, any changes in the ownership structure and the effectiveness of the Procedure in practice.

Disclosing, taking effect and publishing the Procedure

The Responsible Function of the Company sends the RPT Procedure, together with the List of Related Parties, to the directors, to the Executives with Strategic Responsibilities, to the main departments of the RF corporate functions - to ensure coordination with the administrative and accounting procedures provided for by the aforesaid regulation - as well as the departments which must supervise compliance with the RPT Procedure.

The Procedure is also transmitted, by the Responsible Function, to the directors and the main corporate functions of the Subsidiaries, so that they may examine it and, insofar as it is within their competence or their responsibility, comply with it.

Article 3 – Identification of Related Parties

The persons who, on behalf of the Company or its Subsidiaries, are competent in relation to the approval and/or execution of a given transaction, before starting negotiations, shall verify whether or not the counterparty of the transaction is to be considered a Related Party, making reference, among other things, to the Related Parties List, as defined below, and availing themselves of the support of the Responsible Function of the Company.

The Responsible Function, by means of appropriate information tools, prepares, keeps updated, on at least a quarterly basis, also with the support of any other department of the corporate functions, and makes available to the administrative body and the main corporate functions of the Company, as well as to the administrative body and the main corporate functions of the Subsidiaries, of the companies exercising control over the Company and of the companies associated with the Company itself, a list of the parties related to the Company (the "**List of Related Parties**").

For the purpose of updating the List of Related Parties, the function responsible sends the questionnaire shown in "**Annex A**" every six months to the Executives with Strategic Responsibilities of the Company, the parent company and the Subsidiaries, pursuant to Annex 1 of the Regulation. The latter fill in, sign and return the questionnaire to the function responsible and promptly inform the latter, by sending an updated version of the said questionnaire, of any change that occurred during the year with regard to the information contained therein.

Each Related Party referred to in art. 1(a)(i) and (a)(iii) must give prior notice to the Responsible Function, which informs the managing directors, if it, or Related Parties referable to it, intend to carry out, even indirectly, Related Party Transactions other than Transactions of Smaller Amounts of any kind with the Company or its Subsidiaries.

The communication must contain at least the following information:

- identification data of the counterparty and nature of the correlation;
- type and object of the transaction;
- economic conditions of the operation;
- expected timing;
- the reasons for the transaction, critical elements and any risks that could arise from its implementation, also in view of the possible management and coordination activities on the counterparty by the Company;
- any other transaction concluded with the same related party or with parties related to it.

If the conditions of the transaction are defined as equivalent to market or standard conditions, the documentation prepared contains objective elements of confirmation.

Upon receipt of the above communication and verification of the existence of the relationship of correlation with the counterparty of the transaction, the Function Responsible shall promptly assess whether:

(a) the transaction is relevant pursuant to the RPT Regulation and therefore the procedure set out in Article 5 below must be applied;

(b) one or more of the cases of exemption referred to in Article 8 below is applicable.

The Function Responsible, possibly with the support of the appointed person or of the competent corporate function, also checks whether the completion of the transaction is likely to integrate a price-sensitive operation and whether the Procedure for the Disclosure of Price Sensitive Information should therefore be activated. In this case, the press release that will be issued pursuant to art. 17 MAR, shall contain, in addition to the other information to be published pursuant to the aforementioned provision, the information referred to in art. 6 of the Regulation.

In the case under (a) above, the Responsible Function starts the procedure under Article 5 below.

In the case under (b) above, the Responsible Function shall describe in the File of Transactions with Related Parties (as defined below) the verification activities carried out, as well as carry out any necessary fulfilments pursuant to Article 8 below or give instructions in this sense to other corporate functions.

The Function Responsible for the Company prepares and keeps an archive (the "**Archive of Transactions with Related Parties**"), by means of a special electronic register:

- of RPTs, also carried out through Subsidiaries, approved pursuant to Article 5 below (including those subjects to framework resolutions pursuant to Article 7 below); and
- of RPTs, carried out also through Subsidiaries, to which the Regulation does not apply pursuant to Article 8 below.

Article 4 – Preparation and approval of RPTs

RPTs comply with criteria of transparency and substantial and procedural correctness and are carried out in the exclusive interest of RF.

The Company, being a smaller company pursuant to art. 3 of the Regulation, applies to Related Parties Transactions, including those of Greater Relevance (as identified pursuant to Annex 3 of the Regulation), a procedure identified for Transactions of Lesser Relevance that takes into account the principles and rules set out in art. 7 of the Regulation, without prejudice to the exclusive competence of the Board of Directors in relation to the matters indicated below. Moreover, the provisions concerning the obligation to publish an information document pursuant to art. 5 of the Regulation and art. 9.2 of the Procedure remain valid.

In particular, as illustrated in Article 5 below, RPTs are approved through the involvement of the Committee for Transactions with Related Parties.

In each of the cases referred to in Articles 5 and 6, the documentation supporting the transactions carried out with related parties is kept so that it is possible to identify:

- the characteristics of the transaction (such as, by way of example, strategic and industrial value, economic/financial, legal, fiscal aspects, risks and critical elements, guarantees issued or received);
- the nature of the correlation;
- the company's interest in the transaction;
- the methods for determining the economic conditions of the transaction, as well as assessments of its fairness compared to market values for similar transactions.

Where required by the nature, extent and characteristics of the transaction, the RPT Committee shall ensure that the transaction is concluded with the assistance of independent experts for the purposes of the valuation of the assets and financial, legal or technical advice, through the acquisition of specific

expert reports and/or fairness and/or legal opinions and this in order to avoid conditions other than those that would have been likely to be negotiated between unrelated parties being agreed for the transaction.

If the transaction falls under the competence of the Board of Directors, the Directors involved in the transaction abstain from voting on it.

In any case, the Board of Directors is responsible for: (i) any resolution concerning the transactions carried out at non-market conditions, as well as (ii) the decisions concerning the so-called "Transactions of Greater Relevance" with related parties, as identified in Article 9.2 below.

Article 5 – Procedure for Transactions with Related Parties

5.1 Transactions that do not fall within the competence of the shareholders' meeting

Without prejudice to the exclusive competence of the Board of Directors in relation to the examination and approval of Significant RPTs, Related Party Transactions that do not fall within the competence of the shareholders' meeting or do not have to be authorized by it, are approved by the competent person according to the Company's governance rules, subject to the reasoned and non-binding opinion of the RPT Committee.

The RPT Committee, also specifically set up by the Board of Directors, is made up of all the Independent Directors in office from time to time, it being understood that - as long as only one Independent Director is on the Board of Directors - the RPT Committee will be deemed correctly constituted with the presence of the Independent Director, the Chairman of the Board of Statutory Auditors and a standing auditor.

In the event that one or more members of the RPT Committee are Related Parties with respect to a specific transaction on which the RPT Committee is called upon to express an opinion, and in all cases it is not possible to set up an RPT Committee in accordance with the provisions of this article, Equivalent Safeguards shall be used instead, in the following order:

- (a) if one of the members of the RPT Committee cannot be considered an Unrelated Director, the opinion of the Committee is issued unanimously by the remaining Unrelated Directors of the RPT Committee;
- (b) if the supervision referred to in letter (a) above cannot be applied, the opinion is issued by the Board of Statutory Auditors, provided that all its members are not Related Parties with reference to the specific transaction. If one or more members of the Board of Statutory Auditors have an interest, on their own behalf or on behalf of third parties, in the transaction, they have to inform the other Auditors, specifying its nature, terms, origin and scope (in this case point (c) below shall apply); or
- (c) in the event that the supervision referred to in point (b) above cannot be applied, the opinion shall be issued by an independent expert appointed by the Board of Directors from among persons of recognised professionalism and expertise on the matters of interest, whose independence and absence of conflicts of interest are assessed.

In the event of recourse to one or more of the Equivalent Safeguards referred to in the preceding paragraph, the provisions governing the procedure followed by the RPT Committee shall apply, insofar as they are compatible.

To this end, once the activities referred to in Article 3 above have been completed:

- (a) the Responsible Function shall promptly inform the party competent in relation to the approval and/or execution of the transaction and the relevance of the transaction pursuant to the

Regulations; The latter, having positively assessed the feasibility of the transaction, shall send, through the Responsible Function, to the Committee for Transactions with Related Parties, promptly and sufficiently in advance of the date of approval of the transaction, complete, updated and adequate written information on the transaction in order for the members of the Committee for Transactions with Related Parties to declare in writing the absence of correlation relationships for each of them with respect to the specific transaction (including, possibly, in relation to the counterparty of the Subsidiary). The information to be provided must at least concern:

- the nature of the correlation, with indication of the related party;
- the subject of the transaction and the way it will be executed;
- the temporal and economic conditions of the transaction, including the countervalue of the transaction;
- the way in which the economic conditions of the transaction have been determined, as well as assessments of its fairness compared to market values for similar transactions;
- the interests and reasons underlying the transaction, as well as any critical elements and risks that could arise from its implementation, also in view of the possible management and coordination activities on the counterparty by the Company.

If the conditions of a transaction are defined as equivalent to market or standard conditions, the documentation prepared contains objective elements of confirmation.

The above-mentioned disclosure may be made in several successive stages, should the progress of negotiations not allow for the timely and full disclosure of all the necessary information.

(b) the Related Party Transactions Committee may request additional information.

Furthermore, as indicated in Article 4 above, if the nature, extent and characteristics of the transaction so require, the RPT Committee or, as the case may be, the persons replacing it, shall have the right to seek the assistance, at the Company's expense, of one or more independent experts of their own choice, through the acquisition of appropriate expert and/or fairness and/or legal opinions. To this end, they may indicate to the RF Board of Directors the expert or experts to be appointed to carry out the transaction, and the appointment must expressly provide that the expert or experts shall also specifically assist/assist said parties in the performance of their duties.

The RPT Committee verifies in advance the independence of the experts, taking into account the reports indicated in paragraph 2.4 of Annex 4 of the Regulations. The selected expert must declare his/her independence at the time of appointment, stating the reasons why any economic, equity and/or financial relations with RF, the subjects controlling RF, the Subsidiaries controlled by RF or subject to common control with the same and/or the directors of the aforesaid companies and/or the subjects exercising control (either individually or jointly) or significant influence on RF by virtue of participation in a shareholders' agreement are not relevant for the purposes of the independence assessment. The expert opinions and/or fairness and/or legal opinions are sent to the RPT Committee (or, as the case may be, to the persons replacing the aforesaid committee) in the days preceding the meeting of the RPT Committee, well in advance of the meeting.

The RPT Committee meets in good time in view of the date scheduled for the approval and/or execution of the transaction. The meeting, to which the Board of Statutory Auditors is invited, is

attended, if requested, by the directors or managers with delegated powers (including the managers in charge of negotiations or preliminary investigations) of RF or its Subsidiaries, as well as other persons indicated by the RPT Committee.

In formulating its opinion, the RPT Committee also considers the merits of RF's interest in carrying out the RPT as well as the convenience and substantial correctness of the related conditions.

The opinion, indicating any conditions to which the execution of the transaction is subject, must be issued, unless there are proven reasons, within 3 (three) days prior to the date scheduled for the approval and/or execution of the RPT, together with any expert opinions and/or fairness and/or legal opinions requested and all the information submitted to the RPT Committee. Such opinion must be attached to the minutes of the RPT Committee meeting.

During the meeting of the Board of Directors called to approve the transaction, if any, the Chairman or a member of the RPT Committee delegated for this purpose illustrates the Committee's reasoned opinion to the Board.

The minutes of the approval resolution (of the Board of Directors or of any other internal collegial body), if drawn up, shall adequately explain the Company's interest in carrying out the transaction and of the convenience and substantial correctness of the related conditions, as well as evidence of the main elements of the opinion drawn up by the RPT Committee or, as the case may be, by the Unrelated Independent Director who may be present. If the approval of the Related Party Transaction falls within the competence of executive directors or managers with delegated powers, the reasons relating to the Company's interest in carrying out the RPT and to the convenience and substantial correctness of the related conditions, as well as evidence of the main elements of the opinion are provided to the Board of Directors and the Board of Statutory Auditors, during the first useful meeting.

If the transaction is approved, the Board of Directors and the Board of Statutory Auditors are subsequently provided with full information on the implementation of the transaction, at least on a quarterly basis.

Without prejudice to the provisions of Article 17 of Regulation (EU) no. 596/2014 ("**MAR**") , in the case of one or more transactions approved despite the presence of a negative opinion expressed by the RPT Committee, the Board of Directors, with the support of the Responsible Function and the persons involved in the transactions, shall prepare and make available to the public within 15 (fifteen) days from the end of each quarter of the financial year at the registered office and in the manner indicated in Part III, Title II, Chapter I, of Issuers' Regulation, a document containing an indication of the counterparty, the purpose and the consideration of these transactions, as well as the reasons why the opinion is not shared. Within the same period, the opinion is made available to the public as an attachment to the above document or on the Company's website www.racingforce.com, in the "Investor Relations" section.

5.2 Operations within the competence of the shareholders' meeting

When a transaction falls within the competence of the Shareholders' Meeting or has to be authorised by it, for the phase of the preliminary investigation and approval by the Board of Directors of the resolution proposal to be submitted to the shareholders' meeting, the provisions of Article 5.1 above shall apply *mutatis mutandis*.

Where expressly provided for by the Company's Articles of Association and without prejudice to the provisions of art. 5 of the Regulation, where applicable, in case of urgency related to corporate crisis

situations, transactions may be concluded as an exception to the provisions of the previous paragraph provided that (i) the body convening the meeting prepares a report containing adequate reasons for the urgency and the Board of Statutory Auditors reports to the meeting on its assessments concerning the existence of the urgency; (ii) the report and the assessments referred to in the previous point are made available to the public at least 21 (twenty-one) days prior to the date set for the meeting at the registered office and according to the methods indicated in Part III, Title II, Chapter I of the Issuer Regulation. If the Board of Statutory Auditors' assessments on the reasons for the urgency are negative, the meeting will resolve according to the procedures set out in art. 11, paragraph 3 of the Regulations, as reported in the following paragraph; otherwise, art. 13, paragraph 6, letter e) of the Regulations shall apply.

In addition to the above, if a RPT of Greater Relevance, as identified by Article 9.2 below, falls within the competence of the shareholders' meeting and the RPT Committee expresses an unfavourable opinion on it, the provisions on the calculation of the majorities indicated in art. 11, paragraph 3, of the Regulation and in art. 13, paragraph 6, letter e) of the Regulation will apply and, therefore, the RPT may not be carried out, without prejudice to the provisions of the rules relating to the quorums for the constitution and deliberation of the shareholders' meeting and without prejudice to the provisions of the articles of association that may be required by law, in the presence of a vote against by the majority of the Unrelated Shareholders voting, provided that the Unrelated Shareholders present at the meeting represent at least 10% (ten percent) of the share capital with voting rights.

Article 6 – Transactions carried out through Subsidiaries

If the Board of Directors (or the delegated bodies or other company managers) of RF examines and/or approves Related Party Transactions carried out by Subsidiaries, the RPT Committee, or, as the case may be, the person(s) replacing it, the Board of Auditors and the Board of Directors of RF receive adequate and complete information in good time on the transaction and, in particular, on the nature of the correlation (with indication of the related party), the object, the economic conditions and the timing of the transaction, as well as the interests and motivations underlying the transaction. If the conditions of a transaction are defined as equivalent to market or standard conditions, the documentation prepared contains objective elements of confirmation.

The transaction is carried out by the competent subject of the Subsidiaries subject to a reasoned, non-binding opinion issued by the RPT Committee or, depending on the case, by the subject(s) replacing him/her. The opinion must be issued, unless there are proven reasons, within 3 (three) days prior to the date of approval and/or execution of the RPT. All information submitted to the RPT Committee, or, as the case may be, to the person(s) replacing him/her, together with any further documentation relating to the RPT, shall be made available in a timely manner to the person responsible for approving and/or executing the RPT. If the RPT to be carried out through Subsidiaries falls within the purview of the shareholders' meeting, the above procedure shall be applied, with the necessary adjustments, for the stage of the proposed resolution to be submitted to the shareholders' meeting.

The Company's delegated bodies, with the support of the competent corporate functions of the Subsidiaries, provide the Board of Directors and the RF Board of Statutory Auditors, at least quarterly, with a complete and detailed report on the execution of the RPTs as well as the RPTs subject to exemption pursuant to the Regulation, approved by the Subsidiaries in the reference quarter and on their main features and conditions.

Article 7 - Approval of Framework Resolutions

Pursuant to article 12 of the Regulation, where it is appropriate to refer to a number of homogeneous RPTs of a more recurring nature, the Company may adopt framework resolutions providing for the execution by the Company, directly or through its Subsidiaries, of a number of homogeneous RPTs with certain categories of Related Parties, as identified by the Board of Directors from time to time (the "**Framework Resolutions**")

Without prejudice to the provisions of the Regulation, including those relating to public disclosure, the provisions of Article 5 above must be applied to resolutions concerning the adoption of Framework Resolutions, without prejudice to the decision-making powers of the Board of Directors if the maximum amount of the RPTs subject to the resolution, taken together, exceeds the thresholds referred to in Article 1 above (RPTs of Greater Relevance).

Framework Resolutions adopted in accordance with this Article cannot be effective for more than one year and must refer to sufficiently determined RPTs, indicating at least the expected maximum amount of the RPTs to be carried out in the reference period and the reasons for the expected conditions.

The Company's delegated bodies, with the support of the competent Departments of the RF corporate functions, make a complete report at least quarterly to the Board of Directors on the implementation of the Framework Resolutions.

Upon approval of a Framework Resolution, the Company publishes a disclosure document pursuant to Article 5 of the Regulation if the expected maximum amount of the RPTs covered by said resolution exceeds one of the materiality thresholds identified in Article 9.2 below.

The provisions of art. 7 of the Regulation do not apply to individual transactions concluded in implementation of the Framework Resolution. Transactions concluded in implementation of a Framework Resolution that are the subject of a disclosure document published pursuant to the previous paragraph are not calculated for the purposes of the accumulation provided for in art. 5, paragraph 2, of the Regulation.

Article 8 – Cases of exemption ex art. 13 of the Regulation

Without prejudice to the cases of exclusion set out in art. 13, paragraphs 1, 1-bis, 2 and 4 of the Regulations¹, the provisions of the Regulations themselves do not apply:

¹ Article 13, paragraph 1, establishes that: "The provisions of this Regulation do not apply to the resolutions passed by the Shareholders' Meeting concerning the remuneration due to the members of the Board of Directors and of the executive committee, nor to the resolutions concerning the remuneration of directors holding special offices falling within the overall amount previously determined by the shareholders' meeting. [...]"

Paragraph 1-bis establishes that: "1-bis. The provisions of this regulation do not apply to the transactions resolved by the companies and addressed to all shareholders on equal terms, including: a) rights issues, including those serving convertible bonds, and free capital increases [provided for by art. 2442 of the Italian Civil Code]; b) total or partial spin-offs in the strict sense of the term, with proportional share allocation criteria; c) reductions in share capital through reimbursement to shareholders [provided for by art. 2445 of the Italian Civil Code] and purchases of own shares [pursuant to art. 132 of the TUF]".

Paragraph 2 establishes that: "The provisions of these regulations do not apply to transactions of small amounts identified by companies pursuant to Article 4, paragraph 1, letter a)".

Paragraph 4 states that: "The provisions of these regulations, without prejudice to the provisions of Article 5, do not apply to transactions to be carried out on the basis of instructions with the purpose of stability given by Supervisory Authorities, or on the basis of instructions issued by the parent company for the execution of instructions given by Supervisory Authorities in the interest of the stability of the group".

- (a) to remuneration plans based on financial instruments approved by the shareholders' meeting pursuant to art. 114-bis of the TUF and the related executive transactions (see Article 8.2 below);
- (b) resolutions, other than those indicated in art. 13, paragraph 1, of the Regulations, concerning the remuneration of directors and directors holding special offices as well as of other executives with strategic responsibilities, in compliance with the conditions set out in art. 13, paragraph 3, letter b) (see Article 8.3 below);
- (c) ordinary RPTs concluded at Market Equivalent or Standard Conditions (see Article 8.4 below);
- (d) urgent RPTs that do not fall within the purview of the shareholders' meeting and do not need to be authorized by the latter, under the conditions set forth in article 13, paragraph 6, of the Rules (see article 8.5 below);
- (e) RPTs with or between Subsidiaries and transactions with associated companies, if there are no interests classified as "significant" in the above companies (see Article 8.6 below).

However, it is understood that the periodic reporting obligations provided for in art. 5, paragraph 8, of the Regulation apply to the resolutions referred to in the previous letters.

The RPT Committee receives, on an annual basis, information on the application of the cases of exemption identified in this Article 8, exclusively with reference to RPTs of Greater Relevance, from the Function Responsible by sending a report extracted from the Archive of Transactions with Related Parties, without prejudice to the provisions of Article 8.4 below on the application of the conditions of exemption to RPTs of Greater Relevance defined as ordinary and concluded at market or standard conditions.

8.1 RPT of Limited Value

RPTs of Limited Value (as defined in Article 1 above) are excluded from the scope of application of the Regulations and this RPT Procedure and may be carried out, in accordance with the powers granted to them, by the person responsible for RF or by the executive directors and managers with powers of attorney of the Subsidiaries.

This exclusion does not apply in the case of several RPTs of a Small Amount, which are homogeneous or carried out by virtue of a unitary design, concluded with the same Related Party or with parties related both to the latter and to RF, which, taken together, exceed the amount indicated in Article 1.

8.2 Remuneration plans pursuant to art. 114-bis of the TUF

Pursuant to art. 13, paragraph 3, letter a) of the Regulation, the provisions of the Regulation and of this RPT Procedure do not apply to remuneration plans based on financial instruments approved by the shareholders' meeting pursuant to art. 114-bis of the TUF and the related executive transactions.

Compensation plans pursuant to art. 114-bis of the TUF and the related executive transactions are subject to the transparency and substantive and procedural fairness requirements provided for by the provisions in force at the time.

8.3 Resolutions concerning the remuneration of directors holding specific offices and of other executives with strategic responsibilities

Pursuant to art. 13, paragraph 3, letter b) of the Regulation, resolutions - other than those indicated in art. 13, paragraph 1 of the Regulation - concerning the remuneration of directors holding specific offices,

as well as of senior managers with strategic responsibilities are excluded from the application of the Regulation itself.

For the purposes of exclusion, it is necessary that:

- RF has adopted a remuneration policy approved by the shareholders' meeting;
- a committee made up exclusively of non-executive directors, the majority of whom are independent, has been involved in defining the remuneration policy;
- the remuneration assigned is identified in compliance with this policy and quantified on the basis of criteria that do not involve discretionary assessments.

8.4 Ordinary transactions concluded at market equivalent or standard conditions

8.4.1 Identification of ordinary transactions concluded at market equivalent or standard conditions

"Ordinary" RPTs are understood, pursuant to art. 3, paragraph 1, letter d) of the Regulations, to be those RPTs that are part of RF's ordinary business operations and related financial activities.

RPTs "concluded at Market Equivalent or Standard Conditions" are understood, pursuant to art. 3, paragraph 1, letter e), of the Regulation, as RPTs concluded at conditions similar to those usually applied to unrelated parties for transactions of a corresponding nature, size and risk, or based on regulated tariffs or imposed prices, or those applied to parties with which the Company is obliged by law to contract at a specific price.

The identification of "ordinary transactions" and of those "concluded at Market Equivalent or Standard Conditions" referred to in this art. 8.4 of the Procedure is left to the assessment of the Function Responsible (which, if deemed appropriate, can avail itself of the support of the RPT Committee), which in any case reports to the Board of Directors on the outcome of the assessment carried out.

With reference to "ordinary transactions", identification is carried out taking into account the indications contained in paragraph 3 of the Applicative Communication.

8.4.2 Applicable regulations

Ordinary transactions concluded at Market Equivalent or Standard Conditions are excluded from the scope of application of all provisions of the RPT Regulation and this Procedure, except for the provisions of art. 5, paragraph 8 of the Regulation on periodic accounting reporting.

The body responsible for resolving and/or executing the RPT must in any case be provided, at least 3 (three) days before approval of the RPT, with complete and adequate information on the RPT, including documentation containing evidence of market or standard conditions.

If RPTs benefiting from the exemption provided for in this article are RPTs of Greater Relevance pursuant to Article 9.2 below, without prejudice to the provisions of art. 17 MAR, the Company shall:

- notify Consob and the RPT Committee, within 7 (seven) days of approval of the RPT, of the counterparty, the object, the consideration of the RPTs that have benefited from the exclusion as well as the reasons why the RPT is deemed to be ordinary and concluded at Equivalent to Market or Standard Conditions, providing objective evidence; the RPT Committee assesses, in a special meeting to be held within 3 (three) days of the approval of the RPT, the correct application of the

cases of exemption referred to in Article 8 above, after which, on the same date, it will inform the Chairman of the Board of Directors and the Function Responsible of the results of its assessment;

- indicate in the interim management report and the annual management report, as part of the information required by art. 5, paragraph 8, of the Regulations, which of the RPTs subject to disclosure have been concluded taking advantage of the exemption referred to in this Article.

For each ordinary transaction subject to exemption, the Responsible Function shall keep evidence, within the framework of the Archive of Transactions with Related Parties, of the following elements: (i) ordinary nature of the RPT, in relation to the object, recurrence and size of the RPT; (ii) nature of the correlation; (iii) simplicity of the economic contractual scheme; (iv) size and (v) type of counterparty.

8.5 Urgent Operations

Where expressly permitted by the Company's statute and without prejudice to the provisions of art. 5 of the Regulation and to the power of the Board of Directors to resolve pursuant to art. 8, paragraph 1, letter a) of the Regulation, applicable to RPTs of Greater Relevance, Related Party Transactions that do not fall within the competence of the shareholders' meeting and do not need to be authorized by it, subject to compliance with the obligations set out in the following paragraph, may be concluded as an exception to the provisions of art. 7 of the Regulation if the body competent to make the decision considers that there are objective reasons of urgency in the interest of the Company.

In this case, the Company will have to fulfil the obligations as per art. 13, paragraph 6, of the Regulations, and in particular:

- if the RPT to be carried out falls within the remit of a managing director or the executive committee, the latter must inform the Chairman of the Board of Directors and the Chairman of the Board of Statutory Auditors of the reasons for the urgency promptly and, in any case, before the RPT is carried out;
- the RPT must subsequently be subject, without prejudice to its effectiveness, to a non-binding resolution at the first useful ordinary shareholders' meeting;
- the Board of Directors convening the shareholders' meeting referred to in the preceding point must prepare a report containing an adequate explanation of the reasons for the urgency;
- the Board of Statutory Auditors, by drawing up a specific report, shall report to the meeting on its assessment of the existence of the reasons for the urgency;
- the report of the Board of Directors and the assessments of the Board of Statutory Auditors referred to in the two previous points shall be made available to the public at least 21 (twenty-one) days before the date set for the meeting at the registered office and in the manner indicated in Part III, Title II, Chapter I of the Issuers' Regulations. These documents may also be contained in the information document prepared pursuant to art. 5, paragraph 1 of the Regulations;
- by the day after the shareholders' meeting, the Company must make available to the public, according to the procedures indicated in Part III, Title II, Chapter I, of the Issuers' Regulations, the information on the results of the vote, with particular regard to the number of total votes cast by unrelated holders of voting rights.

If the urgent RPT is carried out through Subsidiaries, the competent corporate functions of the Subsidiaries must inform the Chairman of the Board of Directors and the Chairman of the RF Board of

Statutory Auditors of the reasons for the urgency before the RPT is carried out, and in any case at least 8 (eight) days beforehand. The RPT must subsequently be subject, without prejudice to its effectiveness, to a non-binding resolution by the first useful ordinary shareholders' meeting of RF, to which a report by the Board of Directors must be submitted, containing an adequate justification of the reasons for the urgency. The Board of Statutory Auditors of RF, by drawing up a specific report, shall report to the shareholders' meeting on its assessment of the existence of the reasons for the urgency. Both the report of the Board of Directors and of the Board of Statutory Auditors and the information on the results of the meeting's vote shall be made available to the public within the terms and according to the procedures described above.

8.6 Transactions with and between Subsidiaries and/or associated companies

With the exception of the provisions of art. 5, paragraph 8, of the Regulation on periodic accounting disclosures, RPTs with or between Subsidiaries, including jointly, as well as RPTs with associated companies are excluded from the scope of application of any other provision of the Regulation and of this RPT Procedure, if there are no Significant Interests of other parties related to RF in the Subsidiaries or associated companies that are counterparties to the RPT.

The significance of the interests of other related parties in the Subsidiary or in the associated company is left to the assessment of the Board of Directors, with the support of the Committee for Transactions with Related Parties, according to the general principles and criteria indicated in the Applicative Communication. In any event, the assessment is carried out taking into account, among other things, the existence of any shareholding relationships between RF's Subsidiaries or associated companies and other related parties of RF, or any financial relationships between the Subsidiaries or associated companies, on the one hand, and other related parties of RF, on the other.

Finally, as also clarified by the Regulation, those deriving from the mere sharing of one or more directors or, if any, of other executives with strategic responsibilities between the Company and its Subsidiaries or associated companies shall not be considered as Significant Interests. On the other hand, Significant Interests will exist if, in addition to the mere sharing of one or more directors or other executives with strategic responsibilities, these parties benefit from incentive plans based on financial instruments (or in any case of variable remuneration) dependent on the results achieved by the Subsidiaries or associated companies with which the RPT is carried out (see Paragraph 21 of the Application Communication).

Article 9 – Public disclosure of Related Party Transactions

9.1 Internal disclosure on RPTs of Lesser Relevance

The delegated bodies, with the support of the relevant departments of the RF corporate functions and/or with the support of the directors or the relevant corporate functions of the Subsidiaries, provide the Board of Directors, the RPT Committee and the Board of Statutory Auditors with a complete and detailed report, at least on a quarterly basis:

- on the execution of relevant RPTs pursuant to the Regulation as well as RPTs subject to exemption pursuant to art. 13, paragraphs 2, 3, letter c) and 6 and art. 14, paragraph 2, of the same Regulation, approved in the reference quarter and on their main characteristics and conditions; the report also concerns Related Party Transactions carried out through Subsidiaries which have been examined or approved by the RF Board of Directors and for which the non-binding opinion of the RPT Committee has been given;
- the implementation of Framework Resolutions.

9.2 Public disclosure on RPTs of Greater Relevance

If a RPT of Greater Relevance, also to be carried out by Subsidiaries, is approved, the Company will prepare - for the purposes and to the effects of art. 114, paragraph 5, TUF - an information document drafted in accordance with the terms and methods indicated in art. 5 of the Regulation and drawn up in compliance with Annex 4 of the Regulation (the "**Information Document**").

For the purposes of the obligations to publish the Information Document pursuant to this Article 9. 2, the crossing of at least one of the materiality thresholds indicated in Article 1 above by several RPTs concluded during the same financial year with the same Related Party, or with parties related to both the latter and to RF, which are homogeneous or carried out in execution of a unitary plan, and which - although not qualifying individually as transactions of greater importance - exceed - when considered cumulatively - at least one of the aforesaid materiality thresholds, also becomes material (so-called "**cumulative transactions**").

The Information Document is made available to the public, at the company's registered office, and in accordance with any further procedures applicable to the Company in relation to its status as an issuer listed on EGM, within 7 (seven) days of the approval of the RPT by the competent body, or if the competent body resolves to submit a contractual proposal, from the moment when the contract, including a preliminary one, is concluded in accordance with the applicable regulations.

In compliance with the same term set out for the publication of the Information Document, the Company makes available to the public, as an attachment to the Information Document or on its website, the opinions, if any, of the RPT Committee and/or of the independent experts appointed by the Committee or by the administrative body. With reference to the opinions of the independent experts, the Company may publish only the elements indicated in Annex 4 of the Regulation, giving reasons for this choice.

If the approval of the Significant Transaction is up to the shareholders' meeting, the Information Document is made available within 7 (seven) days following the approval of the proposal to be submitted to the shareholders' meeting. If there are significant updates to be made to the Information Document, the Company - pursuant to art. 11, paragraph 4 of the Regulation - shall make a new version of the document available to the public at the registered office by the twenty-first day before the meeting, according to the procedures indicated in Part III Title II, Chapter I of the Issuers' Regulation.

9.3 Periodic information

In the interim management report and in the annual management report, information is provided on:

- individual transactions identified as "significant" pursuant to Annex 3 of the Regulation concluded in the reference period, also through Subsidiaries;
- any other single Related Party Transaction concluded during the reference period, which had a significant impact on the financial position or results of the Company;
- any amendment or development of the Related Party Transactions described in the last annual report that had a material effect on the financial position or results of the Company in the reporting period.

9.4 Obligations to provide timely information to the public

If a RPT, also concluded through Subsidiaries, is disclosed by means of the dissemination of a press release pursuant to article 17 of the MAR, in addition to the other information to be published pursuant to said article, the press release to be disseminated to the public must include the following information:

- a. a description of the RPT;
- b. the indication that the counterparty of the RPT is a Related Party and the description of the nature of the correlation;
- c. the name or call sign of the counterparty to the RPT;
- d. whether or not the RPT exceeds the materiality thresholds identified in Article 1 above for Significant RPTs and an indication as to whether or not a Information Document will be published subsequently;
- e. the Procedure that has been or will be followed for the approval of the RPT and, in particular, whether the Company has made use of a case of exclusion provided for by this RPT Procedure pursuant to articles 13 and 14 of the Regulation;
- f. whether the RPT has been approved despite the contrary opinion of the RPT Committee.

According to the Applicative Communication, with regard to the cases in which the issuer does not publish the Information Document, either because the transaction does not exceed the relevance thresholds identified pursuant to art. 4, paragraph 1, of the Regulation or because the cases and powers of exclusion provided for by the Regulation apply, among the information elements that may be relevant for the purposes of compliance with the disclosure requirements provided for by art. 17 MAR on the subject of Related Party Transactions, which normally constitute a reference parameter for the purposes of requests by Consob for the publication of supplementary information regarding disclosures relating to said RPTs, include, by way of example, the following: (i) the essential characteristics of the RPT (price, conditions of execution, timing of payment, etc.); (ii) the reasons for the transaction and the reasons why it was carried out. (i) the essential characteristics of the RPT (price, conditions of execution, timing of payment, etc.); (ii) the economic reasons for the RPT; (iii) a brief description of the economic, equity and financial effects of the RPT; (iv) the methods of determining the consideration for the RPT, as well as assessments of its fairness compared to the market values of similar RPTs; if the economic conditions of the RPT are defined as equivalent to those of the market or standard, in addition to the statement to that effect, an indication of the objective elements of verification; (v) the possible use of experts to value the RPT and, in this case, an indication of the valuation methods adopted in relation to the fairness of the consideration as well as a description of any critical aspects indicated by the experts in relation to the specific RPT.

Article 10 – Confidentiality

Information received or in any case acquired by all parties involved in RPT must be kept strictly confidential and handled in accordance with the provisions of the current RPT Procedure for the internal management and external communication of documents and information concerning the Company.

Article 11 – Entering into force of the RPT Procedure

This Procedure was approved on October 29th, 2021 by the Company's Board of Directors, subject to the concurrence of the Independent Director, and will become effective on the date RF's shares begin trading on EGM.

ANNEXES:

Annex A – "Questionnaire relating to the procedure for Transactions with Related Parties of Racing Force S.p.A."

ANNEX A
QUESTIONNAIRE

Personal Data

Name and Surname	
Date and place of birth	
Address (domicile)	
Fiscal Code	
Position	

1 – Close relatives

Identification of the related parties of Racing Force S.p.A. pursuant to International Accounting Standards (the "RPT Regulations")

1) the spouse not legally separated or the cohabiting partner

Personal details	Domicile	Fiscal Code

2) Your sons and daughters

Personal details	Domicile	Fiscal Code

3) the persons dependent on You

Personal details	Domicile	Fiscal Code

4) the sons and daughters of your not legally separated spouse or of your cohabiting partner

Personal details	Domicile	Fiscal Code

5) the persons dependent of your spouse who is not legally separated or your cohabiting partner

Personal details	Domicile	Fiscal Code

6) Other close family members who may influence you or be influenced by you in their dealings with Racing Force S.p.A.

Personal details	Domicile	Fiscal Code

- n. **1** for the control or joint control relationship;
- n. **2** for the relationship of significant influence;
- n. **3** for cases in which you hold, directly or indirectly, a significant stake of no less than 20% (twenty percent) of the voting rights in Italian or foreign companies.

2A – Mediated relations

Identification of the related parties of Racing Force S.p.A. pursuant to International Accounting Standards.

To be filled in only in case of affirmative answer to question (1)

Are there any Italian or foreign companies in which your close family members exercise directly or indirectly 1) exercise control ⁽¹⁾ or joint control ⁽²⁾, 2) exercise significant influence ⁽³⁾, or 3) Italian or foreign companies in which you directly or indirectly hold a significant share of no less than 20% (twenty percent) of the voting rights

YES

NO

If the answer is "YES", please complete the following table:

First and last name of close family member*:

Company name	Company address	Fiscal Code/ VAT Number	Nature of Correlation*

* N In the box "Nature of correlation" we ask you to specify the type of correlation indicating:

- n. **1** for the control or joint control relationship;
- n. **2** for the relationship of significant influence;

- n. 3 for cases in which close family members hold, directly or indirectly, a significant stake of no less than 20% (twenty percent) of the voting rights in Italian or foreign companies.

** If several close family members are in the situation referred to in paragraph (2.b), please replicate the relevant table for each close family member.

[Place], [date],

[Signature]

[Full name]

NOTES

The definitions of “control”, “joint control” and “significant influence” under International Accounting Standards are given below.

Note 1 – Definition of Control

Control is the power to determine the financial and operating policies of an entity in order to obtain benefits from its activities.

Control is presumed to exist when the parent company owns, directly or indirectly through its 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 the parent company owns half, or a smaller portion, of the voting rights exercisable at the shareholders' meeting if it has:

- (a) control of more than half of the voting rights by virtue of an agreement with other investors;
- (b) the power to determine the financial and management policies of the entity by virtue of a statute or agreement;
- (c) the power to appoint or remove the majority of the members of the board of directors or equivalent corporate governance body, and control of the entity is held by that board or body;
- (d) the power to exercise the majority of voting rights at meetings of the board of directors or equivalent corporate governance body, and control of the entity is held by that board or body.

Note 2 – Definition of joint control

Joint control is the contractually established sharing of control over an economic activity.

Note 3 – Definition of significant influence

Significant influence is the power to participate in determining the financial and management policies of an entity without having control over it. Significant influence can be obtained through ownership of stock, through statutory provisions or agreements.

If a party owns, directly or indirectly (e.g. through subsidiaries), 20% (twenty percent) or more of the votes exercisable at the investee's shareholders' meeting, it is assumed to have significant influence, unless the contrary can be clearly demonstrated. Conversely, if the party owns, directly or indirectly (for example, through subsidiaries), less than 20% (twenty percent) of the votes that can be exercised at the investee's shareholders' meeting, it is presumed that the investor does not have significant influence, unless such influence can be clearly demonstrated. The presence of a party holding an absolute or relative majority of voting rights does not necessarily preclude another party from having significant influence.

The existence of significant influence is usually indicated by the occurrence of one or more of the following circumstances:

- (a) representation on the board of directors, or equivalent body, of the investee;
- (b) participation in the decision-making process, including participation in decisions on dividends or other profit distribution;
- (c) the presence of material transactions between the investor and the investee;
- (d) the interchange of management personnel;
- (e) the provision of essential technical information.

Note 4 – Definition of close family member

Close family members of an individual are those family members who are expected to influence, or be influenced by, the individual in their dealings with the entity.

They may include:

- (a) the sons and spouse or the cohabiting partner;
- (b) the sons of the spouse or of the cohabiting partner; and
- (c) the persons dependent to the spouse or to the cohabiting partner.